

Information Governance and Legal Frameworks of Venture Capital Firms: A Comparative Analysis for Innovation and Knowledge Economy Development

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Abstract

Venture capital (VC) firms are central actors in modern innovation ecosystems, functioning within highly information-dependent investment settings that rely on legal precision, regulatory transparency, and strong institutional trust. This study explores the regulation of VC firms through the lens of information governance and legal-information systems, with a specific focus on the Jordanian legal framework alongside selected comparative jurisdictions, namely the United States, Saudi Arabia, and Algeria. It analyses the organisational and legal structure of VC entities, their function in funding high-risk entrepreneurial ventures, the legal consequences generated by their operations, obligations related to information governance, internal governance arrangements, and procedures governing investment exit mechanisms. Methodologically, the research applies descriptive, analytical, and comparative legal approaches to examine Jordanian legislation in contrast with international practices. In this framing, legal instruments and regulatory procedures are treated as structured informational assets that shape investment choices, institutional coordination, and

broader knowledge-based economic development. The findings indicate that effective VC environments depend not only on fiscal or investment incentives but, more critically, on robust legal-information infrastructures. These include coherent documentation systems, transparent information governance duties, effective regulatory oversight of information flows, and accessible procedural frameworks. In contrast, the Jordanian framework is characterised by unclear legal information, fragmented documentation and registration systems, weak governance of information processes, insufficient regulation of rights and obligations within information structures, and underdeveloped rules governing investment exit. The study concludes that meaningful reform in Jordan requires establishing a more integrated legal-information ecosystem that enhances regulatory transparency, reduces information asymmetry, strengthens institutional documentation practices, and ultimately supports innovation-led development within the knowledge economy.

Keywords: Information Governance, Venture Capital Firms, Legal Information Systems, Regulatory Information Transparency, Institutional Documentation, Innovation Financing, Knowledge Economy.

Introduction

Contemporary VC systems extend beyond purely financial intermediation (Wang and Zheng, 2026), functioning instead as information-dense governance frameworks that rely on regulatory

transparency, structured institutional documentation, disclosure architectures, and legal certainty. When legal information is accessible and regulatory procedures are efficient, and when institutional information monitoring is coordinated, innovation financing becomes more effective by mitigating information asymmetries between entrepreneurs and capital providers engaged in high-risk ventures. Within this setting, venture capitalists not only supply funding for uncertain, high-growth projects (Johnsen and Lenhard, 2026), but also enable information circulation relevant to entrepreneurial financing, thereby contributing to the development of a knowledge-driven economy. The growing integration of legal governance with information systems has prompted multiple jurisdictions to design dedicated legislative frameworks (Steven, 2025) aimed at regulating VC activity while simultaneously reinforcing innovation capacity, regulatory transparency, and institutional trust.

The terminology used for such entities varies, including venture capital, risk capital, investment capital, or entrepreneurial capital (Haar et al., 1988; Mason and Harrison, 2004). Despite differences in wording, these labels converge on the same concept: direct investment in ventures characterised by high uncertainty and potentially substantial returns, where investors assume proportionate risk in expectation of commensurate gain. VC institutions are therefore not only financiers but also active participants in venture development, offering advisory input, marketing support, and strategic guidance alongside capital provision—distinguishing them clearly from conventional financing mechanisms.

From a library and information science perspective, VC regulation can be interpreted as a structured system of legal-information governance. Elements such as registration protocols, documentation regimes, disclosure obligations, reporting systems, contractual records, and regulatory oversight collectively constitute an integrated informational infrastructure supporting investment communication and accountability. Accordingly, deficiencies in legal drafting or implementation (Alharbi, 2023) do not merely generate juridical ambiguity but also degrade information quality, limit accessibility, and weaken regulatory transparency, thereby undermining decision-making in information-intensive investment environments. The European Private Equity and Venture Capital Association (EVCA) (Conforti, 2010) defines such firms as specialised investment vehicles managing funds directed towards high-risk ventures with strong growth

potential but no guaranteed return or fixed recovery horizon, reinforcing the inherently risky nature of such investments. Understanding VC structures therefore provides deeper insight into operational mechanisms and investment typologies within this sector.

In practice, capital refers to financial resources contributed by investors (Han et al., 2025), primarily allocated to venture initiation and early-stage development. These investments are typically highly active and exposed to significant risk, with investors bearing responsibility for both gains and losses. If ventures fail, the financial exposure rests fully with the investors. VC can thus be conceptualised as a temporary contractual partnership between an entrepreneur and a financier, in which the VC entity exits once targeted returns are achieved. Such investment cycles commonly extend up to seven years and are characterised by flexibility and dynamism (Yin et al., 2025), influencing not only startup formation but also broader enterprise development trajectories. Consistent with international practice, Jordanian legislation has acknowledged the importance of establishing a supportive legal environment for VC structures. Relevant provisions are embedded in Articles (77–89) of the applicable law, supplemented by contractual flexibility provisions and targeted fiscal incentives designed to stimulate investment and business expansion (Pravdiuk, 2022). These include exemptions from income tax on gains derived from share or equity disposals. Similar policy approaches are observed in Algeria, where Law No. (06/11) of 2006 provides VC-specific tax relief for five years, conditional on equivalent investment duration requirements. The United States similarly introduced supportive mechanisms through the Small Business Investment Act (1958), offering tax advantages that strengthened capital formation and contributed to knowledge-economy development.

Structurally, VC firms exhibit a hybrid configuration, combining partnership-based organisational features with corporate financial characteristics (Kerins et al., 2004). They operate as partnerships from the perspective of general partners while functioning as capital investment vehicles from the perspective of funding participants. Their contractual foundation, grounded in autonomy of will, governs all stages of their lifecycle, granting significant legal flexibility specific to this investment form. Consequently, the importance of this subject lies in the need for financing mechanisms capable of stimulating innovation within national economies

and alleviating funding constraints facing high-risk entrepreneurial activity. This study therefore seeks to analyse the legal and regulatory dimensions of VC firms in Jordan, while conducting comparative assessments with selected international jurisdictions to identify structural limitations and potential reform pathways. The ultimate aim is to provide a rigorous academic contribution that informs policymakers, legislators, and researchers engaged in investment and innovation governance.

However, fragmentation within the Jordanian legal framework governing VC activity generates uncertainty across key domains, including registration processes, regulatory control, disclosure requirements, investment governance, and partner rights. This lack of coherence restricts the effective establishment and operationalisation of VC firms, thereby weakening their capacity to support entrepreneurial development and innovation financing (Kitić et al., 2025). The absence of adequate institutional infrastructure and reliable information systems further constrains VC effectiveness. Insufficient regulatory transparency (Lin, 2022) and weak institutional coordination exacerbate information asymmetries among investors, regulators, and entrepreneurs. Consequently, hesitation in investment decision-making, driven by unclear legal documentation and ineffective governance structures, prevents the formation of a sustainable VC ecosystem capable of advancing Jordan's knowledge-based economy. These deficiencies give rise to several core research questions:

1. What constitutes the organisational structure of a venture capital firm?
2. What is the nature and scope of projects financed by VC firms?
3. Has the Jordanian legislator established internal and external information monitoring mechanisms for VC firms, particularly regarding operational authority and managing partner powers?
4. What legal consequences arise for both VC firms and financed projects?
5. What factors have hindered the registration of VC firms in Jordan despite formal legislative recognition?

