Federal Law No. 2 of 2015

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Corresponding to 17 Dhi Al-Hijjah 1436 H.

ON COMMERCIAL COMPANIES

Abrogating

Federal Law No. 8/1983 dated 20/03/1984

We, Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates State,

Pursuant to the perusal of the Constitution,

Federal Law No. 1 of 1972, on the Competencies of the Ministries and Powers of the Ministers and its amendments;

Federal Law No. 5 of 1975 on the Commercial Register;

Federal Law No. 10 of 1980 on the Central Bank, the monetary system and the regulation of the banking profession and its amendments;

Federal Law No. 8 of 1984 on commercial companies and its amendments;

The Civil Transactions Law promulgated by Federal Law No. 5 of 1985 and its amendments;

Federal Law No. 6 of 1985 on banks, financial institutions and Islamic Investment Companies and its amendments;

Federal Law No. 3 of 1987 on the Penal Law and its amendments;

Federal Law No. 22 of 1991 on Notary publics and its amendments;

The Civil Procedures Law promulgated by Federal Law No. 11 of 1992 and its amendments;

The Criminal Procedures Law promulgated by Federal Law No. 35 of 1992 and its amendments;

The Law of Evidence in civil and commercial transactions promulgated by Federal Law No. 10 of 1993 and its amendments;

The Commercial Transactions Law promulgated by Federal Law No. 18 of 1993;

Federal Law No. 22 of 1995 on regulating the Profession of Auditors and its amendments;

Federal Law No. 29 of 1999 on the General Authority for Awqaf and its amendments;

Federal Law No. 4 of 2000 on the Emirates Securities & Commodities Authority and Market and its amendments;

Federal Law No. 7 of 2002 on Author's Rights and Related rights and its amendments;

Federal Law No. 8 of 2004 on Financial Free Zones;

Federal Law No. 17 of 2004 on Anti-Commercial Concealment and its amendments;

Federal Law No. 1 of 2006 on Electronic Transactions and Commerce;

Federal Decree-Law No.4 of 2007 on the Establishment of the Emirate Investment Authority;

Federal Law No. 6 of 2007 on the Establishment of the Insurance Authority and the Regulation of its Operations;

Federal Law No. 4 of 2012 on the regulation of Competition;

And based on the proposal made by the Minister of Economy and the approval of the Cabinet and the Federal National Council and as ratified by the Federal Supreme Council,

Have promulgated the following Law:

Title 1
General Provisions for Companies

Chapter 1
Definition of a Company

Article 1 - Definitions

In application of the provisions of this Law, the following terms and expressions shall have the meanings assigned against each, unless the context requires otherwise:

State: The United Arab Emirates.

Federal Government: The Government of the United Arab Emirates.

Local Government: Any of the Governments of the Member Emirates of the Federation.

Ministry: Ministry of Economy;

Minister: Minister of Economy.

Central Bank: The Central Bank of the United Arab Emirates.

Authority: The Securities & Commodities Authority.

Competent Authority: The local authority having competence with regards to the affairs of companies in the relevant Emirate.

Company: The commercial company.

Diligent Person: The person having sufficient experience and commitment required in the performance of his work.

Governance: A set of criteria, standards and procedures that achieve corporate Governance at the management level of the company in accordance with the international standards and

practices, by determining the duties and responsibilities of the Directors and the executive management of the company, taking into account the protection of shareholders and stakeholders rights.

Working Day: The official working days in the Ministries, the Governmental Authorities and the local departments.

Special Resolution: Resolution issued by the majority votes of shareholders holding at least 75% of the shares represented at the General Assembly of the joint stock company.

Registrar: Companies Registrar appointed by the Minister, who performs his duties through the Companies Department of the Ministry.

Markets: The securities and commodities Markets licensed by the Authority to operate in the State.

Securities:

- Shares issued by joint stock companies;

- Derivatives and investment units as approved by the Authority;

- Bonds, deeds and bills issued by the Federal Government or the Local Governments or by the public authorities or establishments in the State.

- Bonds, deeds or any debt tools issued by companies in accordance with such regulation issued by the Central Bank and the Authority.

- Any other local or foreign Securities acceptable to the Central Bank and the Authority.

Public Subscription: The invitation for any natural or juristic person or class or classes of persons to purchase any Securities.

Securities Book Building: The process under which the price of the security is determined upon its issue or sale in a Public Subscription, in accordance with the provisions of the Decision issued by the Authority in this respect.

Strategic Partner: The partner whose contribution to the company provides technical, operational or marketing support to the company, for the good of the company.

Related Parties: The Chairman and other members of the board of directors and the senior executive management of the company and working therein, and the companies in which any of such persons holds at least 30% of their share capital and subsidiary, associated or sister companies.

Share Register: The register that shows the shares held by shareholders in Joint Stock Companies and the rights attached to such shares.

Share Register Secretariat: The body or bodies licensed by the Authority to keep the Share

Register of Private Joint Stock Companies.

Member of the Board of Directors: Any member among the members of the company’s board of directors, including the Chairman.

Article 2- Objectives of the Law

The Law has for objective to contribute to the development of the working environment and capacities of the State and its economic position in regulating companies according to the various international norms related to governance rules and the protection of shareholders and supporting foreign investment and promoting the corporate social responsibility of companies.

Article 3- Companies Governed by the Provisions of this Law

The provisions of this Law and the Regulations, Instructions and Decisions issued in execution hereof shall apply to such companies established in the State. The provisions of this Law concerning foreign companies and the Regulations, Instructions and Decisions issued in execution hereof shall apply to foreign companies that have established in the State a based to conduct any activity therein or established a branch or representative office in the State.

Article 4- Companies Exempted from the Provisions of This Law

1- Other than the registration and renewal in the exempted companies register at the Ministry, the Authority and the competent authority, each according to its jurisdiction, the provisions of this Law shall not apply to:

a- Companies exempted under a Cabinet Decision and each of those whereby a special provision to that effect is contained in the Memorandums of Association or Articles of Association of such companies according to the controls issued by a Cabinet Decision;

b- Companies held in full by the Federal Government or the Local Government, and any other companies held in full by such companies if a special provision to that effect is contained in the Memorandum of Association or Articles of Association of such companies.

c- Companies in which the Federal Government, the Local Government or any of

the establishments, authorities, departments or any companies controlled or held by any of them directly or indirectly, and having at least 25% of the shares of such companies, which operate in oil exploration, drilling, refining, manufacturing, marketing and transportation or operating in the energy sector of all kinds or in the electricity generation, gas production or water desalination, transmission and distribution, if a special provision to this effect is contained in the Memorandum of Association or Articles of Association of such companies.

d- Companies exempted from the provisions of Federal Law No. 8 of 1984

on Commercial Companies and its amendments, prior to the effective date of this Law.

e- Companies exempted from the provisions of this Law under special Federal

Laws.

2- The companies referred to in the sub sections 1/b,c,d of this provision shall adjust their position in accordance with the provisions of this Law if such company sells or publicly offers any percentage of its share capital or lists its shares in any of the financial Markets in the State.

Article 5- Companies Operating in Free Zones

1- The provisions of this Law shall not apply to companies established in the free

zones of the State if a special provision to this effect is contained in the Laws or regulations of the relevant free zone. Notwithstanding the foregoing, such companies shall be governed by the provisions of this Law if such Laws or regulations permit to conduct the activities of such companies outside the free zone in the State.

2- In accordance with sub section 1 of the present provision, the Cabinet shall issue a Decision determining the applicable conditions to enter and register companies operating in the free zones of the State and willing to conduct their activities in the State outside the free zones.

Article 6- Corporate Governance

1- With the exception of banks, financing companies, financial investment companies,

exchange and money brokerage companies, the Minister shall issue the decisions which set the general framework regulating Governance in connection with private joint stock companies where the number of the shareholders therein exceeds 75- As for the Public Joint Stock Companies, the Chairman of the

Authority shall issue the relevant Governance Decisions.

2- The Board of Directors of a company or its managers, depending on the circumstance, shall be responsible for the application of the rules and criteria of Governance.

Article 7- Breach of the Rules of Governance

1- The Decisions regulating Governance as provided by Clause 1 of Article 6 shall include fines to be imposed by the Ministry or, as applicable, the Authority to the companies and their Chairmen, Directors, managers and auditors in the event of contravention of such Decisions, provided that the fine amount shall not exceed AED ten million.

2- The imposition of the fines referred to in Clause 1 of the present Article shall be subject to the provisions of Article 339 hereof in regards to the regulation of reconciliation.

Article 8- Definition of a Company

1- A company is a contract under which two or more persons are committed to participate in an economic enterprise with the objective of profit realization by contributing a share in capital or work and dividing between themselves the profit or loss resulting from the enterprise.

2- An economic enterprise as provided for in Clause 1 of this Article shall include every commercial, financial, industrial, agricultural, real estate or other kinds of economic activity.

3- Notwithstanding the provision of Clause 1 of this Article, a company may be incorporated or held by a single person in accordance with the provisions of this Law.

Article 9- Forms of Companies

1- The company shall take one of the following forms:

a- Joint Liability Company.

b- Simple Commandite Company.

c- Limited Liability Company.

d- Public Joint Stock Company.

e- Private Joint Stock Company.

2- Any company which does not adopt one of the forms referred to in the preceding Article shall be considered null and void, and the persons concluding contracts in its name shall be individually and jointly liable for the obligations arising from such contracts.

3- Every company established in the State shall bear the nationality thereof, but this does not entail that said company shall necessarily enjoy the rights exclusive to UAE nationals.

Chapter 2
Formation and Management of the Company

Article 10- Rate of National Contribution

1- With the exception of Joint Liability Companies and Simple Commandite Companies where all the joint partners of any of such companies shall be UAE nationals, any company established in the State shall have one or more UAE partners holding at least 51% of the share capital of the company.

2- Notwithstanding the provisions of Clause 1 of this Article, the Cabinet may, based on the proposal made by the Minister in coordination with the competent authorities, issue a Decision setting the class of activities to be exclusively exercised by UAE nationals.

3- Any transfer of the title to any share of a partner that may affect the percentage as set out in Clauses 1 and 2 of this Article shall be invalid.

Article 11- Practice of Activity

1- The company shall obtain all the approvals and licences as required for the activity to be conducted by the company in the State prior to commencement of its activity.

2- A company incorporated inside the State shall commence its main activities in the State, and may conduct its activity outside the State if such is provided for by its Memorandum of Association.

3- The Cabinet shall issue a Decision determining the formation and qualifications of the members of the Internal Shariah Control Committees and the Shariah Controller of companies incorporated inside the State and which conduct their activities in accordance with the provisions of the Islamic Shariah. The Decision shall determine the conditions of operation of such committees.

Such companies must, following their incorporation and prior to the commencement of activities, obtain the approval of the Internal Shariah Control Committees.

4- Only Public Joint Stock Companies may conduct banking and insurance activities. Only Joint Stock Companies may invest money for the account of third parties.

Article 12- Name of the Company

1- The company shall have a trade name, without contravention of the public order of the State. The name shall be followed by the legal form of the company. No company may be registered in a name previously registered in the State or in any similar name to the extent that it may lead to confusion.

