# Reference Prices

The cases in which the Amman Stock Exchange (ASE) calculates reference prices for companies' shares, and the calculation methodologies:

**1. Increasing a company's capital by private placement:**

By the end of the fifteenth day following the Jordan Securities Commission (JSC) Board's approval date on registering a company's capital increase shares; the ASE -pursuant to the Instructions of Dealing with Subscription Rights issued by the (JSC)- calculates reference prices for the company's share and for its subscription right as following :

Reference price of the company's share =

$$\frac{(\text{The company's capital before increase} \times \text{Closing price}) + \text{*Issuance proceeds}}{\text{The new company's capital after the increase}}$$

* Issuance proceeds = (The number of capital increase shares × Issuance price)

Reference price for the subscription right =

Reference price of the company's share - Issuance price

**2. Increasing a company's capital by stock dividends:**

By the end of the fifteenth day following the Jordan Securities Commission (JSC) Board's approval date on registering a company's capital increase shares; the ASE calculates reference price for the company's share as following:

$$\text{Reference price of the share} = \frac{\text{The company's capital before increase} \times \text{Closing price}}{\text{The company's capital after increase}}$$

**3. Decreasing a company's capital by redeeming accumulated losses or issuance discount:**

Reference price of the share = The company's capital before decrease × Closing price

The company's capital after the decrease

**4. Decreasing a company's capital by returning back part of the capital to shareholders as cash:**

Reference price of the share =

(The company's capital before decrease×Closing price)-Cash returned to shareholders

The company's capital after the decrease

**5. A Stock split case :**

Reference price of the stock = Closing price

The par value of the stock before the split

Source URl:

https://www.exchange.jo/en/print/pdf/node/7389