Theoretical Context

Recent scholarship increasingly conceptualises VC activity as operating within complex legal-information governance systems that integrate institutional documentation, regulatory structures,

and information management processes (Subhash, 2009). In this framework, VC firms require accurate and reliable legal, financial, and strategic information to evaluate investment opportunities, assess risk exposure, and sustain investor confidence during decision-making processes (Kerins et al., 2004). As a result, the effectiveness of VC regulation is closely tied to the quality of legal-information governance mechanisms, including disclosure regimes, regulatory transparency, and the consistency of institutional reporting standards.

Regulatory systems perform an essential informational function by structuring how data related to governance obligations, documentation procedures, firm registration, and institutional monitoring is generated and communicated. This function is critical for reducing uncertainty in investment environments and supporting more informed capital allocation decisions. Within innovation financing literature, information asymmetry is widely identified as a primary constraint on entrepreneurial investment, particularly in high-risk ventures where limited financial history restricts investor evaluation capacity (Batabyal, 2012). Contemporary legal-information governance approaches further emphasise institutional coordination, digital access to legal frameworks, and enhanced regulatory transparency as key enablers of innovation ecosystems and knowledge-based economic development. In this context, VC legislation does not merely regulate financial transactions; it also structures the production, organisation, dissemination, and oversight of investment-related information across the economic system.

Methodology

In this study, the researcher applies a set of legal research methodologies designed to achieve the study objectives and address its core research questions. This is undertaken through the integration of theoretical analysis with practical inductive reasoning, aiming to produce precise outcomes that contribute to establishing a conducive legal environment for VC firms in Jordan. Accordingly, the researcher adopts descriptive, analytical, and comparative approaches, as outlined below:

• Descriptive and Analytical Methods

This approach involves describing and critically analysing the legal frameworks governing VC firms

under Jordanian law, while situating them within broader investment-related legal and legal–information governance systems. It further examines relevant regulatory structures and compares them with international frameworks governing investment activity. In addition, it considers applied practices of VC firms in jurisdictions where this investment model has been successfully implemented, in order to extract relevant legal and institutional insights.

• Comparative Method

This method is used to compare Jordanian legal regulations governing VC firms with selected foreign legal systems, particularly Algerian legislation. The purpose is to identify strengths and weaknesses within the Jordanian framework and to derive applicable international models that may inform the development and refinement of its legal–information governance structure. Furthermore, the study conceptualises legislative texts, regulatory procedures, and investment regulations as structured legal–information resources that influence institutional conduct, investment-related communication, and entrepreneurial decision-making processes. On this basis, the comparative analysis assesses the capacity of different legal systems to establish coherent information-governance frameworks that enhance regulatory transparency, reduce information asymmetry, and support investment environments oriented towards innovation and knowledge-based economic development.

Venture Capital Firms as Information-Intensive Investment Institutions

A VC firm is widely regarded as one of the most contemporary financial instruments in modern financial systems (Félix et al., 2023; Makushina, 2021). Its significance stems from its core function of mobilising capital towards high-risk, high-potential entrepreneurial ventures, typically within early-stage or innovation-driven sectors. VC investment is therefore grounded in the financing of start-ups and disruptive ideas that may generate substantial economic expansion if successfully developed. In this sense, VC firms operate as quasi-incubatory financial institutions, supporting initiatives with transformative economic potential while simultaneously bearing a high probability of investment failure.

Comparative legal systems have accordingly embedded VC firms within specialised legal–

information frameworks, recognising their distinctiveness in terms of legal form, operational objectives, and revenue-generation mechanisms. In this regard, the Hashemite Kingdom of Jordan has experienced notable legislative evolution in regulating VC activity. The initial framework was largely conceptual and lacked practical implementation. VC Regulation No. (143) of 2018 was introduced through an amendment to the Companies Law under Amending Law No. (34) of 2017, which inserted paragraph (f) into Article (7) of the Jordanian Companies Law, thereby establishing the formal legal basis for VC formation. However, this regulatory framework produced limited practical outcomes, as no dedicated VC investment entities were successfully registered or operationalised within the jurisdiction.

This implementation gap led the Jordanian legislator to revisit the regulatory model through Amending Law No. (20) of 2023, which repealed the 2018 Regulation and replaced the earlier hybrid structure of a limited partnership with shares. In its place, a distinct organisational form—designated as a “venture capital firm”—was introduced, with the objective of establishing a more coherent and functionally appropriate legal structure tailored to the specific nature of VC activity. Under Article (77/A) of the Companies Law, VC activity is restricted to investing in high-risk, high-growth-potential enterprises, while explicitly excluding investment in publicly listed companies. VC firms are also entitled to realise financial returns upon exit, whether through equity divestment or the liquidation of ownership interests. Accordingly, their investment operations generally take two principal forms: direct financing of new entrepreneurial ventures, or investment in established but high-growth firms requiring risk-oriented capital support.

Legal Information Governance and Legislative Frameworks of Venture Capital Firms

The legal nature of a VC firm constitutes a fundamental pillar of the investment model (Cumming et al., 2023), as it directly shapes its ability to attract capital within a framework defined by functional specificity and legal differentiation from conventional corporate structures. VC firms are established primarily to finance start-ups and entrepreneurial projects characterised by high growth potential and correspondingly high levels of risk, particularly in sectors where enterprises are not publicly listed on

stock markets. This structural orientation clearly distinguishes VC entities from traditional business organisations in both their objectives and operational mechanisms.

In light of this conceptualisation, it becomes essential to examine the legal framework governing VC firms within the Jordanian legal system. The legislator situates firms within the broader scope of the Jordanian Civil Code, which defines them as contractual arrangements between two or more parties who agree to contribute to a specific economic undertaking through capital, labour, or both, with the aim of sharing profits and losses generated by the activity. Within this framework, the firm acquires legal personality upon formation, thereby obtaining the capacity to act legally and bear responsibility for its obligations. VC firms are incorporated within this general civil structure (Wang and Zheng, 2026; Widyasthana et al., 2017), yet their distinctive legal character emerges through their classification as commercial entities under Article (6/A) of the Jordanian Companies Law. This classification grants them an independent legal status, enabling them to operate under both general corporate regulations and specific provisions applicable to commercial investment entities. The importance of clearly defining the legal regulation of VC firms lies in their broader economic and social impact on high-risk entrepreneurial ventures. A well-structured legal framework enhances investment stimulation, facilitates capital mobilisation, and improves the overall investment climate for venture-based enterprises. It also strengthens the underlying legal-information governance system, enabling investors to operate within a transparent, predictable, and legally protected environment shaped by coherent legislative structures.

Institutional Documentation and Registration Procedures, Institutional Documentation, and Organizational Governance

The formal stages involved in establishing a VC firm comprise a set of distinct legal considerations (Khoury et al., 2015), arising from the specialised nature of this organisational form and its exposure to elevated investment risk. In response, the Jordanian legislator has expressly incorporated VC structures within the Companies Law, establishing general principles governing their formation in both formal and substantive terms. This regulatory approach aims to ensure that VC entities are constituted within a

legally sound and economically coherent framework aligned with investment objectives.