2- The company may change its name to another name by virtue of a special Resolution issued by its General Assembly and the like, as approved by the competent authority and as acceptable to the registrar. The change of the name of the company shall not prejudice its rights or obligations or the legal proceedings initiated by or against the company. Any legal proceedings that have already been initiated by or against the company shall also continue in the amended name of the company.

Article 13- Address and Correspondences of the Company

1- Every company shall have a registered address in the State to which notices and correspondences shall be dispatched.

2- All contracts, documents, correspondences and forms of applications issued by the company shall bear its name, legal form, registration number and address and, if the share capital of the company is added to such particulars, the amount of the paid share capital shall be stated.

3- If the company is under liquidation, the papers of the company shall be marked accordingly.

Article 14- Drafting of the Memorandum

1- The Memorandum of Association of a company and each amendment thereto shall be made in Arabic and attested by the Notary Public, failing which the Memorandum of Association or the amendment thereto shall be invalid. If the Memorandum is issued in a foreign language in addition to Arabic, the Arabic text shall be the applicable text in the State.

2- The partners may hold against each other to the invalidity arising from not writing or attesting the Memorandum or the amendment. However, the partners may not hold against third parties to such invalidity.

3- If the invalidity of the company is adjudicated based on the request of a partner, such invalidity shall have no effect other than from the date on which such ruling becomes final.

Article 15- Registration of the Memorandum of Association of the Company with the Competent Authority

1- A Company's Memorandum of Association and any amendment thereto shall be registered in the Commercial Register with the competent authority to be effective.

2- If the Memorandum of Association is not registered as set out in Clause 1 of this Article, it shall be ineffective against third parties. If the non-registration is limited to one or more of the details that should be registered, only such nonregistered information shall have no effect against third parties.

3- The companies shall notify the competent authority and the Registrar in writing within 15 (fifteen) working days upon the occurrence of any amendment or change in the registered particulars of the company, including its name, address, share capital, number of shareholders or legal status.

4- The Managers, or Directors of the Company, as the case may be, shall be jointly liable to indemnify the damage suffered by the company, the shareholders, or third parties due to the non registration of the Memorandum or any amendments thereto in the Commercial Register with the competent authority.

Article 16- Evidencing the Memorandum of the Company by Third Parties

1- A third party may prove the presence of the Memorandum of the Company or any amendment thereto by all means of proof. Such third party may hold to the existence or the invalidity of the company against the shareholders.

2- If the invalidity of the company is ruled based on third party request, the company shall be deemed void ab initio as against such third party. Persons who have contracted with such third party in the name of the company shall be personally and jointly liable for the obligations arising from such Contract.

3- In all cases where the invalidity of the company is ruled, the conditions set forth in the Memorandum shall apply to the liquidation of the company and the settlement of the rights of the shareholders against each other. The debtors of the company may not request the invalidity or hold thereto in order to be discharged from their debts to the company.

Article 17- Nature of the Share Provided by a Partner

1- The capital of the company shall be composed of either a contribution in cash or equivalent in contribution in kind

2- The partner may not contribute in work rendered, unless he is a joint partner. The contribution of the partner may not consist of his having reputation or influence.

Article 18- Rules Governing Contribution to the Company

1- If the contribution of a partner is a title to a property or any other real right, such partner shall be liable in accordance with the applicable provisions concerning a

Contract of Sale regarding the transfer of a property and the guarantee of the share in the cases of loss, maturity or the emergence of a defect or deficiency in such payment for the share, unless agreed otherwise.

2- If the contribution consists of benefiting from the revenues from assets only, the provisions applicable to the lease contract shall apply to such issues as set out in Clause 1 of this Article, unless agreed otherwise.

3- If a contribution of a partner consists of debts payable by third parties or other rights in kind, such partner's liability shall not be discharged until such debts are settled.

Moreover, the partner shall be liable to indemnify the damage to the company if

such debts are not repaid when they become due.

4- Taking into account the provisions of the Law concerning Author’s Rights and their Related Rights and the Law on the Regulation and Protection of Industrial Property Rights for Patents and Industrial Designs and Models, should the partner’s contribution be his work, any gain from the work shall be the right of the company unless the partner has acquired rights to this gain as a patent right, unless agreed otherwise with the Company.

Article 19- Failure to Provide a Contribution to the Company

1- If a partner undertakes to contribute an amount of money, and such amount is not paid or the share is debts payable by third parties not repaid, such partner shall be liable to the company for any obligations in consideration of his contribution to the company.

2- A partner shall be liable to the company for the difference, if any, between the amount of money or value of the contribution actually contributed by him to the company and the amount of money or value of such other contribution as set out in the register of shareholders, which the partner should have provided in accordance with the provisions of this Law.

Article 20- Enforcement upon Anything in Lieu of the Share

1- A creditor of a partner may not claim his right from the share of his debtor in the capital of the company, but he may claim his right from his debtor's portion of the profits. If the company is dissolved, the creditor may collect his right from the share of his debtor upon the liquidation of the company.

2- If the share of a partner in the company is represented by shares, then its creditor may, in addition to the rights as set out in Clause 1 of the present Article, file a suit before the competent court for the sale of such shares to apply the sale proceeds to collect his right.

Article 21- Corporate Personality of the Company

1- The company shall, from the date of entry in the Commercial Register with the competent authority, acquire a corporate personality in accordance with the provisions of this Law and the Resolutions issued hereunder.

2- During the incorporation period, the company shall have a corporate personality to the extent necessary for its incorporation. The company shall be bound by the acts of the founders in connection with the incorporation

procedures and requirements in such period, provided that such incorporation shall be completed in accordance with the provisions of this Law.

3- Upon its dissolution, the company shall be considered under the liquidation phase. During the period of liquidation, the company shall maintain its corporate personality to the extent as required for the liquidation process. The expression "Under

4- Subsidiaries of the holding company shall enjoy a corporate personality and shall have its own independent financial liability.

Article 22- Duties of the Managing Director of the Company

A person authorized to manage the company shall preserve its rights and extend such care as a diligent person. Such person shall do all such acts in agreement with the objective of the company and the powers granted to such person by virtue of an authorization issued by the company in this respect.

Article 23- Liability of the Company for the Acts of its Managing Director

The company shall be bound by any act or behaviour arising out of its Managing Director upon conducting the affairs of management in a usual manner. The company shall also be bound by any act of any of its employees or agents authorized to act on behalf of the company, and whereby a third party relies thereon in its transaction with the company.

Article 24- Exemption from Liability

Subject to the provisions of this Law, any provision in the Memorandum of Association or Articles of Association of the company authorizing it or any of its subsidiaries to agree to exempt any person from any personal liability that such person bears in his capacity as a current or former officer of the company shall be void.

Article 25- Protection of Those Dealing with the Company

1- The company shall not claim lack of liability towards those dealing with it, on the ground that the management authority was not duly appointed in accordance with the provisions of this Law or the Articles of Association of the company, so long as the acts of such authority is within the usual limits with respect to persons in the same position in companies that conduct the same type of activity as the company.

2- To protect a person dealing with the company, he shall be a bona fide party. A person

shall not be deemed as acting in good faith if he actually knows or could have known, based on his relationship with the company, the aspects of deficiency in the act or work proposed to be held thereto against the company.

Article 26- Accounting Records

1- Every company shall keep accounting records showing its transactions to accurately reveal at any time the financial position of the company and enabling the partners or shareholders to confirm that the accounts of the company are properly kept in accordance with the provisions of this Law.

2- Every company shall keep its accounting books in its head office for a period of at least 5 (five) years from the end of the financial year of the company.

3- The company may keep an electronic copy of the original of the documents and records kept and deposited therein in accordance with the controls issued by a Ministerial Decision.

Article 27- Accounts of the Company

1- Every Joint Stock Company or Limited Liability Company shall have one or more auditors to audit the accounts of the company every year. The other types of companies may appoint an auditor in accordance with the provisions of this Law.

2- The company shall prepare annual financial accounts including the balance sheet and the profit and loss account.

3- The company shall apply the International Accounting Standards and Practices upon preparing its periodical and annual accounts, to give a clear and accurate view of the profits and losses of the company.

4- Every partner or shareholder in any company may, based on a written request presented, obtain a free copy of the last audited accounts and of the last report of its auditor and a copy of the accounts of the group if it is a holding company. The company shall respond to such request within 10 (ten) days from the date of submittal thereof.

Article 28- Financial Year of the Company

1- Every company shall have a financial year as determined in its Articles of Association, provided that the first financial year of the company shall not exceed 18 (eighteen) months, but at least 6 (six) months, to be calculated from the date of registration of the company in the Commercial Register with the competent authority.

2- The subsequent financial years shall consist of consecutive periods, each of 12 months commencing directly upon the expiry of the preceding financial year.

Article 29- Distribution of the Profits and Losses

1- If the company's Memorandum of Association does not stipulate the proportion of a partner in the profits or losses, his share thereof shall be pro rata to his stake in the capital. If the Memorandum of Association is limited to specifying a partner's share in the profits, his share in the losses shall be equivalent to his share in the profits and vice versa.

2- If a partner's stake is limited to his work, the company's Memorandum of Association shall specify his share in the profits and losses. If the partner has contributed a share in cash or in kind in addition to his work, he shall have a portion of the profits and losses for his share contributed by work and another portion for his share in cash or in kind.

3- If it is agreed in a company's Memorandum of Association that one of the partners is to be deprived of the profits or exempted from loss, or to receive a fixed percentage of profits, such Memorandum shall be deemed void.

4- It may be agreed to exempt a partner who has contributed only by his work from sharing in the loss, provided that a wage for such work is not determined.

Article 30- Distribution of Profits

1- No fictitious profits may be distributed to the partners or shareholders. The Board of Directors or any similar body shall be liable towards the partners or shareholders and the creditors of the company for such procedure.

2- If the company distributes any profits in violation to the provisions of this Law and the Decisions issued hereunder, such partner or shareholder shall return any profits received by him in violation to such provisions. The company's creditors may request such partner or shareholder to return what he has received thereof, even if done in good faith.

3- Partners or shareholders shall not be deprived of the true profits that they have received even if the company sustains losses during the following years.

Article 31- Issuing Securities

Subject to the provisions of Article 4 of this Law, only the Joint Stock Company may issue negotiable shares, bonds or Sukuk.

Article 32- Public Offering of the Securities

No company other than a public Joint Stock Company may offer any Securities for public subscription. In all events, no company, entity, natural or corporate person incorporated or registered inside the State or in the free zones or abroad may publish any advertisements in the State, including the invitation for public subscription in Securities without the prior consent of the authority.

Chapter 3
Companies Registrar

Article 33- Regulation of the Activities of the Registrar

The Minister shall, in coordination with the competent authority, issue the regulation for the activities of the Registrar.

Article 34- Supervision of the Trade Names Register

1- The registrar shall, in addition to his duties as assigned by the Minister, supervise the Trade Names Register for the various types of companies registered in any of the Emirates to avoid double registration.

2- The competent authorities shall provide the registrar with the names of all the companies and all the trade names licensed by the competent authorities and shall refer to the registrar to avoid name repetition prior to granting any new licence.