From a contractual perspective, the establishment of a VC firm mirrors traditional company formation in requiring the fulfilment of essential contractual elements (Khoury et al., 2015), particularly consent. This presupposes a valid agreement between parties possessing legal capacity. Under the Jordanian Civil Code, contractual validity is grounded in mutual consent, supported by additional requirements relating to subject matter, lawful cause, and formal expression where applicable. Accordingly, the formation of a firm is contingent upon the explicit and unequivocal agreement of partners on essential contractual terms, without which the contract cannot be legally effective.

With respect to legal capacity, Jordanian law distinguishes between managing partners and funding partners. The managing partner must be at least 25 years of age, reflecting the heightened responsibility associated with operational control, decision-making authority, and legal accountability. By contrast, funding partners are subject only to the general capacity rules under the Civil Code, without additional restrictions. This differentiation reflects the distinct legal and functional roles assigned to each category of partner (Suchman, 1994). Regarding the object of the contract, Article (77/A) of the Companies Law defines VC activity as direct investment in high-risk, high-growth potential enterprises, while expressly excluding investment in publicly listed companies. The underlying legal cause is primarily profit-oriented, based on exit strategies following value creation through venture growth. This rationale is consistent with the economic logic of VC financing and its emphasis on capital appreciation through controlled risk exposure.

The formation of a VC firm is also subject to specific structural requirements (Galloway et al., 2017; Global Insight, 2009; Pandey et al., 2003), including the presence of two categories of partners: managing partners, who assume operational and managerial responsibility, and funding partners, whose role is limited to capital contribution and proportionate influence over governance. The legislator imposes stricter conditions on managing partners while maintaining a more flexible regime for financial partners, a design that differs from Algerian law, which applies broader capacity and responsibility requirements across partner categories. Institutional documentation and registration procedures perform an essential legal-

information governance function (Sahlman, 2022). They establish formalised systems of legal record-keeping that support regulatory oversight, enhance transparency, and enable access to investment-related information. In this sense, registration is not merely procedural but constitutes a structured mechanism for organising legal and financial information, thereby reinforcing investor confidence and institutional accountability.

With regard to capital contributions, Jordanian law limits contributions to cash only, excluding in-kind contributions. This restriction is justified by the need to ensure liquidity and enhance regulatory information transparency, and it aligns partially with comparative regional approaches, including Algerian practice. Profit and loss distribution is determined either by prior agreement among partners or, in the absence of such agreement, proportionate to capital contribution (Lauterbach et al., 2007) 2007, reflecting a flexible allocation mechanism intended to preserve firm stability and continuity. The establishment of a VC firm also requires adoption of an appropriate legal form, formal registration with the Controller of Companies, and disclosure of essential organisational data, including name, headquarters, capital structure, shareholders, and authorised representatives. Registration confers legal personality, enabling the firm to act independently, assume liabilities, initiate legal proceedings, and acquire full legal capacity.

In comparative terms, Algerian legislation incorporates a more structured pre-establishment information monitoring system requiring prior authorisation from competent financial authorities. In contrast, Jordanian law lacks a fully developed regulatory information monitoring framework, creating gaps in oversight and post-establishment supervision. This deficiency highlights the need to strengthen legal mechanisms governing information monitoring of VC firms in Jordan, with the aim of balancing regulatory flexibility, stakeholder protection, and the stability of an information-intensive investment environment.

Information Asymmetry, Disclosure, and the Governance of Investment Financing

Project financing through VC firms is widely recognised as one of the most contemporary forms of investment funding (Galloway et al., 2017), grounded in the principle of a temporary strategic alliance between the investor and the entrepreneurial project. Under this model, the VC firm injects capital into

start-ups or high-risk ventures with the objective of accelerating growth and value creation, before exiting once the investment has matured and returns have been realised. Exit strategies typically include initial public offerings, strategic acquisitions, or mergers, reflecting the non-permanent ownership logic that distinguishes VC from traditional equity investment.

The funding application process is typically heterogeneous and non-linear. Entrepreneurs may directly present business proposals to investors, while VC firms may also proactively identify opportunities through professional networks, market intelligence, or early-stage public listings (Chang, 2004). Investment evaluation is usually structured into sequential stages, beginning with technical and commercial assessment of the idea or prototype. This phase determines whether the project is rejected or advanced to subsequent funding rounds, which may include development, operational scaling, and expansion phases aligned with the investor's strategic objectives. In terms of structure, VC financing is generally long-term in nature, typically ranging between three and seven years (Davila et al., 2003). Jordanian legislation permits VC firms to invest in high-risk, high-growth potential enterprises in exchange for financial returns upon exit, while prohibiting investment in publicly listed companies. Although the law does not define specific project sizes, this absence enables VC firms to finance start-ups, small and medium enterprises, and early-stage ventures with substantial growth potential, thereby granting considerable discretion in investment selection.

Jordanian law further requires funded projects to be formally registered with the Companies Controller, ensuring a recognised legal structure and defined financial accountability. The legal framework also restricts VC exposure by limiting investment to a maximum of 20% of a firm's own capital per project and capping ownership at 51% within the first twelve months, reinforcing the temporary and non-controlling nature of VC participation (Andrusiv et al., 2020). However, the one-year constraint may introduce legal ambiguity, as VC investment cycles typically extend over several years. This suggests a potential misalignment between regulatory timelines and the practical duration of VC investment activity. In contrast, Algerian legislation restricts VC investment to small and medium-sized enterprises and imposes stricter limits on ownership, capping participation at 15% of a firm's capital and 49%

of project capital. While the Jordanian framework demonstrates flexibility by avoiding rigid classification of eligible project sizes, it is less precise in explicitly prioritising high-risk innovation-driven ventures, as lower-risk projects with strong innovative potential may also generate significant returns.

VC investment is further characterised by a staged financing model rather than a uniform funding structure (Chemmanur et al., 2011). Funding may occur at the pre-establishment stage to support ideation and prototyping, at the start-up stage where risk is highest due to limited financial history, during growth and expansion phases to enhance scalability, or in special situations such as acquisitions, restructuring, or turnaround financing for distressed but recoverable firms. The Jordanian legislator has not restricted funding to specific stages, reflecting a flexible regulatory approach consistent with the adaptive nature of VC financing. This contrasts with Algerian law, which imposes more limited stage-based constraints that may reduce responsiveness to market dynamics. Overall, the start-up stage remains the dominant phase for VC investment due to limited alternative financing sources, with investors accepting high risk in anticipation of substantial returns upon successful project development.

Legal Effects Arising from Venture Capital Firms and their Implications for Practical Application

Legal systems worldwide have undergone substantial development in regulating corporate entities, including partnerships, corporations, and hybrid organisational forms (Da Rin et al., 2006). These legal frameworks have increasingly become instruments of economic governance at both national and international levels, prompting the emergence of specialised legislative regimes. Mandatory regulatory mechanisms are now primarily designed to govern corporate conduct, prevent misuse of legal structures, and ensure alignment with the intended objectives of corporate law. In doing so, they safeguard shareholder rights, protect third-party interests, and mitigate systemic economic and social risks arising from corporate activity.

Within this broader legal context, VC firms are recognised as formally structured entities operating on a contractual basis (Andrusiv et al., 2020; Chemmanur et al., 2011; Galloway et al., 2017). Their legal character is shaped by their hybrid corporate nature, where both

the financing entity and the funded enterprise are treated as legally significant actors, generating reciprocal rights and obligations. The primary entitlement of VC firms lies in their right to obtain financial returns from the successful performance and exit of their investments. These rights are accompanied by multiple layers of obligations. First, statutory obligations arise directly from legislation, including restrictions on ownership thresholds and prohibitions on investing in publicly listed companies. Second, contractual obligations are established through investment agreements that define the respective rights, duties, and expectations of both the VC firm and the investee entity. Third, ethical obligations emerge from standards of commercial integrity, established market practices, and trust-based expectations within investment ecosystems. These ethical dimensions constitute a critical component of professional conduct in investment relationships, reinforcing stability and credibility within financial markets.

The importance of VC firms is further reflected in their capacity to contribute to national economic development by financing technological and entrepreneurial ventures that are typically too novel or high-risk for conventional funding sources. By supporting innovation-driven enterprises, VC firms play a strategic role in advancing entrepreneurship, stimulating market dynamism, and contributing to the development of a knowledge-based economy. Consequently, analysing VC frameworks requires attention to the legal effects arising from the relationship between the firm and the funded project, alongside an examination of practical implementation mechanisms and the operational challenges encountered in jurisdictions where VC systems have been successfully institutionalised.

The Legal-Information Framework Governing the Relationship Between the Venture Capital Firm and the Financed Project

Due to the rapid transformation of financial and capital markets (Song and Thakor, 2010; Strumeyer, 2017), VC firms have emerged as influential economic instruments that channel investment towards innovative and entrepreneurial ventures, thereby shaping broader state economic policy orientations. Their growing role in mobilising capital for high-growth potential projects has positioned them as key drivers of economic expansion and innovation-led development. In recognition of the strategic importance of VC firms in supporting national

economic objectives, the Jordanian legislator has introduced a dedicated regulatory framework within the Companies Law. This framework conceptualises VC firms in a form analogous to limited partnerships, while incorporating specific legal adaptations tailored to the distinctive nature of VC activity, particularly its risk profile, investment structure, and exit-oriented operational model.

Rights Within Information-Governance Structures, Information-Governance Obligations, and Regulatory Information Flows

VC firms remain in an early stage of institutional development; however, they have recently acquired a substantial role in economic activity (Global Insight, 2009; Pandey et al., 2003). This expansion has reinforced their contribution to financing entrepreneurship and innovation, thereby necessitating the establishment of formal legal frameworks that regulate their operations and clearly define the rights and obligations of partners. The objective of such regulation is to balance investment flexibility with adequate protection for all stakeholders involved in VC structures. In Jordan, the legislator has created a specific legal form for VC firms resembling a limited partnership, characterised by a functional division between two categories of partners: managing partners and funding partners. This structural separation generates differentiated legal rights and responsibilities for each category. A foundational requirement for all partners is the obligation to contribute capital in cash (Félix et al., 2023), which forms a core element of the contractual relationship underpinning the firm.

With regard to the managing partner, Jordanian law grants managerial authority and external representation powers, including the ability to bind the firm in dealings with third parties. At the same time, managing partners bear unlimited liability, extending to their personal assets, thereby assuming joint and several responsibility for the firm's obligations. Consequently, the managing partner acquires the legal status of a trader under Article (9/C) of the Jordanian Companies Law. Notably, the legislator permits both natural and legal persons to assume this role, departing from traditional partnership doctrine, which generally restricts general partners to natural persons due to the personal nature of liability. Given the significance of the managing partner's role, the legislator imposes minimum requirements relating to age, legal capacity, and criminal record, while excluding individuals with

prior bankruptcy or insolvency unless their legal status has been rehabilitated. However, no academic or professional qualification requirements are specified, creating a regulatory gap that may affect managerial quality, particularly where the managing partner is a legal entity. To protect third parties, the managing partner's actions are binding on the firm insofar as they appear lawful to external actors, even if internal agreements provide otherwise. The firm also bears responsibility for costs incurred in the course of management, while the managing partner remains personally liable to the firm for any breaches of duty.

Among the managing partner's core obligations is a minimum cash contribution of 1,000 Jordanian dinars to the firm's capital. This threshold is assessed by the researcher as insufficient to reflect the seriousness of the managerial role, and it is suggested that it be increased to enhance governance quality and operational commitment. The managing partner is responsible for administering the firm within the limits of the partnership agreement and may take administrative decisions individually or jointly. Where two managing partners exist, unanimity is required; where more than two exist, decisions are made by majority vote unless otherwise agreed. The managing partner must also ensure that the firm maintains sufficient financial capacity to meet obligations for 18 months following revenue distribution, reinforcing operational continuity and financial stability. In addition, they are prohibited from engaging in competing activities, whether directly or indirectly, or from participating in similar organisations except as shareholders in publicly listed companies. These restrictions are designed to mitigate conflicts of interest and protect the interests of funding partners.

Further obligations include the preparation of annual financial reports (Hamm et al., 2021) and submission to the Companies Controller within six months of the financial year's commencement. The researcher, however, considers this reporting period excessive and recommends reducing it to three months to strengthen regulatory oversight and improve information transparency. The managing partner must also maintain accurate accounting and administrative records, disclose information to funding partners upon request, and certify the accuracy of official records and meeting minutes, thereby reinforcing legal safeguards against misrepresentation. Comparatively, Algerian law does not establish a distinct regulatory regime for managing partners in VC firms, instead referring

to general rules applicable to public shareholding under Executive Decree No. 95/438 (1995). In terms of rights, managing partners may appear in the firm's name, contribute capital in instalments, and complete payment obligations within three years of joining. They also hold rights to vote, receive profits, delegate authority under contractual conditions, and transfer their shares, with the transferee assuming prior obligations unless otherwise specified.

However, the effectiveness of share transfers depends on formal registration in company records, and failure to register may undermine third-party protection in good faith transactions, revealing a legislative gap in safeguarding external actors. Algerian law also permits the creation of pledges over shares subject to partner agreement or majority approval, and allows managing partners to withhold trade secrets unless otherwise stipulated. Loss of managerial capacity occurs through transfer, death, incapacity, or legal impediments, with replacement required within 60 days by a 75% majority vote. Funding partners, by contrast, are non-managing investors whose liability is limited to their capital contribution. Jordanian law requires a minimum cash contribution of 50,000 USD, payable over three years. They are prohibited from acting in the firm's name, and violations may result in personal liability. Their rights include profit participation, voting in accordance with their contribution, share transfer in line with agreements, and the ability to pledge shares, as well as limited involvement in operational activities subject to unanimous consent.

In contrast, Algerian law does not distinguish between managing and funding partners, instead imposing a general capital requirement of 100 million Algerian dinars and limiting individual contributions to 49% of total capital to protect minority stakeholders. Overall, the researcher observes that Jordanian legislation has not sufficiently addressed critical governance issues such as partner removal, unilateral exclusion rights, and firm name modification. These matters are largely left to contractual agreement, despite their importance in ensuring legal stability and institutional continuity within VC firms. Accordingly, more comprehensive statutory regulation is required to strengthen the governance framework of VC entities and enhance the stability of their legal identity.