Article 35- The Role of the Registrar in the event of Similar Trade Names

1- If the registrar finds any similarity between the names of two or more companies registered in the State to an extent that may cause confusion, the registrar may issue a justified Decision demanding thereunder that the relevant parties take the required steps to change the name so as to remove such confusion, within 30 (thirty) working days to be counted from the date of the notification of the Decision. The registrar may, upon the expiry of such period issue another Decision of such change.

2- A company that has been entered with the registrar may request the latter to oblige the company that took up its own name or a name similar to its name to change such name. The registrar may issue a justified Decision under which he demands the latter company to take such steps as required to change the name, within 30 (thirty) working days, to be counted from the date of notification of the Decision. Upon expiry of such period, the registrar may issue another Decision to change the trade name of the company.

3- A grievance against the Decision of the registrar may be filed before the Minister within 15 (fifteen) working days from the date of notification of such Decision. If such grievance is rejected or not settled within 15 (fifteen) working days from the date of filing thereof, the concerned persons may appeal such Decisions before the competent Court within 30 (thirty) days from the date of rejecting the grievance or the expiry of such period, as the case may be.

Article 36- Registrar to Keep the Documents of Companies

The Minister shall issue a Decision determining:

1- The period of time during which the registrar has to keep documents, so that such documents may be destroyed after the expiry of such period.

2- To organize the submission of documents to the registrar by the electronic means of communication and other means. The Decision shall include provisions to ensure effective connection between the records kept by the registrar and those kept by the competent authority.

Article 37- Perusal of the Records kept by the Registrar

Subject to the provisions of this Law, the concerned parties may request the registrar to issue:

1- A copy of the particulars as set out in the records kept by the registrar.

2- A certificate by the registrar or the competent authority, including some of the particulars as contained in such records.

Article 38- Fees Payable to the Ministry and the Authority

On a proposal made by the Minister and in coordination with the Ministry of Finance, the Cabinet shall issue a Decision of the fees payable by the companies for such activities conducted by the Ministry and the Authority within the scope of application of the provisions of this Law.

Title 2
Partnerships

Chapter 1
Joint Liability Company

Article 39- Definition of the Company

A Joint Liability Company is a company which consists of two or more partners who are natural persons, to be jointly responsible in all their monies for the obligations of the company.

Article 40- Capacity of the Partners

A joint partner shall have the capacity of a trader. Such partner shall be deemed to conduct the commercial activities in person in the name of the company. The declaration of the bankruptcy of a Joint Liability Company means the declaration of bankruptcy of all the partners by the power of the Law.

Article 41- Name of the Company

1- The name of a Joint Liability Company shall consist of the name (s) of one or more partners in addition to the expression "and partners" or any similar meaning, provided that the name of the company shall end with the expression "Joint Liability Company". In addition, the company shall have its own trade name, provided that the name of the company shall be accompanied by such trade name.

2- If the name of a Joint Liability Company contains the name of a person other than a partner in the company and that person is aware of this, that person shall be jointly responsible for the company's obligations against any person that deals with such company in good faith.

Article 42- Memorandum of Association of the Company

1- A Joint Liability Company's Memorandum of Association shall include the following particulars:

a- The full name of each partner, his nationality, date of birth and domicile;

b- The name, address and trade name, if any, of the company and the objective for which it was established;

c- The head office of the company and its branches, if any;

d- The capital of the company and the shares of every partner and the estimated value of such shares, the means by which they are assessed and the date of their falling due;

e- The commencement date of the company and the date of termination, if applicable;

f- The method by which the company is to be managed, with particulars of the names of those persons who may sign on behalf of the company and the extent of their authority;

g- The commencement date and the expiry date of the financial year;

h- The rate of distributing profits and losses.

i- The conditions of assignment of shares in the company, if any.

2- If the Memorandum of Association of the company contains the name (s) of the manager(s), the full name, nationality, place of residence and authority of each such manager shall be stated.

Article 43- Incorporation Procedures

The joint liability company shall be incorporated and registered as follows:

1- The competent authority shall determine the information and documents required for the incorporation of the company, and shall issue a form of the application for incorporation in accordance with the provisions of this Law.

2-To submit the application for incorporation, together with the required documents for the licence and registration procedures to the competent authority.

3- The competent authority shall demand the applicant to complete the statements and documents as necessary to be submitted or to make such amendments to the Memorandum of Association of the company to be compliant with the provisions of this Law and the Decisions issued hereunder.

4- The competent authority shall issue its Decision in the application for incorporation of the company within no later than 5 (five) working days from the date of the application, completion of the statements and documents or making the required amendments. If the application is rejected, such rejection shall be justified.

5- If the competent authority rejects the application or the period as set forth in clause 4 of this Article expires without decision of the application, the applicant may file a grievance before the General Manager of the competent authority or his representative within 15 (fifteen) working days. If the grievance is rejected or not decided within 15 working days from the date of filing the same, the applicant may file an appeal before the competent Court within 30 (thirty) days from the date of his notification of the rejection or the expiry of the above period, as the case may be.

6- If the application for incorporation is accepted, the competent Court shall enter

the company in the Commercial Register and issue a trade licence for the company.

7- The company shall, within 5 (five) working days from the date of the trade licence, provide the registrar with a copy of the trade licence and Memorandum of Association of the company to be published in accordance with the conditions issued by the Minister in this respect.

Article 44- Statements and Documents required to be kept

The Joint Liability Company shall keep at its head office:

1- A register including the names and addresses of the partners;

2- A copy of the Memorandum of Association of the company and any amendments thereto;

3- A statement of the cash amounts and the nature and value of any assets contributed by each partner and the dates of such contributions; and

4- Any statements, documents or other records imposed under the provisions of this Law and the Decisions issued in execution hereof.

Article 45- Management of the Company

1- The management of the company shall be undertaken by all the partners. Every partner in a joint liability company shall be deemed as the agent of such company and the other partners in connection with the business of the company, unless such management is delegated under the Memorandum of Association of the company or an independent contract to one or more partners or to any person who is not a partner.

2- A partner who is not a manager may not interfere in the management affairs unless agreed otherwise. However, such partner may demand to inspect the works of the company and its books and documents and to make notes thereon to the manager of the company.

3- Decisions in connection with the business of the company shall be issued with the unanimous consent of the partners, unless the Memorandum of Association of the company provides otherwise.

Article 46- Works in Competition of the Activity of the Company

1- A joint partner shall not, without the written consent of the other partners, carry out for his own account or for the account of third parties an activity competing with the activity of the company, or be a joint partner in another company.

2- If a partner in a Joint Liability Company carries out, without the consent of the other partners, an activity of a similar nature and in competition with the activity of the company, such partner shall pay to the company all such profits made by him from such activity.

Article 47- Dismissal of the Manager

1- Where the Manager is a partner appointed in the Memorandum of Association of the company, he shall not be dismissed except by the unanimous consent of the other partners or under a judgment by the competent court.

2- If the Manager is a partner and appointed under an independent contract, or if he is not a partner, whether appointed under the Memorandum of Association or under an independent contract, he may be dismissed under a Decision passed by the majority of the partners or under a judgment by the competent court.

3- The dismissal of the Manager in the events as set out in the above two Clauses shall not result in the dissolution of the company, unless the Memorandum of Association provides otherwise.

Article 48- Resignation of the Manager

If the Manager is a partner or not, he may resign from the management, provided that he notifies the partners in writing of his resignation at least 60 days from the effective date of such resignation, unless his contract provides otherwise, failing which he shall be liable to pay compensation, and his resignation shall not bring about the dissolution of the company unless the Memorandum of Association specifies otherwise.

Article 49- Prohibited Acts by the Manager

A director may not conduct the tasks exceeding the ordinary management tasks unless upon the consent of all the partners or by virtue of an express provision in the Memorandum of Association; this restriction shall apply to the following tasks in particular:

1- Donations other than small customary ones governed by the commercial practice;

2- The sale of the company's real estates unless such transaction falls within the objectives of the company;

3- Mortgaging the company's real estates or assets, even if the Manager was authorized to sell its real estates under the company's Memorandum of Association;

4- Securing the obligations of third parties; or

5- The sale, mortgage or lease of the company's store.

Article 50- Contracting by the Manager for his own Account

1- The Manager may not conclude a contract for his own behalf or on behalf of his relatives up to the second degree with the company without the written permission of all the partners to be given for each case separately.

2- The Manager may not carry out an activity of the same kind as that of the Company except with the written permission by all the partners to be renewed annually.

Article 51- Liability of the Manager

The Manager shall be liable for the damage suffered by the company, the partners or third parties due to the breach of the provisions of the Memorandum of Association of the company or the contract appointing the manager or due to any negligence or errors committed by the manager upon performance of his job or his failure to carry out his work with due diligence. Any condition to the contrary shall be void.

Article 52- Liability of Multiple Managers

1- Where there is more than one Manager and particular jurisdiction has been determined for each of them, each Manager shall be liable only for those works which are within his jurisdictions. Where there is more than one director and it is provided that they undertake the management collectively, their Decisions shall not be valid unless taken unanimously or by the majority specified in the Memorandum of Association. However, it may be stipulated in the Memorandum of Association that each Manager may individually carry out urgent works, the omission of which would cause substantial losses or considerably missed profits of the company.

2- Where there is more than one Manager and no particular jurisdictions are specified for each of them in the Memorandum of Association and it is not stipulated that they operate collectively, each of them may individually undertake any of the management operations, provided that the other managers may object to such operations before they are completed. In such event, significance should be given to the majority votes and in the event of parity, the matter shall be referred to the partners for conclusion and their decision shall be final.

3- The multi Managers shall exercise due care in their works.

Article 53 - Liability of the Company

The Joint Liability Company shall be liable against third parties to indemnify the damages arising from the acts of any partner with the consent of the other partners or upon carrying on the usual business of the company.

Article 54- Joining Partner

Where a partner joins the company, he shall be jointly liable with the other partners and in all his assets for all the former obligations of the company prior to his joining the company, provided that the company has already disclosed such obligations to that partner, and shall be jointly liable with the other partners for the obligations of the company after to his joining the same. Any agreement between the partners to the contrary shall not be effective as evidence against third parties.

Article 55 - Withdrawing Partner

1- Unless the Memorandum of Association of the company stipulates otherwise, a partner may withdraw from a Joint Liability Company by written agreement with the other partners. In the event of disagreement, the partner may file a lawsuit before the competent court to obtain a withdrawal judgment, provided that the other partners are notified thereof by registered mail at least sixty days from the date proposed for withdrawal. The company shall be entitled to demand the withdrawing partner to pay any compensation, as applicable.

2- The withdrawing partner shall remain jointly liable with the other partners in the company for the debts and obligations of the company prior to his withdrawal and shall be liable for such debts and obligations in his own assets with the other partners.

3- A partner withdrawing from the company shall not be discharged from the obligations borne by the company upon his withdrawal, unless such withdrawal is entered in the Commercial Register and announced in two daily newspapers, one of them issued in Arabic, after thirty days from the date of the last procedure.

4- If the company consists of two partners and one of them withdraws, the other partner may, within six months from the date of entering the withdrawal in the Commercial Register, join one or more new partners to the company instead of the withdrawing partner; otherwise the company shall be deemed legally dissolved.

Article 56- Assignment of Shares

1- Shares may not be assigned in a joint liability company without the consent of all the partners, subject to the limitations as set out in the Memorandum of Association of the company. The assignee shall not become a partner in the company until the registration of the assignment with the competent authority and the notification of the registrar thereof.

2- Any agreement stating that shares may be assigned without limitation shall be void.

However, a partner may transfer to third party the rights attached to his share in the company. Such agreement shall have no effect other than between the contracting parties.

Article 57- Rights of the Deceased Partner

Unless the partners agree otherwise, the amount payable by the other partners in the share of the deceased partner shall be a debt payable from the date of dissolution of the Joint Liability Company or from the date of death of the partner, whichever is earlier.

Article 58- Transactions of the Company upon Expiry of its Term or Completion of its Objective

1- The rights and obligations of the partners in a Joint Liability Company shall remain valid if the company continues upon the expiry of its term or completion of the objective for which it was established.

2- If a bona fide third party continues to deal with one or more joint partner upon amendment of the Memorandum of Association of the company or the Decision to dissolve it, while under the belief that the company is still under existence, such partner shall be liable to third parties prior to the amendment of its Memorandum or the decision to dissolve the company. The publication of the notice in at least two local daily newspapers, one of them is issued in Arabic, shall be sufficient notice to the persons who deal with the Joint Liability Company prior to the date of its dissolution or prior to the notification of the amendment to its Memorandum.

Article 59- Mutual Obligations of the Company and the Partners

Without prejudice to the provisions of the Memorandum of Association of the Joint Liability

Company, the following shall be taken into consideration:

1- Obligation for the company to settle any amounts that the partner has personally paid on behalf of the company to enable the company to carry out its usual business or to maintain its assets and activities.

2- Obligation for the partner to indemnify the company against any benefit obtained by him upon performing any work in connection with the company or his use of its property, name or trademarks without the consent of the company.

Article 60- Execution against the Assets of a Partner

Execution may not be conducted against the assets of the partner for the obligations of the company, unless after having obtained a writ of execution against the company, and notified it of such payment obligation, and the failure to make such payment by the company. The writ of execution against the company shall be effective as evidence against the partner.

Article 61- Profits and Losses

1- The profits and losses and the share of each partner in the company shall be determined at the end of the company's financial year in accordance with the balance sheet and the profit and loss account.

2- Each partner shall be considered to be a creditor of the company to the extent of his share of the profits from the time when such share is determined. Any deficit in the capital as a result of losses shall be made up from the profits of the succeeding years unless there is agreement to the contrary and, apart from that, a partner shall not be bound except with his consent to make good any deficit in his share of the capital of the company resulting from losses.

Chapter 2
Simple Commandite Company

Article 62- Definition of the Company

A Simple Commandite Company is a company which consists of one or more joint partners liable, severally and jointly, for the obligations of the company and having the capacity of traders, and one or more silent partners not liable for the obligations of the company other than to the extent of their respective shares in the capital. Silent Partners shall not have the capacity of a trader.

Article 63- Capacity of the Silent Partner

Any natural person or corporate person may be a Silent Partner in the Simple Commandite Company.

Article 64- Name of the Company

1- The name of a Simple Commandite Company shall consist of the name of one or more of the joint partners with the addition of such indication of the legal form of the company. In addition to the aforementioned, the company may have its own trade name.

2- The name of a Silent Partner may not be included in the name of the company. If such name is added with his consent, the Silent Partner shall be deemed as a Joint Partner to bona fide third parties.

Article 65- Memorandum of Association of the Company

1- The provisions relating to the Joint Liability Company shall apply to a Simple Commandite Company subject to the following provisions of this Chapter in connection with the Silent Partner.

2- The Memorandum of Association of a Simple Commandite Company shall include a statement of the names of the Joint Partners and the Silent Partners. If such partners are not so identified in the Memorandum of Association, the company shall be deemed as a Joint Liability Company and all the partners shall be deemed as Joint Partners.

3- The share of a Silent Partner may not be his work.

Article 66- Management of the Company

The management of the company shall be limited to the Joint Partners. Decisions shall be unanimously passed by the Joint Partners, unless the Memorandum of Association of the company provides for majority. No variation of the nature of the business of the company or amendment to its Memorandum of Association shall be valid without the consent of all the Acting and Silent Partners.

Article 67- Borrowing by the Company

1- A Silent Partner in a Simple Commandite Company shall have all the rights and powers of a partner in a Joint Liability Company and shall be governed by all the conditions, limitations and obligations imposed on the partner in the Joint Liability Company.

2- A loan or any other undertaking made by the Joint Partner in the name of the company or for its account shall be deemed as the obligation of the company itself.

Article 68- Rights of the Silent Partner

1- A Silent Partner shall have the same rights of a Joint Partner in connection with:

a- To lend the company and to enter into transactions with the company, subject to the consent of all the Joint Partners.

b- To inspect and obtain copies or extracts of books and records of the Company at all times during the official working hours of the company.

c- To obtain full and accurate information on all the works of the company and a formal statement thereof.

d- A Silent partner may carry out any of the works as set forth in Clause 1/a of this Article in person or by other partners or third parties, provided that no damage to the company occurs.

2- Upon application of the provisions of this Article, a Silent Partner shall not be deemed involved in the management of a Simple Commandite Company upon conducting any of the internal regulatory activities of the company and shall not be jointly liable for the debts of the company against a bona fide third party.

Article 69- Management Affairs

1- A Silent Partner may not interfere in the management affairs related to third parties, but may demand a copy of the profit and loss account and the balance sheet and verify the contents thereof by inspecting the books and documents of the company by himself or by an agent from the partners or third parties, provided that no damage to the company occurs.

2- If a Silent Partner contravenes the prohibition as provided by Clause 1 above, he shall be liable in all his assets for the obligations arising from his acts.

3- A Silent Partner may be liable as to all his assets for all the obligations of the company if his management acts may make third parties believe that he is a Joint partner. In such event, the provisions concerning the Joint Partners shall apply to the Silent Partner.

4- If a Silent Partner conducts any of the prohibited management acts under and express or implicit authorization by the Joint Partners, such partners shall be jointly liable for the obligations that may arise from such acts.

Article 70- Assignment of Shares

A Silent partner shall not assign his share in the company to a third party, in full or in part, without the consent of all the partners or by the majority stipulated in the Memorandum of Association of the company. The

assignee shall not become a partner of the company until the registration of such assignment with the competent authority and notifying the registrar thereof.

Title 3
Limited liability Company

Chapter 1
Incorporation of the Limited Liability Company

Article 71- Definition of the Company

1- A Limited Liability Company is a company where the number of partners is at least two (2) but shall not exceed fifty (50). A partner shall be liable only to the extent of its share in the capital.

2- A single natural or corporate person may incorporate and hold a Limited Liability Company. The holder of the capital of the company shall not be liable for the obligations of the company other than to the extent of the capital as set out in its Memorandum of Association. The provisions of the Limited Liability Company contained in this Law shall apply to such person to the extent not in conflict with the nature of the company.

Article 72- Name of the Company

1- A Limited Liability Company shall have a name derived from its objective or from the name (s) of one or more partners, provided that name of the company shall be followed by the expression "Limited Liability Company" or in short "LLC". In the event of a sole proprietorship, the name of the company shall be accompanied with the name of its owner and followed by the expression "sole proprietorship with limited liability".

2- If the Manager (or Managers) contravene the provision of Clause 1 of this Article, such Manager (Managers) shall be jointly liable, in their own assets, for the obligations of the company and, as applicable, for the compensations.

Article 73- Memorandum of Association and Incorporation Procedures of the Company

A Limited Liability Company shall be incorporated and registered as set forth in Articles 42 and 43 of this Law.

Article 74- Register of the Partners of the Company

1- The company shall prepare at its head office a special register of the partners, including:

a- Full name, nationality, date of birth and place of residence of every partner and, if the partner is a corporate person, the address of its head office;

b- Transactions made on the shares and the dates of such transactions.

2- The managers of the company shall be liable for such register and for the validity of its particulars. The partners and any concerned party may inspect such register.

3- The company shall dispatch to the competent authority and the registrar in January every year the particulars entered in the register of partners and such changes thereto during the last financial year.

Article 75- Increase of the Number of the Partners

1- If, at any time upon the incorporation of the company, the number of the partners exceeds the maximum limit in Article 71 of this Law, the Manager or Managers, as the case may be, shall notify the competent authority within thirty (30) days from the date of such increase.

2- Other than in the event of transfer of title to the share of a partner by way of inheritance or Court judgment, the company shall adjust its position within three months from the date of the notice, and the competent authority may extend such period to another period of three months, otherwise the company shall be deemed terminated. The partners shall be personally and jointly liable from their assets for the debts and obligations of the company from the date of increase of the number of the partners.

3- The provisions of Clause 2 of this Article shall not apply to the partners who prove not to be aware of such increase or their objection thereto.

Article 76- Capital of the Company

1- The company shall have sufficient capital to achieve the purpose of its incorporation and the capital shall consist of shares equal in value. On a proposal made by the Minister in coordination with the competent authorities, the Cabinet may issue a decision determining the minimum limit of the capital of the company.

2- Shares may be in cash and/ or in kind and shall be paid in full at the time of incorporation.

3- The shares in cash shall be deposited in a bank operating in the State. The bank may not pay such shares other than to the Managers of the company after providing such evidence that the company has been registered with the competent authority and as provided by the contract appointing such Managers.

Article 77- Indivisible Share of the Partner

A share shall be indivisible. If a share is held by several persons without appointing their representative before the company, the partner whose name appears first in the Memorandum of Association shall be the representative of such partners. The company may set a time to make such choice, provided that upon the expiry of such time, the company shall be entitled to sell the share for the account of its holders, in which event the partners shall have the priority right to purchase the share. Unless agreed otherwise, if the priority right is used by more than one partner, the shares shall be divided among them pro rata to their respective shares in the capital.

Article 78- Valuation of Contributions in Kind

1- Partners in a Limited Liability Company may provide in consideration to their shares in the company contributions in kind.

2- The contribution in kind shall be evaluated at the expense of the relevant contributors thereof, by one or more financial consultants approved by the Authority to be elected by the competent authority, failing which the assessment shall be void.

3- The competent authority may discuss and object to the evaluation report and appoint another assessor, as required, at the cost of the partners providing such shares.

4- Notwithstanding the provision of Clause 2 of this Article, the partners may agree on the value of the share in kind. In such event, such value shall be approved by the competent authority. The partner providing such contribution shall be liable to third parties for the evaluation of its value in the Memorandum of Association. If the contributions in kind are found to be evaluated above their true value, the partner providing such contributions shall pay the difference in cash to the company.

Article 79- Assignment or Pledge of the Share of a Partner in the Company

1- A partner may Assign or pledge its share in the company to another partner or to a third party. Such assignment or pledge shall be made in accordance with the terms of the Memorandum of Association of the company under an official document, in accordance with the provisions of this Law. Such assignment or pledge shall not be valid against the company or third parties until the date of its entry in the Commercial Register with the competent authority.