Legal Obligations Arising for the Venture Capital Firm and the Financed Project

The rights and obligations arising within a

VC relationship are fundamentally reciprocal, as the financing arrangement is designed to enhance project success while generating returns for both the VC firm and the funded enterprise (Affandi and Bangsu, 2021). These obligations can be classified into three interrelated categories: legal duties imposed by statutory provisions, contractual duties arising from investment agreements between the parties, and ethical duties grounded in established commercial practices, particularly those relating to trust, integrity, and confidentiality. The obligations of VC firms originate from both their constitutive documents and the investment contract governing the relationship. Their primary legal duty is the provision of capital financing in cash form, within the limits established by Jordanian law regarding investment participation ratios and restrictions on investing in publicly listed companies.

However, the role of VC firms extends beyond mere capital provision (Brush et al., 2002; Chen et al., 2007), encompassing administrative, strategic, and marketing support for high-risk ventures. In this regard, advisory and guidance functions are particularly significant, as they involve not only offering opinions but also proposing strategic alternatives that enable more informed decision-making by the funded enterprise. Failure to fulfil these duties may give rise to contractual liability where demonstrable damage occurs. This relationship is inherently cooperative, requiring the funded project to supply accurate and timely information to the investor. Any deviation from good faith or commercial trust obligations by either party may constitute a breach of fiduciary principles underpinning the investment relationship. A key associated duty is the obligation of disclosure, which arises after contract formation and continues throughout its execution. This duty ensures that both parties enter and maintain the contractual relationship with full awareness of relevant facts, risks, and circumstances affecting the investment.

The disclosure obligation is recognised in both Algerian legislation and the UNIDROIT Principles. Its legal nature remains debated in doctrine, with some considering it a form of liability, others viewing it as an obligation of result, and some treating it as a hybrid construct. The researcher adopts the view that it functions as a substantive legal guarantee that enhances credibility, reduces uncertainty, and stabilises investment relations. Information-governance obligations represent a core

component of regulatory information systems (Tallon et al., 2013). They facilitate the structured flow of accurate and reliable information among VC firms, entrepreneurs, regulators, and investors. Effective disclosure frameworks reduce information asymmetry, strengthen regulatory transparency, and support the development of trustworthy, information-intensive investment ecosystems conducive to innovation and entrepreneurship.

VC firms are further bound by confidentiality obligations requiring the protection of sensitive shareholder and project-related information, justified by both professional ethics and regulatory necessity. Additionally, VC investments are inherently temporary, requiring exit from projects at an agreed stage rather than maintaining permanent ownership. While Jordanian law does not explicitly regulate exit mechanisms, Algerian law (Article 7/3) provides a structured framework that includes public offerings, mergers, acquisitions, share buybacks, and liquidation as permissible exit routes. Jordanian company law, however, allows the holding of securities when listed on recognised stock exchanges, which indirectly reflects investment returns derived from corporate financing activities (Subhash, 2009). The funded project, in turn, bears a complementary obligation to disclose complete and accurate technical and financial information, enabling informed investment decisions by VC providers. This requirement is particularly reinforced in Jordanian company law for technology-based enterprises. Moreover, funded entities must comply with competition law and avoid any conduct that may constitute market manipulation or commercial deception. Overall, the VC relationship is governed by an integrated framework of legal, contractual, and ethical obligations that ensures mutual benefit, maintains professional integrity, and supports the sustainable development of high-risk entrepreneurial projects within a regulated investment environment.

Practical Applications and Challenges of Venture Capital Information Governance

Well-established VC firms have secured a significant global position largely due to their evolution as entrepreneurial actors in their own right (Hsu and Kenney, 2005; Kerins et al., 2004). This position is not the product of chance but rather the outcome of accumulated investment experience, strategic expertise, and sustained participation in high-risk financing. Over time, VC firms have

become key advocates for innovation-driven investment, particularly in supporting ventures that are technologically novel and financially uncertain. Their prominence in advanced economies reflects coordinated legal, economic, and regulatory developments aimed at enabling alternative financing channels. In this context, scholars such as Pierre Battini and Gilles Mougnot emphasise that VC institutions function as central drivers within the global investment ecosystem.

Despite notable global expansion in VC activity (Global Insight, 2009; Pandey et al., 2003), historical development shows that the sector has not been confined to a single domain, but has expanded across industries, including traditional sectors. This diversification reflects the sector's adaptability to changing market conditions and evolving consumer demand. However, the performance of VC-specific investment firms in Jordan remains comparatively limited. Unlike jurisdictions that have successfully institutionalised VC as a key financing mechanism for economic development, Jordan's experience remains relatively recent and has not yet produced a fully operational or mature model at the national level.

This gap is primarily attributable to weaknesses in legal, institutional, and regulatory infrastructure governing entrepreneurial finance. The absence of a comprehensive legislative framework regulating VC operations, combined with limited tax incentives and insufficient investment guarantees, has created an unfavourable environment for VC activity. In addition, low levels of investment awareness, underdeveloped entrepreneurial culture, and weak public-private sector collaboration further constrain the effective activation of VC firms within the Jordanian economy. Accordingly, it becomes necessary to examine comparative international experiences where VC regulation has achieved stronger institutional outcomes, with a view to identifying transferable legal and policy mechanisms suitable for adaptation within the Jordanian context. However, addressing this issue requires more than legislative reform alone; it also demands structural, administrative, and financial reforms embedded within a broader strategic framework. Such a framework must account for the specific characteristics of the Jordanian market and its socio-economic conditions, in order to establish a coherent legal-financial environment capable of supporting VC growth, fostering innovation, and contributing to sustainable economic development.

Practical Application at the National and International Levels: Comparative Experiences

The significance of venture capital (VC) financing is closely associated with its role in funding and implementing technology-oriented projects, developing human capabilities and technical competencies, and enabling the effective utilisation of emerging technologies and entrepreneurial initiatives. It also contributes directly to job creation and the expansion of innovative ideas, particularly within technologically advanced and high-complexity sectors. The legal and economic importance of this financing model is further reflected in its capacity to stimulate economic activity, facilitate technology transfer, and support the commercialisation of inventions. VC financing is not confined to financial assistance alone; it also encompasses technical, managerial, and strategic support through advisory services relating to planning, marketing, workforce development, and the provision of technological expertise and equipment. In addition, entrepreneurial projects frequently depend on this form of financing during critical operational stages, particularly the start-up phase where traditional funding sources are often unavailable. A further legal function of VC financing lies in establishing stronger institutional and organisational foundations for emerging firms, thereby reducing the probability of market failure or premature withdrawal and enhancing long-term sustainability.

In this context, the United States represents one of the most influential comparative experiences, having developed the world’s largest and most institutionalised VC market. The first specialised VC

institution was established in 1946 by General Georges Doriot under the name American Research and Development Corporation (ARD), focusing primarily on financing technology and electronics-related ventures (Hsu and Kenney, 2005). From the 1980s onwards, the sector experienced substantial expansion, accounting for nearly 60% of total financing activity between 1990 and 1993. Funding sources typically included entrepreneurs, pension funds, and insurance companies, while governmental participation occurred indirectly through tax incentives designed to improve the investment climate and stimulate capital formation.