2- The company shall not reject then entry of such assignment or pledge in the register unless the transfer or pledge violates the provisions of the Memorandum of Association or this Law.

Article 80- Procedures of Assignment of the Partner’s Share in the Company

1- If a partner wishes to assign his share to a person who is not a partner, with or without consideration, such partner shall notify the other partners through the Manager of the company of the assignee or the purchaser and the terms of the assignment or sale. The Manager shall notify the partners as soon as he receives the notice.

2- Every partner may demand to pre-empt the share as set forth in Clause 1 of this Article within thirty (30) days from the date of notifying the Manager of the agreed price. In the event of dispute on the price, such share shall be assessed by one or more experts with technical and financial experience in the subject matter of the share, as nominated by the competent authority on demand by the applicant for pre-emption and at his expenses.

3- If the right of pre-emption is used by more than one partner, the share(s) offered for sale shall be divided among such partners pro rata to their respective shareholdings, subject to the provisions of Article 76 of this Law.

4- If the period as set forth in Clause 2 of this Article has lapsed without use of the pre-emption right by a partner, the relevant partner shall be free to dispose of his share.

Article 81- Execution against a Partner’s Share in the Company

If a partner’s creditor commences the execution procedures against the share proceeds of its debtor, the creditor may agree with the debtor and the company to the method and the terms of the sale. Otherwise, the

share shall be offered for sale at a public auction, upon a request submitted to the competent Court. One or more partners may recover the sold share at the same terms as awarded at the auction, within 15 days from the date on which the auction is awarded. These provisions shall apply in the event of bankruptcy of a partner.

Article 82- Liability of a Partner for any Profit or Benefit to the Company

A partner in a limited liability company shall be liable against the company for any of its properties held by such partner as a trustee or any profits or benefit made through the business or activities of the company, or by the use of the property, name or commercial relationships of the company.

Chapter 2
Management of the Company

Article 83- Managers of the Company

1- The management of a limited liability company shall be undertaken by one or more Managers as determined by the partners in the Memorandum of Association. Such Managers shall be elected from the partners or third parties. If the Managers are not appointed in the Memorandum of Association of the company or an independent contract, the general assembly of the partners shall appoint such Managers. If there is more than one Manager, the partners may appoint a Board of Directors. Such board shall have such powers and functions as set out in the Memorandum of Association.

2- Unless the contract appointing the Manager of the company or its Memorandum of Association or Articles of Association provides for the powers granted to the Manager, such Manager shall be authorized to exercise full powers to manage the company and his acts shall be binding to the company, provided that the capacity of Manager is stated upon doing such acts.

Article 84- Liability of the Managers of the Company

1- Every partner in a Limited Liability Company shall be liable against the company, the partners and the third parties for any fraudulent acts by such Manager and shall also be liable for any losses or expenses incurred due to improper use of the power or the contravention of the provisions of any applicable Law, the Memorandum of Association of the company or the contract appointing the Manager or for any gross error by the Manager. Any provision in the Memorandum of Association or the contract appointing the Manager in conflict with the provisions of this Clause shall be deemed void.

3- Subject to the provisions of the Limited Liability Company in accordance with this Law, the provisions that apply to the Directors of Joint Stock Companies as set forth in this Law shall apply to the Managers of Limited Liability Companies.

Article 85 - Vacancy of the Office of the Manager

1- Unless the Memorandum of Association of the company or the contract appointing the manager provides otherwise, the Manager shall be dismissed by Decision of the General Assembly, whether the Manager is a partner or not. The Court may dismiss the Manager at the request made by one or more partners in the company if the Court deems that such dismissal is justified.

2- The Manager may file a written resignation to the General Assembly, with a copy to the competent authority. The General Assembly shall decide in such resignation within 30 days from the date of submittal, otherwise his resignation shall be effective upon the expiry of this period, unless the Memorandum of Association of the company or the contract appointing the Manager provides otherwise.

3- The company shall notify the competent authority of the termination of services of the Manager within no later than 30 days from the date of the termination of service. The company shall appoint another Manager during such period.

Article 86- Competition of the Company by the Manager

The Manager shall not, without the consent of the General Assembly of the company, undertake the management of a competing company or a company with objects similar to those of the company or make, for his own account or for the account of third parties, deals in a trade in competition or similar to the activity of the company, otherwise the Manager may be dismissed and required to pay compensation.

Article 87- Responsibility for Preparing the Accounts

The Manager of the company shall prepare the annual budget and the profit and loss account, and shall also prepare an annual report on the affairs and financial position of the company and provide his recommendations

on the distribution of the profits of the General Assembly, within three months from the end of the financial year.

Article 88- Appointment of a Supervisory Board

1- If the number of the partners is over seven, the partners shall appoint a Supervisory Board consisting of at least three partners. The General Assembly may re-elect such partners upon the expiry of such term or elect other partners in their place. The members of the Supervisory Board may be dismissed at any time for an acceptable reason.

2- The Managers may not vote on the election or dismissal of the members of the Supervisory Board.

Article 89- Powers of the Supervisory Board

The Supervisory Board may examine the books and documents of the company and request from the Managers at any time to provide a report of their management. Such Board shall control the balance sheet, the annual report and the distribution of the profits. The Board shall present its report in this regard to the General Assembly of the company at least 5 (five) days prior to the date of its convention.

Article 90- Liability of the Members of the Supervisory Board

The Members of the Supervisory Board shall not be held liable for the acts of the Managers or the results of such acts unless such members were aware of the errors committed and omitted to state such errors in their report presented to the General Assembly of the partners.

Article 91- Rights of Partners who are Not Managers

The partners who are not Managers of the Limited Liability Company, where there is no Supervisory Board, shall have all the rights associated with the description of the partners as provided by this Law or the Memorandum of Association. Any agreement to the contrary shall be void.

Chapter 3
General Assembly

Article 92- Formation of the General Assembly and Inviting It to Convene

1- The Limited Liability Company shall have a General Assembly consisting of all the partners. The General Assembly shall be convened by an invitation from the Manager or the Board of Directors at least once in a year during the four months following the end of the financial year of the company. The General Assembly shall be convened at such time and place as set out in the letter inviting to convene the meeting.

2- The Manager or authorized Manager shall invite the General Assembly to convene upon the request of one or more partners holding at least one quarter of the capital.

Article 93- Notification of the Invitation to Hold the General Assembly

Other than the General Assembly adjourned due to absence of quorum in accordance with the provisions of Article 96 of this Law, invitation to convene the General Assembly may be given by registered letters or by any other means as provided by the Memorandum of Association, at least 15 (fifteen) days prior to the date as scheduled to hold the General Assembly, or within any shorter period as agreed by all the partners.

Article 94- Agenda of the Annual General Assembly

The Agenda of the Annual General assembly of a Limited Liability Company shall include the consideration and decision-making in the following issues:

1- The Managers' report regarding the activity and the financial position of the company during the ended financial year, the auditor’s report and the Supervisory Board’s report;

2- The balance sheet and the account of profits and losses and the approval thereof;

3- The profits to be distributed among the partners;

4- To appoint the Managers and to determine their remuneration;

5- To appoint the members of the Board of Managers (if any);

6- To appoint the members of the Supervisory Board (if any);

7- To appoint the members of the Internal Shariah Control Committee and the Shariah Controller if the company conducts its activity in accordance with the provisions of the Islamic Shariah;

8- To appoint and determine the remuneration of the auditor(s); and

9- Any other matters within the powers of the General Assembly in accordance with the provisions of this Law or the Memorandum of Association of the company.

Article 95-Attendance at the Meeting of the General Assembly

Irrespective of the number of the shares held by him, every partner shall have the right to attend the General Assembly in person and may delegate another partner who is not a manager or any other party that the Memorandum of Association permits to be appointed to represent a partner at the General Assembly to do so. Every partner shall have a number of votes equal to the number of the shares held or represented by such partner.

Article 96- Quorum for Convene and Voting

1- Quorum at the General Assembly shall not be valid unless one or more partners holding at least 75% of the capital of the company are present.

2- If such quorum as set forth in Clause 1 of this Article is not present at the meeting, the partners shall be invited to another meeting, to be held within 14 days from the date of the first meeting, provided that at least 50% of the capital is present at the meeting.

3- If quorum as set forth in Clauses 1 and 2 of this Article is not present, the partners shall be invited to a third meeting to be held upon the expiry of 30 days from the date of the second meeting. Quorum at the third meeting shall be valid irrespective of the partners present at the meeting.

4- The Decisions by the General Assembly shall not be valid unless passed by the majority of the partners present in person and those represented at the meeting, unless the Memorandum of Association provides for a higher majority.

Article 97- Listing a New Issue in the Agenda of the General Assembly

The General Assembly may not discuss any issues other than those listed in the Agenda, unless serious issues that require consideration are found during the meeting. If, at the beginning of the meeting, a partner demands to list a certain issue in the Agenda, the managers shall respond to the request, failing which such partner may appeal to the General Assembly.

Article 98- Discussion of the Issues listed on the Agenda of the General Assembly

Every partner may discuss the issues listed on the Agenda. The Managers shall be bound to respond to the questions by the partners to the extent not to cause damage to the interests of the company. If a partner sees that the reply to his question is not adequate, such partner may appeal to the General Assembly. The Decision by the General Assembly shall be binding.

Article 99- Voting to Discharge a Managing Partner

A managing partner may not vote on the Decisions to discharge him from liability for the management.

Article 100- Register of the Meetings of the General Assembly

Minutes accurately summarizing all the discussions of the General Assembly shall be drawn, the minutes and Decisions shall be recorded in a special register to be kept at the head office of the company. Any partner may inspect the minutes in person or by proxy and may also inspect the balance sheet, the profit and loss account and the annual report.

Article 101- Amendment to the Memorandum of Association of the Company and the

Increase or Decrease of its Capital

The Memorandum of Association of the company may not be amended and its capital may not be increased or decreased other than with the consent of a number of partners representing three quarters of the shares represented at the meeting of the General Assembly. The rate of such increase or decrease shall be pro rata to the shares of the partners of the company, unless agreed otherwise. However, the financial obligations of the partners may not be increased other than by their unanimous consent.

Article 102- Auditor of the Company

A Limited Liability Company shall have one or more auditors to be elected by the General Assembly of the partners every year and, other than as provided by Article 244 of this Law, the provisions concerning the

auditors in public joint stock companies shall apply to the auditor of a Limited Liability Company. The expression "Competent Authority" shall substitute the term "Authority" wherever it appears.

Article 103- The Legal Reserve

A Limited Liability Company shall set aside in every year 10% of its net profits to form a legal reserve. The partners may decide to stop such deduction if the reserve reaches half the capital.

Article 104- Application of the Provisions of the Joint Stock Companies

Unless otherwise provided by this Law, the provisions concerning Joint Stock Companies shall apply to the Limited Liability Company. The expression "Competent Authority" shall substitute the term "Authority" wherever it appears.