Statistical evidence further demonstrates the strategic economic role of the VC sector in the United States. According to available estimates, VC-backed activity contributed approximately 21% of the national gross domestic product and generated employment for nearly 11% of the private-sector workforce (Global Insight, 2009). Nevertheless, the VC sector has also been affected by major economic disruptions. One of the most significant was the information technology stock-market bubble between 1995 and 2000, during which asset prices rose artificially before collapsing in 2000, producing negative market effects that extended until 2003. Similarly, the global financial crisis of 2008 reduced investor appetite for high-risk financing, leading to a decline in VC investment activity. Despite these fluctuations, the sector maintained substantial growth, with VC assets in the United States reaching approximately 176.7 billion USD by 2010, as illustrated in Figure 1.

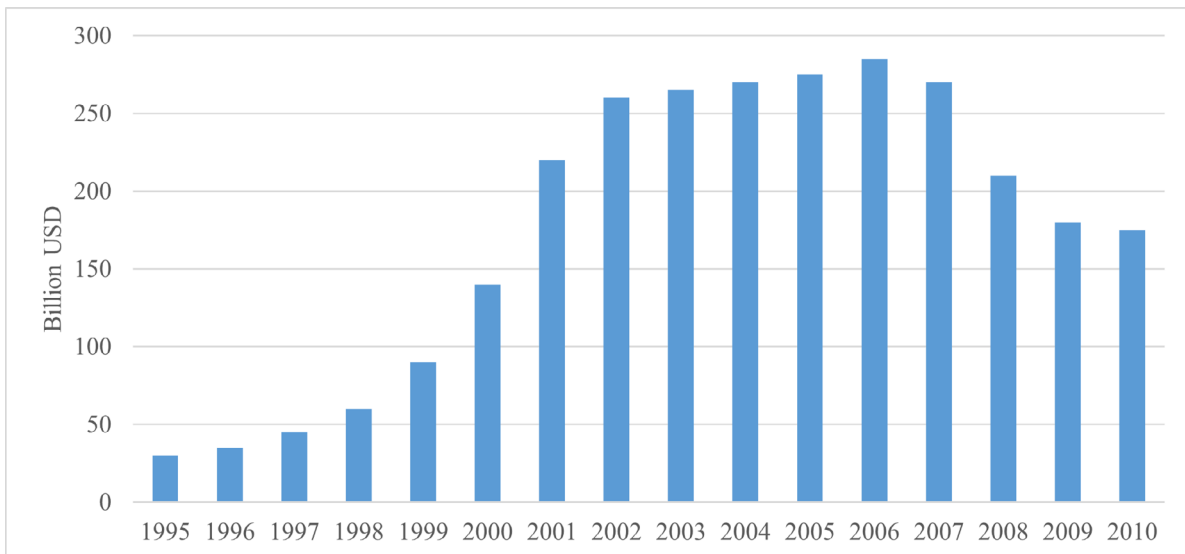


Figure 1: Size of Venture Capital Assets in the United States of America.

The same graph further indicates a decline in investment expenditure from approximately 30 billion USD in 2007 to nearly 22 billion USD in 2010, reflecting the direct impact of broader economic instability and financial market pressures during that period. Sectoral distribution data reveal that software-related investments accounted for a proportion comparable to biotechnology, with each representing approximately 17% of total VC activity, while the

energy sector constituted nearly 16%. Figure 2 additionally demonstrates that investors showed the strongest preference for projects in the development stage, followed by start-up ventures and subsequently projects at the pre-establishment stage. This distribution reflects investor inclination towards ventures that have progressed beyond conceptual formation and exhibit greater operational or commercial viability, while still retaining substantial growth potential.

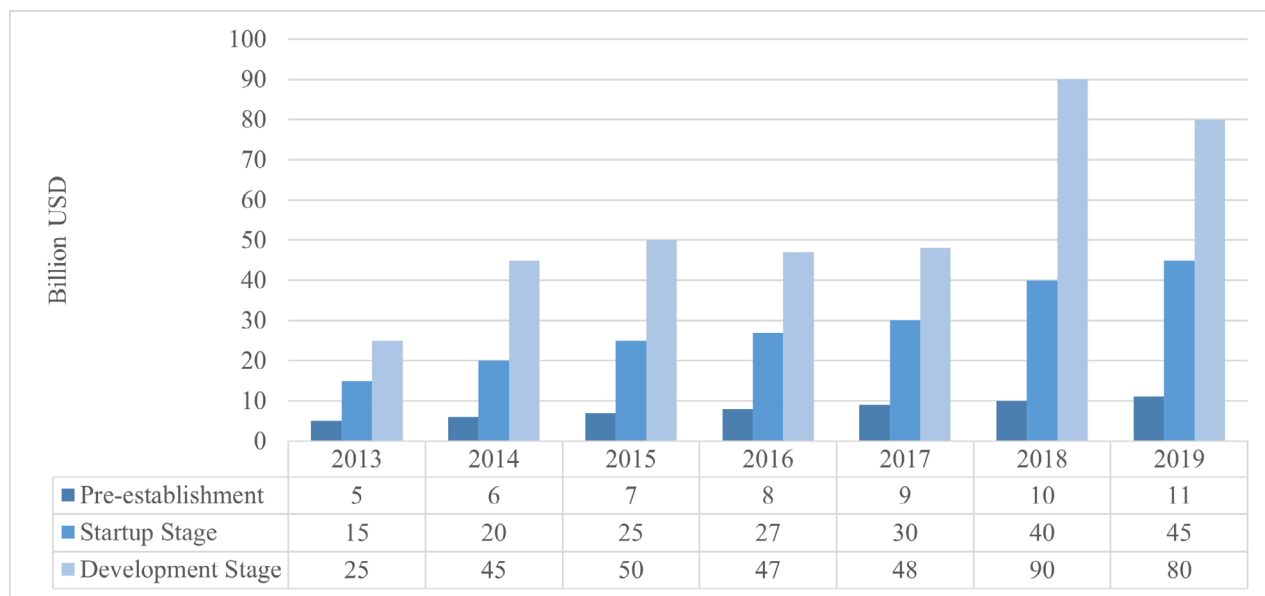


Figure 2: Activity of U.S. Venture Capital Firms by Financing Stages.

The success of the American VC model has been driven by a combination of legal and economic factors, most notably sustained federal support for small and medium-sized enterprises through specialised legislative programmes. Among the most influential initiatives was the Small Business Investment Company (SBIC) programme, established in 1958 following the launch of the Soviet satellite, which prompted the United States to strengthen innovation financing and technological competitiveness. Regulatory supervision of the programme was entrusted to the Small Business Administration (SBA), thereby creating an organised oversight framework for VC activity.