Title 4
Public Joint Stock Companies

Chapter 1
Definition and Incorporation of the Public Joint Stock Company

Article 105- Definition of the Company

A Public Joint Stock Company is a company whose capital is divided into equal and negotiable shares. The founders shall subscribe to part of such shares while the other shares are to be offered to the public under a public subscription. A shareholder shall be liable only to the extent of his share in the capital of the company.

Article 106- Name of the Company

Every Public Joint Stock Company shall have a trade name, which may not be a name of a natural person unless the objective of the company is to invest an invention patent registered in the name of such person and/or if the company holds a trade name or obtained the right to use such name. In all events, the expression "Public Joint Stock Company" shall be added to the name of the company.

Article 107- Number of Founders

1- Five or more persons may form a Public Joint Stock Company.

2- The Federal Government, the Local Government and any company or entity fully held by the Federal Government or Local Government may be a shareholder of a Public Joint Stock Company or incorporate by itself a Public Joint Stock Company, and may also join, in contribution to the capital, a number less than as provided by Clause 1 of this Article.

3- The conversion of any company to a Public Joint Stock Company shall be exempted from the minimum limit stated in Clause 1 of this Article.

Article 108- Term of the Company

The term of the company shall be determined in its Memorandum of Association and Articles of Association. Under a special Decision, such term may be extended or shortened if the object of the company so requires.

Article 109- The Founder

1- A founder is such person who signed the Memorandum of Association of the company and holds a percentage of its capital in cash or provided contributions in kind at the time of incorporation, subject to the provisions of this Law.

2- The founder shall be liable to any damages suffered by the company or third parties due to the contravention of the incorporation rules and procedures. The founders shall be jointly liable for such damage. Any person delegated in the incorporation process shall be liable in person if he omits to state the name of the principal or the instrument of delegation proves to be invalid.

Article 110- Memorandum and Articles of Association of the Company

1- The founders shall draft the Memorandum and Articles of Association of the company, including the following particulars:

a- The name and the head office of the company;

b- The objective for which the company is incorporated;

c- The full name, nationality, date of birth, place of residence and address of each founder;

d- The amount of the capital and the number of the shares, the nominal value per share and the amount paid from the value of each share;

e- An undertaking by the founders to procure to complete the incorporation procedures;

f- An estimate of the amount of expenses, charges and costs expected to be spent on the incorporation process, to be paid by the company by virtue of its incorporation;

g- A statement of the contributions in kind, the name of the provider thereof, their initial value, the conditions of such provision and the rights of pledge lien attached thereto, if any.

2- The Memorandum of Association and Articles of Association of the company shall be compliant with the Law and the Decisions issued in execution hereof and shall include the provisions, jurisdictions and powers of the Board of Directors and the General Assembly of the company. The Authority may issue the form of the Memorandum of Association and Articles of Association of the company. The companies shall comply with such a form.

Article 111- Shareholders' Compliance with the Articles of Association

1- Subject to the provisions of this Law, the Articles of Association of the company shall, upon its registration in the Commercial Register with the competent authority, be binding to all its shareholders.

2- Any amount due from a shareholder to the company in accordance with the provisions of the Articles of Association shall be a debt payable by such shareholder to the company.

Article 112- Founders Committee

1- The founders shall choose from their number a committee consisting of at least three members to complete the incorporation procedures and to register the company with the relevant authorities. The Founders Committee, the consultants and the parties involved in the incorporation procedures and their representatives shall be fully liable for the accuracy, validity and completion of all the documents, studies and reports provided to the relevant authorities in connection with the incorporation, licensing and registration process of the company.

2- The Founders Committee may delegate one of its members or a third party to follow and complete the incorporation procedures with the Authority and the competent authority according to such conditions laid by the Authority in this respect.

3- The Founders Committee shall appoint a Financial Consultant, a Legal Consultant and an Auditor for subscription.

Article 113- Incorporation procedures before the Competent Authority

1- The Founders Committee shall submit the application for incorporation to the competent authority, together with the Memorandum of Association and Articles of Association of the company, the economic feasibility of the project to be established by the company, the proposed timetable to perform such project and any other documents required by the competent authority.

2- The competent authority shall consider the application for incorporation and issue its initial approval of the application or reject it and shall notify the Founders Committee within 10 (ten) working days from the date of the application if the application is satisfactory or from the date of completing the required documents or statements. The failure of the competent authority to issue its initial approval during such period shall be deemed as rejection of the application for incorporation.

3- If the competent authority rejects the application for incorporation or the period as set forth in Clause 2 of this Article expires without deciding on the application, the Founders Committee may file a grievance before the Director General of the competent authority or his representative within 10 (ten) working days. If the grievance was rejected or was not settled within 15 (fifteen) working days from the date of filing the grievance, the Founders Committee may appeal, before the Competent Court, the Decision of rejection issued by the competent authority within 30 (thirty) days from the date of notifying the committee of the Decision of rejection or from the expiry date of the said period if no such Decision is issued.

Article 114- Incorporation Procedures before the Authority

1- The Founders Committee shall submit to the Authority the application for incorporation accompanied with the initial approval of the competent authority, together with the Memorandum of Association and Articles of Association of the company, the economic feasibility of the project to be established by the company, the proposed timetable to perform such project, the prospectus and any approvals by the relevant authorities in connection with the application, according to the applicable requirements of the Authority.

2- The Authority shall consider the application for incorporation and notify the Founders Committee of its notes on the application for incorporation and its documents within 10 (ten) working days from the date of submitting a satisfactory application or from the date on which the assessor appointed by the Authority presents its final report in assessment of the contributions in kind, if any. The Founders Committee shall complete any deficiency or make such amendments as the Authority may deem necessary to complete the application for incorporation, within 15 (fifteen) working days from the date of the notice, failing which the Authority may consider this as waiver of the application for incorporation.

3- The Authority shall send a copy of the application and its documents to the competent authority within 10 (ten) working days from the date of completing the application to be considered. Then, the Authority shall meet with the competent authority within 10 (ten) working days from the date of sending the application to the Authority. If the competent authority has any notes thereon, the Authority shall notify the Founders Committee thereof and complete the deficiency or make such amendments as the competent authority may require to complete the application for incorporation within 10 (ten) working days from the date of notifying the Founders Committee, failing which the Authority may consider this as waiver of the application for incorporation. The Authority shall confirm that the application and all the documents and notes are satisfactory. The amended copy shall be sent to the competent authority.

Article 115- Authentication of the Memorandum of Association

The Founders Committee shall authenticate the Memorandum of Association in accordance with the provisions of this Law and provide to the Authority a copy of the Memorandum of Association and a copy of the Decision issued by the competent authority concerning the initial approval of the license and a certificate issued by a bank licensed to operate in the State, confirming that the founders have paid the amounts payable by them, prior to the approval of the prospectus by the Authority.

Article 116- Amendment to the Particulars of the Application for Incorporation

No amendment to the particulars of the application for incorporation may be made upon submitting the application to the competent authority within any stage of the incorporation process, whether the capital or objectives of the company, the names of the founders or any other particulars in the application for incorporation. If this occurs, the matter shall be referred to the competent authority to take the appropriate action.

Article 117- Contribution by the Founders to the Capital of the Company

1- The founders shall subscribe to shares from 30% to 70% of the issued capital of the company, prior to the invitation to the Public Subscription to the remaining shares of the company.

2- The founders may not subscribe to the shares offered for Public Subscription.

Article 118- Valuation of the Contribution in Kind

1-The founders of the company may provide contributions in kind in consideration of their shares in the company.

2- The contributions in kind shall be assessed at the expense of those providing them by one or more financial consultants to be elected by the Authority from the financial consultants approved by the Authority or by such entities with financial and technical experience in the subject matter of valuation, as approved by the Authority, failing which the valuation shall be void.

3- The assessor may inspect any information or documents as the assessor may deem necessary to enable the assessor to make the required evaluation and to prepare the evaluation report efficiently. The Founders Committee or, as applicable, the Board of Directors shall take the required procedures to provide it with the required information, documents and instruments as soon as possible from the date of the application.

4- The assessor, the Founders Committee and the Board of Directors (if any) shall be fully liable for the accuracy, adequacy and completion of the statements and information contained in the assessment report.

5- The Authority may discuss and object to the assessment report. The Authority may appoint another assessor as required at the cost of the company under incorporation.

6- The share/ contributions in kind provided by a public person may be a franchise or right to use some public funds.

Article 119- Valuation of the Contributions in Kind following Incorporation

The valuation of the contributions in kind following the incorporation of the company shall be governed by the same valuation provisions in this Law.

Article 120- Exaggeration in the Valuation of the Contributions in Kind

1- If the Authority confirms that there is any exaggeration or negligence upon the valuation of the contributions in kind by the assessor, the Authority may:

a- Prevent the assessor from conducting the activity of valuation with the Authority for a period of at least two years.

b- Prevent the assessor from conducting the activity of valuation with the Authority permanently in the event of recurrence of the contravention.

2-The assessor may file a grievance against the Decision of the Authority, before the Chairman of the Authority within 15 (fifteen) working days from the date of his notification of either Decision as set out in Clause 1 of this Article. If the Chairman of the Authority rejects the grievance or omits to decide it within 15 (fifteen) working days from the date of filing the grievance, the assessor may file an appeal before the Competent Court within 30 (thirty) days from the date of rejecting the grievance or expiry of the period during which the grievance should be considered, as the case may be.

Article 121- Invitation to Public Subscription

1- The prospectus shall be signed by the Founders Committee, the consultants and the parties involved in the incorporation procedures and their representatives and shall be jointly liable for the validity of the information as set out in the prospectus.

2- Invitation to the public subscription shall be made under a prospectus to be published in two daily local newspapers, one of them is issued in Arabic, at least 5 (five) working days prior to the date of commencing the subscription.

3- Subscription to the shares shall be made under an application whose particulars shall be determined by the Authority and, in particular, the application shall include the name, objective and capital of the company, the conditions of subscription, the name, address in the State, profession and nationality of the subscriber, the number of the shares proposed to be subscribed thereto by him and his undertaking to accept the provisions of the Memorandum of Association and Articles of Association of the company.

Article 122- Entities Authorized to receive Subscriptions

1- Subscription with the licensed entity/ entities licensed to do so in the State, as determined by the Founders Committee in the prospectus. Subscription may be made electronically as determined by the Authority in this respect.

2- The entity/ entities receiving subscriptions shall withhold the monies paid by the subscribers and the revenues from the amounts of subscription to the shares for the account of the company under incorporation. Such monies may not be paid to the Board of Directors of the Company until the Authority issues a certificate of incorporation and the registration of the company in the Commercial Register with the competent authority.

Article 123- Underwriters

1- Without prejudice to the provisions of Article 10 of this Law, the company may have, upon incorporation or upon increasing its capital, one underwriter or more certified by the Authority to underwrite what has been left from the subscription shares. He may re-offer what has been subscribed form the shares in accordance with the conditions, terms and procedures issued by a Decision from the Authority.

2- A Decision is issued by the Chairman of the Authority in the terms and conditions of practicing the underwriting activity in the State.

Article 124- The Period of Subscription

1- Subscription shall remain open for at least 10 working days and not exceeding 30 working days.

2- If all shares put to subscription are not taken within the scheduled period, the Founders Committee may apply to the Authority for approval to extend the period of subscription for an additional period not to exceed 10 (ten) working days if there is no underwriter.

3- If such additional period expires without taking all the shares offered for public subscription and the founders have not subscribed to the maximum applicable limit as provided by Article 117 of this Law, the founders may subscribe to the balance part of such applicable percentage, failing which the Decision issued by the Authority in approval of the incorporation shall be void.

Article 125- Distribution of the Shares to the Subscribers

If subscription exceeds the number of the shares offered, the shares may be distributed to the subscribers pro rata to their respective subscriptions or as determined in the prospectus, as approved by the Authority. The distribution shall be made according to the nearest whole number.

Article 126- Share Allocation and Repayment of Excess Amounts

Entities licensed to receive subscriptions shall, upon closure of subscription:

1- Allocate the shares to the subscribers within no later than 5 (five) working days from the date of closing the subscription.

2- Repay the extra amounts paid by the subscribers and the revenues thereon, for which no shares are allocated, within no later than 5 (five) working days from the date of allocating the shares to the subscribers.

Article 127- Subscription by Emirates Investment Authority

Emirates Investment Authority shall be entitled to subscribe to shares in any public Joint Stock Company incorporated in the State and offering its shares for public subscription, within the limit of 5% of the shares offered for public subscription, provided that the value of such shares shall be paid prior to closing the subscription and that the Authority is provided with evidence to such payment.

Article 128- Declaring the Non Incorporation of the Company

Unless the company is incorporated, the Authority shall declare this to the public. As a result of such declaration:

1- The subscribers shall have the right to recover the amounts paid by them within ten working days from the date of the declaration and the revenues thereof. The founders shall be jointly liable for payment of such amounts and, if applicable, compensation.

2- The founders shall bear such expenses paid for the incorporation of the company and they shall be jointly liable against third parties for such acts carried out by the founders during the incorporation period.

Article 129- Book Building of Securities

Subject to the provisions of Articles 117 and 279 of this Law, the Authority may issue a Decision to regulate the mechanism of subscription on the basis of the Book Building of securities. Entities wishing to follow such method shall comply with the provisions and procedures contained in the Decision issued by the Authority in this respect.

Article 130- Incorporation Expenses

The company shall bear all the expenses paid by the Founders Committee for the incorporation of the company and issuing its securities. The detailed statement of such expenses shall be referred to the Constituent General Assembly of the company for consideration and approval.

Article 131- Constituent General Assembly

1- The Founders Committee shall invite the shareholders to hold a meeting of the Constituent General Assembly of the company within no later than 15 (fifteen) days from the date of closing the subscription.

2- If the period as set forth in Clause 1 of this Article expires without such invitation by the founders, the Authority shall invite the General Assembly at the expenses of the company.

3- Unless the Articles of Association of the company determine a higher percentage, quorum at the Constituent General Assembly shall be present if shareholders holding in person or representing by proxy at least 50% of the capital of the company are present at the meeting. If quorum is not present, the meeting shall be adjourned for a period between 5 (five) days and 15 (fifteen) days from the date of the first meeting. The adjourned meeting shall be valid irrespective of the number of the present shareholders.

4- The meeting shall be chaired by such person elected by the Constituent General Assembly for such purpose from among the founders.

5- The Decisions of the Constituent General Assembly shall be passed by the majority votes of shareholders holding at least three quarters of the shares represented at the meeting.

Article 132- Agenda of the Constituent General Assembly

In particular, the Constituent General Assembly shall consider and take decisions in the following issues:

1- The founders' report concerning the procedures and the costs of the incorporation of the company.

2- The acts of the founders in connection with the company during the incorporation period.

3- To approve the incorporation of the company.

4- To elect the members of the first Board of Directors if not appointed by the founders.

5- To appoint the auditors if not appointed by the founders.

6- To appoint the members of the Internal Shariah Control Committee and the Shariah Controller if the company conducts its business in accordance with the provisions of the Islamic Shariah, if not appointed by the founders.

Article 133- Application to issue the Certificate of Incorporation

The Board of Directors of the company shall, within 10 (ten) working days from the date of convening the Constituent General Assembly, provide an application to the Authority to issue a certificate of incorporation, together with:

1- A report by the entity that audited the subscription accounts.

2- An acknowledgement by the Founders Committee of the complete subscription of the share capital in full, the amounts paid by the subscribers from the value of the shares and a statement of the names and nationalities of the subscribers and the number of shares subscribed by each subscriber.

3- A bank certificate confirming that the amount payable from the capital of the company has been deposited.

4- A statement of the names of the members of the Board of the company and an acknowledgement by them that their membership is not in conflict with the provisions of this Law and the Decisions issued hereunder.

5- A statement of the names of the members of the Internal Shariah Control Committee and the Shariah Controller if the company conducts its business in accordance with the provisions of the Islamic Shariah.

6- Minutes of the meeting of the Constituent General Assembly.

7- Any other documents as required by the Authority.

Article 134- Issuing the Certificate of Incorporation

In the event of completion of the documents as set forth in Article 133 of this Law, the Authority shall issue a certificate of incorporation of the company within 5 (five) working days from the date of submitting a complete application by the Board of Directors of the company.

Article 135- Registration of the Company with the Competent Authority

1- The Board of Directors of the company shall within 10 (ten) working days from the date of issue by the Authority of the certificate of incorporation, take its registration procedures before the competent authority.

2- The competent authority shall enter the company in the Commercial Register and issue a commercial licence for the company within 5 (five) working days from the date of completion of the documents and payment of the fees, and shall notify the Authority by a copy of the commercial licence.

Article 136- Notification of the Registrar

The Chairman of the company shall, within 5 (five) working days from the date of issue by the competent authority of the commercial licence, notify the registrar of the certificate of incorporation, the Memorandum of Association and Articles of Association of the company and its commercial licence to be entered in the Companies Register and to be published at the cost of the company according to the conditions laid by the Minister in this respect.

Article 137- Listing the Shares of the Company in the Financial Market

1- The Board of Directors of the company that offered shares for public subscription shall, within 15 (fifteen) working days from the date of its registration in the Commercial Register at the competent authority, list the shares of the company in one of the financial markets licensed in the State according to the listing rules and regulations applicable at the Authority and the financial market where its shares are to be listed.

2- Companies listed in a financial market in the State shall comply with the applicable Laws and regulations at the financial market.

Article 138- Acts by the Founders

Upon its registration in the Commercial Register with the competent authority, the effects of all the acts by the founders for the account of the company prior to the registration shall be transferred to the company. The company shall bear all the expenses paid by the founders in this respect.

Article 139- Amendment to the Memorandum of Association or Articles of Association of the Company

Subject to the provisions of this Law, the company may, with the consent of the Authority and the competent authority, issue a special Decision to amend its Memorandum of Association or Articles of Association.

Article 140- Inspection of Statements and Information

1- The company shall provide a copy of its Memorandum of Association and Articles of Association on the website of the company and any documents or other information as determined by the authority.

2- The company shall send a copy of its Memorandum of Association and Articles of Association to any shareholder that may so demand, at his own expenses.

Article 141- Register of the Shareholders and Records of the Company

1- Every company shall keep a register of its shareholders in accordance with the conditions laid by the Authority.

2- The Authority may inspect the register of shareholders and the books, documents and records of the company.

Article 142- Purchase of Assets during the First Financial Year

If, prior to the approval by the General Assembly of the accounts of the first financial year, the company purchases assets, companies or establishments for an amount exceeding 20% of the capital of the company in aggregate, the Board of Directors shall notify the Authority thereof. The Authority may subject such assets, companies or establishments to assessment in accordance with the provisions of this Law.

Chapter 2
Management of the Public Joint Stock Company

Article 143- Formation of the Board of Directors

1- The management of the company shall be undertaken by a Board of Directors. The Articles of Association of the company shall determine the method of formation of the Board of Directors, the number of its members and the term of membership, provided that the number of the members shall not be less than three and shall not exceed eleven and that the term of membership shall not exceed three Gregorian calendar years, commencing from the date of election or appointment. Members may be re-elected for more than one term.

2- The Board of Directors shall elect from its members by secret ballot a Chairman and a Deputy Chairman to substitute the Chairman in the event of his absence or if there is a preventive. A Managing Director of the company may be elected, and this Managing Director may not be an Executive Officer or a General Manager of another company.

3- The Board of Directors shall notify the Authority of the Decisions for electing the Chairman, the Deputy Chairman and the Managing Director. It is also required to obtain the approval of the Central Bank on such Decisions in the event of companies licensed by it.

4- The company shall have a Secretary of the Board of Directors who is not a member of the latter.

5- The Board of Directors of the Authority shall issue a Decision stating the terms and conditions that the companies shall comply therewith for the formation of their Boards of Directors and the nominations to its membership. In the event of companies licensed by it, the Central Bank shall issue the required Decision in this respect.

Article 144- Election of the Members of the Board

1-Subject to the provisions of Article 143 of this Law, the General Assembly shall elect the members of the Board by way of cumulative voting by secret ballot. Notwithstanding this, the founders may appoint the members of the first Board of Directors in the Articles of Association of the company.

Cumulative voting shall mean that each shareholder shall have a number of votes equivalent to the number of shares held by him so that he votes to one candidate for the membership of the Board or may distribute his votes among the selected candidates, provided that the number of votes granted to the candidates does not exceed the number of votes owned by him.

2- The General Assembly may appoint a number of experienced persons in the Board of Directors other than the shareholders of the company, provided that such members shall not exceed one third of the number of members as determined in the Articles of Association.

3- Every company shall keep a register of the members and the Secretary of the Board at its

Head Office. The Authority shall determine such particulars required to be available in such register.

4- The register of the members and the Secretary of the Board of the company as set forth in

Clause 3 of this Article shall be made available for inspection by any shareholder or member of the Board of the company, free of charge, during the working hours, subject to any reasonable entries as may be imposed by the company under the Articles of Association.

Article 145- Vacancy of the Position of a Member of the Board

1- If the office of a member of the Board becomes vacant, the Board of Directors shall, subject to the provisions of Article 143 of this Law, appoint a new member to hold the vacant position, provided that such appointment shall be referred to the General Assembly at its first meeting to approve such appointment or appoint another member, unless the Articles of Association of the company provides otherwise. The new member shall complete the term of its predecessor.

2- If the vacant positions reach one quarter of the number of members of the Board, the remaining members shall invite the General Assembly to convene within no later than 30 (thirty) days from the date of vacancy of the last office to elect new members to fill such vacancies.

Article 146- Mechanism of Voting to Elect the Members of the Board

Every shareholder in the company shall have a number of votes equal to the number of shares held by such shareholder. The Authority shall issue a Decision to determine the mechanism of voting at the General Assemblies to elect the members of the Boards.

Article 147- Nominations for the Membership of the Board

No person may be appointed or elected as a member of the Board of the company until such person acknowledges in writing his acceptance of the nomination, provided that such acknowledgement shall include a disclosure of any activity conducted directly or indirectly by such person in competition of the business of the company and of the names of the companies and establishments where such person works or is a member of the Board.