In parallel, the Small Business Innovation Research (SBIR) programme was introduced to stimulate innovation-oriented research and technological development, receiving funding exceeding 7 billion USD between 1993 and 1997. The Overseas Private Investment Corporation

also contributed to financing American ventures across approximately 160 countries, reflecting the international expansion of U.S. entrepreneurial investment activity. The strength of the American VC ecosystem was further reinforced by an advanced legal and technical infrastructure, particularly through intellectual property protection systems and investment-oriented tax incentives. Regional institutional support also played a significant role, with more than 1,100 advisory and administrative offices dedicated to assisting small businesses. This environment was complemented by the emergence of major technological clusters, most notably Silicon Valley, which began developing during the 1930s, expanded following the invention of the transistor in the 1950s, and experienced rapid growth during the 1980s with the rise of companies such as Apple.

Silicon Valley ultimately fostered a hybrid legal–financial ecosystem based on three interconnected pillars: research institutions, investment capital

networks, and specialised legal and contractual professionals. In addition, the NASDAQ market played a central role in facilitating structured and profitable exit mechanisms for VC investors (Kandel and Marx, 1997), enabling firms to realise returns and withdraw from investments through organised financial-market channels. The American experience also highlights the importance of integrated legal-information infrastructures in supporting VC activity. Accessible regulatory information, specialised advisory institutions, digital financial reporting systems, and coordinated institutional communication collectively reduced information asymmetry and enhanced investment decision-making within innovation sectors.

Within the Saudi Arabian context, the Kingdom has adopted a reform-oriented strategy aligned

with Vision 2030, aimed at strengthening the legal and regulatory environment to attract investment capital, despite the absence of a fully independent legal framework dedicated specifically to VC firms. Nevertheless, Article (3), paragraph (4) of the Regulation of the General Authority for Small and Medium Enterprises expressly acknowledges the importance of the VC sector. By 2013, the Kingdom hosted more than 30 VC firms, 14 start-up studios, and 18 investment institutions. VC investment volume reached approximately 548 million USD in 2021, compared with only 82 million USD in 2017, while the number of investment deals increased from 30 to 139 during the same period. Table 1 illustrates the position of the Kingdom of Saudi Arabia within the Middle East and North Africa region regarding VC investment activity between 2018 and 2023.

Table 1: Ranking of the Kingdom of Saudi Arabia in the Middle East and North Africa Region in Terms of Venture Capital Investment (2018–2023).

Years	2018	2019	2020	2021	2022	2023
First Place	UAE	UAE	UAE	UAE	UAE	Saudi Arabia
Second Place	Egypt	Egypt	Egypt	Saudi Arabia	Saudi Arabia	UAE
Third Place	Kuwait	Saudi Arabia	Saudi Arabia	Egypt	Egypt	Egypt
Fourth Place	Saudi Arabia	Lebanon	Kuwait	Bahrain	Algeria	Morocco

In Saudi Arabia, VC investments were concentrated primarily within the e-commerce sector, which accounted for approximately 31% of total investment activity, followed by information technology at 24%. The financial technology sector recorded the largest proportion of investment transactions, representing nearly 17.4% of total deals. The Kingdom further strengthened its VC ecosystem through extensive governmental support mechanisms, including the establishment of the Saudi Venture Capital Company (SVC). Joint investments between STC and the SVC reached approximately 300 million USD. Additional institutional measures included cooperation agreements between the Investment Authority and the SVC, the establishment of Riyadh Valley Company as the investment arm of King Saud University, the launch of the “Tamkeen” Fund with capital estimated at 160 million USD, the Technical Development and Investment Company, and the SABIC Venture Fund established in the Netherlands.

By contrast, although Algeria enacted Law No. 06-11 regulating VC firms, practical implementation and market utilisation remain comparatively limited. Several investment entities have nevertheless emerged,

including the Algerian-European financial company FINALEP, with capital estimated at 159 million USD, and SOFINANCE, which operates with capital of approximately 5 million USD and invests up to 49% of project capital over periods ranging from five to seven years. In addition, the Algerian-Saudi Investment Company (ASICOM) was established pursuant to a bilateral agreement concluded in 2004 between Algeria and Saudi Arabia, with capital reaching 400 million USD, and is regarded as the first state-supported institution dedicated to VC financing.

The Algerian experience suggests that one of its defining characteristics lies in the adoption of the joint-stock company structure, combined with a relatively explicit legal-information framework regulating supervisory authorities and direct governmental participation as a shareholder. However, limitations remain evident in the relatively low tolerance for investment risk and the concentration of financing within lower-risk sectors, particularly at the expense of innovation-driven and technology-oriented projects. Accordingly, comparative international experiences demonstrate that the development of an effective VC environment in Jordan requires more than

formal legislative recognition alone. It necessitates the introduction of legislative incentives, flexible financing mechanisms, coherent legal–information governance systems, and institutional guarantees capable of strengthening investor confidence while promoting innovation, entrepreneurial growth, and sustainable economic development.

Negative Challenges Confronting the Establishment of Venture Capital Firms

Numerous studies have identified a strong positive relationship between VC investment and technological advancement, innovation, and economic growth. These findings demonstrate not only the strategic importance of VC financing within advanced economies, but also confirm through practical experience that VC systems function as effective instruments for technological transformation and sustainable economic expansion. By contrast, many Arab and Islamic states have allocated comparatively limited resources to this financing model, thereby reducing their ability to benefit from its competitive and developmental advantages. Fundamentally, VC firms operate by continuously identifying innovative entrepreneurial ventures and selecting projects with the greatest growth potential, while simultaneously providing managerial, technical, and marketing support in addition to financial capital.

The successful experiences of the United States, Saudi Arabia, and Algeria did not emerge coincidentally; rather, they resulted from deliberate governmental policies and direct state support aimed at institutionalising VC activity. These jurisdictions introduced tax incentives, investment facilitation measures, and promotional benefits specifically designed to strengthen entrepreneurial financing environments. Consequently, the effectiveness of VC systems depends upon the availability of integrated standards governing the broader information-intensive investment environment, including the creation of attractive investment climates, the availability of viable entrepreneurial opportunities, and the activation of financial markets. Additional requirements relate specifically to the VC sector itself, particularly the existence of a coherent legal–information framework regulating VC activity and granting specialised advantages to investment firms operating within this field.

When evaluating the practical reality of VC firms in Jordan and the challenges facing their institutional development, one of the most significant barriers

appears to be weak financial capacity arising from difficulties in capital mobilisation. Jordanian law imposes a requirement that each partner contribute a minimum of 70,000 USD, a condition not typically imposed on other commercial entities that may operate with substantially larger capital structures. This distinction may reduce investor willingness to participate in VC arrangements, especially given the perceived risks associated with entrepreneurial investment and the relatively recent emergence of the Jordanian VC market. This issue is compounded by the relative weakness of investor protection mechanisms. Effective VC environments require safeguards capable of protecting investment capital while encouraging innovation and technological development. Several comparative jurisdictions, including France, addressed this issue through specialised guarantee institutions such as SOFARIS, which significantly enhanced investor confidence and contributed to the expansion of VC financing. Jordan, however, lacks specialised organisations or associations dedicated to promoting VC activity. Comparative experiences, particularly in Saudi Arabia, illustrate that specialised institutional bodies and VC associations can substantially strengthen sector development even in the absence of a fully mature legal framework.

Additional structural barriers arise from the reluctance of many local business owners to involve external financiers in their enterprises. Small and medium-sized enterprises in Jordan are often characterised by family-oriented ownership cultures resistant to partnership arrangements, even where external investors possess significant managerial or professional expertise. Furthermore, institutional investors such as the Social Security Investment Fund and pension funds have not yet assumed an active role in supporting entrepreneurial financing, unlike the influential role played by pension funds in the United States during the 1980s. The relatively limited entrepreneurial orientation towards high-risk investment within Jordan also affects the development of specialised expertise required to manage VC firms effectively. As a result, practical experience in project evaluation, investment selection, and entrepreneurial development remains comparatively underdeveloped.

Nevertheless, the researcher considers that Jordan possesses several structural advantages capable of supporting a successful VC ecosystem. These include a qualified labour force, advanced educational institutions, and a range of investment

incentives and exemptions that collectively create a favourable investment environment. In addition, the Jordan 2025 economic strategy projected growth rates ranging between 7.5% and 10%, thereby presenting opportunities for expanded investment and innovation-driven development. Jordanian universities, particularly University of Jordan and Jordan University of Science and Technology, maintain strong reputations for generating innovative ideas and entrepreneurial talent, making them suitable incubators for creative and technology-oriented projects. Jordan also benefits from a relatively strong legal system supporting intellectual property protection and patent regulation. Furthermore, the Information-intensive Investment Environment Law No. (21) of 2022 introduced several legal guarantees and investment incentives designed to enhance regulatory transparency and investor protection. Additional legislative reforms within the securities sector have similarly sought to improve regulatory information transparency, regulate financial professionals, and strengthen institutional infrastructure supporting investment activity.

Conclusion

This research examined the legal framework governing VC firms and compared their regulatory structure with other forms of commercial entities. The study clarified the legal nature of projects financed through VC mechanisms, the scope of eligible investments, and the legal consequences arising from the relationship between the investment firm and the funded project, including the reciprocal obligations binding both parties. It also analysed several successful comparative experiences and identified the legislative and regulatory barriers that have hindered the effective implementation of VC activity within the Jordanian context. The study produced several important findings. Most notably, the Jordanian legislator has not established a clear and direct legal mechanism governing the registration of VC firms before the Companies Controller, resulting in legislative ambiguity and institutional uncertainty. The research further demonstrated that adopting the legal form of a limited partnership does not fully correspond with the operational and financial characteristics of high-risk, innovation-oriented investment activity. In addition, Jordanian legislation does not adequately specify the educational qualifications or professional expertise required for managing partners. The legal framework also fails to regulate structured exit

mechanisms from funded projects and leaves several fundamental partner rights insufficiently addressed, including withdrawal, transfer, and objection rights, thereby creating significant legislative gaps.

The research additionally supports the argument that VC regulation should not be approached solely from the perspective of traditional corporate or investment law. Rather, it should also be analysed through the broader framework of legal-information governance, given its direct impact on regulatory information transparency, disclosure quality, institutional communication systems, and knowledge-economy development. Effective VC environments depend upon the existence of accessible and reliable legal information, coherent institutional documentation procedures, transparent disclosure mechanisms, and efficient systems of institutional information monitoring capable of strengthening investor confidence and supporting innovation-driven economic activity. Consequently, improving the Jordanian VC environment requires not only legislative reform but also the establishment of integrated legal-information infrastructures that enhance regulatory accessibility, institutional accountability, and informed investment decision-making.

To address these shortcomings, the researcher proposes several reforms aimed at creating a more supportive investment environment. These proposals include encouraging governmental cooperation with major corporations and insurance institutions, establishing an independent body specialised in VC investment, and implementing educational and training programmes targeting both investors and entrepreneurs. The study also emphasises the need for dedicated financing mechanisms supporting small and medium-sized enterprises. In this regard, the intervention of the Ministry of Digital Economy and Entrepreneurship has been viewed positively, particularly through the transformation of forty knowledge stations into business incubators designed to support entrepreneurial activity by providing technical and administrative assistance. Universities are likewise encouraged to strengthen entrepreneurial culture and maintain stronger connections with the business sector. Furthermore, the role of the Ministry of Investment could be expanded through additional responsibilities aimed at simplifying investment procedures and centralising services associated with entrepreneurial financing and VC activity.

From a legislative perspective, the study

recommends amending the Companies Law to regulate VC firms within a more suitable corporate structure, particularly through the adoption of a public shareholding framework capable of providing greater flexibility and access to diversified financial resources. The proposed amendments should also address existing legislative gaps by establishing comprehensive rules governing company registration, formation procedures, partner qualifications, governance obligations, and investment regulation. In this respect, comparative international experiences, especially the Saudi model, provide useful guidance due to their relatively clear and formalised investment rules, stronger investor protection mechanisms, and more effective limitations on managerial authority within VC structures. Ultimately, strengthening VC regulation in Jordan requires the creation of a transparent, accessible, and institutionally coherent legal-information infrastructure capable of supporting innovation governance, improving institutional documentation systems, enhancing regulatory information transparency, reducing informational asymmetry, and fostering a sustainable knowledge-based economy.

Implications of the Study

This study carries significant implications for legislators, regulatory institutions, researchers, and investment entities involved in innovation financing and knowledge-economy development. The regulation of VC firms should not be confined solely to financial or corporate dimensions; rather, it must also incorporate principles of legal-information governance aimed at enhancing regulatory transparency, disclosure quality, and institutional coordination mechanisms. The availability of accessible legal information, clearly structured documentation procedures, and reliable systems of regulatory communication plays a critical role in reducing information asymmetry among investors, entrepreneurs, and supervisory authorities. In turn, these mechanisms contribute to strengthening investor confidence and improving the efficiency of investment decision-making within innovation-oriented markets.

The study further offers Jordanian policymakers a comparative framework capable of supporting legislative reform in the VC sector through the establishment of clearer registration procedures, stronger disclosure obligations, and more effective institutional oversight mechanisms. In addition,

this research contributes academically by linking the regulatory study of VC activity with the field of Library and Information Science, particularly through its emphasis on legal-information systems, regulatory information transparency, institutional documentation practices, and information management within innovation-driven economies.

Limitations and Future Directions

This study is subject to several limitations arising from its doctrinal and comparative legal methodology, as the analysis relies predominantly on legislative texts, regulatory frameworks, and secondary academic sources without incorporating empirical evidence obtained from VC firms, investors, or regulatory authorities. In addition, the comparative dimension of the research is confined to four jurisdictions — the United States, Jordan, Saudi Arabia, and Algeria — which may restrict the broader generalisability of the findings to other legal and economic environments. Another limitation relates to the relatively limited practical implementation of VC firms within Jordan, which reduces the availability of institutional case studies, documented operational experiences, and practical investment data capable of supporting deeper empirical evaluation. Consequently, the research remains primarily theoretical in nature. Future research could address these limitations through the adoption of empirical methodologies, including interviews, surveys, and case-study analysis involving policymakers, entrepreneurs, regulators, and VC practitioners. Further studies may also investigate the role of digital legal-information systems, financial technology (fintech) platforms, and Artificial Intelligence applications in strengthening regulatory transparency, institutional governance, and investment oversight mechanisms. Moreover, expanding comparative analysis to include additional international jurisdictions may provide broader insights into effective legal-information governance frameworks capable of supporting innovation financing and the development of knowledge-based economies.

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