Article 148- Government Membership in the Board of Directors

Notwithstanding the provisions of Article 143, the Federal Government or the Local Government may, if it holds 5% or more of the capital of the company, appoints its representatives at the Board of Directors pro rata to such percentage from the number of the Board members, but at least one member if the required percentage to appoint a member exceeds such percentage and it shall forfeit its right in the voting in the percentage of its appointment. If the Government holds any balance percentage not qualifying to appoint another member, the Government may use such percentage in voting.

Article 149- Membership in the Board of Directors of Several Joint Stock Companies

1- No person shall, in his personal capacity or in his capacity as the representative of a corporate person, be a member of the Board of more than five Joint Stock Companies based in the State, or be a Chairman or Deputy Chairman of more than two companies based in the State. Such person may not be a Managing Director of more than one company based in the State.

2- The office of any member that may contravene the provision of Clause 1 of this Article in respect of the Boards of Directors of companies in excess of the legal limit shall be annulled due to his recent appointment. Such contravening member shall repay to the company where his membership is annulled such amounts received by him from the company.

Article 150- Notification of Conflict of Interests by a Member of the Board

1- Every member of the Board of the company that may have a common interest or a conflicting interest in a transaction referred to the Board of Directors for approval shall notify the Board of Directors of such interest and his acknowledgement shall be entered in the minutes of the meeting. Such member may not vote on the Decision concerning such transaction.

2- If a member of the Board fails to notify the Board in accordance with the Provision of Clause 1 of this Article, the company or any of its shareholders may apply to the Competent Court to annul the contract or to require the contravening member to pay any profit or benefit made by him from such contract to the company.

Article 151- Nationality of the Members of the Board

The Chairman and the majority of the members of the Board shall be UAE nationals. If the percentage of the UAE members falls below the applicable percentage under this Article, such deficiency shall be completed within no later than three months, failing which the Decisions of the Board of Directors shall be void upon the expiry of such period.

Article 152- Prohibited Dispositions by the Related Parties

1- The related parties shall not utilize the information in the possession of any of them due to its membership or occupation to achieve any interest whatsoever for them or for others as a result of dealing in the securities of the company and any other transactions. Such party or employee may not have a direct or indirect interest with any party making deals intended to influence the rates of the securities issued by the company.

2- The company may not make transactions with the related parties without the consent of the Board of Directors not exceeding 5% of the capital of the company and with the consent of the General Assembly of the company for the excess thereof. Otherwise, the transactions shall be assessed by an assessor approved by the Authority.

3- The member of the Board may not, without the consent of the General Assembly of the company, which consent shall be renewed every year, participate in any business in competition with the company or trade for his own account or for the account of third parties in any branch of the activity conducted by the company, and shall not reveal any information or statements related to the company, otherwise the company may demand him to pay compensation or to consider the profitable transactions made for his account as if it were made for the account of the company.

Article 153- Prohibition of Loans to the Members of the Board

1- The Joint Stock Company may not provide any loans to any member of the Board or execute guarantees or provide any collateral in connection with any loans entered granted to them. A loan shall be deemed to be granted to a member of the Board in accordance with the provisions of this Law any loan granted to his spouse, children or relative up to the second degree.

2- No loan may be granted to a company where a member of the Board or his spouse, children or any of his said relatives up to the second degree holds, jointly or severally, over 20% of the capital of that company.

3- Any agreement in conflict with the provisions of this Article shall be invalid. The auditor shall refer in his report presented to the General Assembly of the company to such loans and the credits granted to the members of the Board and the extent of compliance by the company with the provisions of this Article.

Article 154- Powers of the Board of Directors

The Board of Directors shall have all the required powers to do such acts as required for the object of the company, other than as reserved by this Law or the Articles of Association of the company to the General Assembly. However, the Board of Directors may not enter into loans for periods in excess of three years, sell or pledge the property of the company or the store, mortgage the company's movable and immovable properties, discharge the debtors of the company from their obligations, make compromise or agree on arbitration, unless such acts are authorized under the Articles of Association of the company or are within the object of the company by nature. In other than these two events, such acts require to issue a special decision by the General Assembly.

Article 155- Representation of the Company

1- The Chairman of the company shall be the legal representative of the company before the Courts and in its relationships with third parties, unless the Articles of Association of the company provides that its General Manager shall be the representative of the company before the Courts and in its relationships with third parties.

2- The Chairman may delegate another member of the Board with some of his powers.

3- The Board of Directors may not delegate to the Chairman all the powers of the Board in an absolute manner.

Article 156- Meetings of the Board

1- The Board of Directors shall meet at least 4 (four) times a year under an invitation by the Chairman, unless the Articles of Association of the company provides for more meetings, in accordance with the procedures as provided by the Articles of Association of the company. However, the Chairman may invite the Board to convene whenever at least two members so demand, unless the Articles of Association of the company provides otherwise.

2- The meetings of the Board shall be held at the head office of the company, unless the Board deems otherwise. The Board meeting shall not be valid unless all the members are invited to the meeting and their majority are present in person, unless the Articles of Association of the company permit to participate in the meetings by such modern means of technology as approved by the Authority.

Article 157- Board Decisions

1- The Board Decisions shall be passed by the majority votes and in the event of parity, the Chairman shall have a casting vote.

2- Notwithstanding the provision of Clause 2 of Article 156 of this Law, the Board of Directors may issue some Decisions by circulation, in accordance with such terms and conditions as decided by the Authority in this respect.

Article 158- Absent Member of the Board

If a member of the Board is absent from the meetings of the Board for three successive meetings or five intermittent meetings within the period of the Board without any excuse acceptable to the board, such member shall be deemed as resigned.

Article 159- Minutes of the Board of Directors Meetings

The Secretary of the Board of Directors shall prepare the minutes of the meetings. Such minutes shall be signed by the present members and the Secretary. The member who disagrees to a decision passed by the Board may enter his objection in the minutes of the meeting. The signatories to such minutes shall be liable for the validity of the statements contained therein. The Authority shall lay the required conditions in this respect.

Article 160- Delegation of a Member to attend the Board Meetings

1- A member of the Board may not delegate another member to attend the Board meetings unless the Articles of Association of the company so permits, provided that the delegated member represents only one other member and that the number of the members present in person is at least 50% of the number of the Board members.

2- No voting by correspondence shall be allowed. A delegated member shall vote on behalf of the absent member as determined in the deed of proxy.

Article 161- Liability of the Company for the Acts of the Board of Directors

The company shall be bound by the acts of the Board of Directors within the limits of its powers. The company shall also be liable for the damage due to unlawful acts by the Chairman and members of the Board of the company.

Article 162- Liability of the Board of Directors

1- The members of the Board shall be liable towards the company, the shareholders and the third parties for all acts of fraud, misuse of power, and violation of the provisions of this Law or the Articles of Association of the company or an error in management. Every provision to the contrary shall be invalid.

2- Liability as provided for in Clause 1 of this Article shall apply to all the members of the Board if the error arises from a Decision passed unanimously by them. However, in the event of the decision passed by the majority, the members who object to such decision shall not be held liable provided they state their objection in writing in the minutes of the meeting. Absence from a meeting at which the decision has been passed shall not be deemed a reason to be relieved from liability unless it is proven that the absent member was not aware of the Decision or could not object to it upon becoming aware thereof.

Article 163- Acts of the Member of the Board

The company shall be bound by the acts of the member of the Board as against a bona fide third party, even if it is found thereafter that the procedures of election or appointment of the member are invalid or the applicable conditions for such election or appointment are not available.

Article 164- Acts harmful to the Interests of the Company

1- If one or more shareholders holding at least 5% of the shares of the company deem that the affairs of the company are or have been conducted to the detriment of the interests of all or any of the shareholders, or that the company intends to do or omit to do any act that may cause damage to a shareholder, such shareholder shall

have the right to provide an application to the Authority, together with the supporting documents to issue such relevant decisions at its own discretion.

2- If the Authority rejects the application or the application is not considered within 30 (thirty) working days, the shareholder or shareholders may resort to the Competent Court within 10 (ten) days from the date of rejecting the application or the expiry of such period, as the case may be.

3- The Authority may resort to the Competent Court if it believes that the affairs of the company are or have been conducted to the detriment of the interests of all or any of the shareholders, or that the company intends to do or omit to do any act that may cause damage to the shareholders.

4- The competent Court shall hear the lawsuit filed by the shareholder or the Authority as a matter of urgency in both events as set forth in Clauses 2 and 3 of this Article. The Court may appoint one or more experts to provide a report on one or more transactions of management. The Court may issue a judgment to annul the act or omission to act, the subject matter of the application, or to continue to do any act that it omitted to do.

Article 165- Lawsuits by the Company

The company may file a liability lawsuit against the Board of Directors due to the errors that may result in damages to all the shareholders, under a decision issued by the General Assembly to appoint a representative of the company to initiate the lawsuit in the name of the company.

Article 166- Lawsuits by the Shareholder

Every shareholder may file the liability lawsuit individually against the Board of Directors if not filed by the company, provided that the error may cause private damage to him as a shareholder and that such shareholder shall notify the company of his intention to file the lawsuit. Every provision in the Articles of Association of the company to the contrary shall be invalid.

Article 167- Liability Nonsuit

Any decision passed by the General Assembly to relieve the Board of Directors shall not prevent the filing of the liability lawsuit against the Board of Directors due to the errors committed by them during the performance of their duties. If the act giving rise to liability has been presented to and approved by the General Assembly, the liability lawsuit shall be forfeited upon the expiry of one year from the date of such meeting. However, if the act ascribed to the members of the Board is a criminal act, the lawsuit shall not be forfeited until the public case is forfeited.

Article 168- Dismissal of the Members of the Board

1- The General Assembly may dismiss all or any of the members of the Board, even if the Articles of Association of the company provides otherwise. In such event, the General Assembly shall elect new members of the Board instead of those dismissed, subject to the provisions of Articles 143 and 144 of this Law. The Authority and the Competent Authority shall be notified of such election.

2- If a member of the Board is dismissed, he shall not be re-nominated for the membership before three years from the date of issuing the dismissal decision.

Article 169- Remuneration of the Members of the Board

1-The Articles of Association shall state the method of calculating the remuneration of the members of the Board, provided that it shall not exceed (10 %) of the net profits of the ending financial year after deducting all the depreciations and reserves.

2- The penalties imposed on the company due to contraventions by the Board of Directors of the Law or the Articles of Association of the company during the ending financial year shall be deducted from the remuneration of the Board of Directors. The General Assembly may resolve not to deduct such penalties if it finds that such penalties are not due to omission or error by the Board of Directors.

Article 170- Invalid Decisions

1- Without prejudice to the rights of bona fide third party, any Decision passed in contravention of the provisions of this Law, the Memorandum of Association or Articles of Association of the company or for or against a certain class of shareholders or to bring a special benefit to the related parties or others without consideration of the interest of the company shall be invalid.

2- Ruling such invalidation shall make the Decision void ab initio in respect of all the shareholders.

3- The Board of Directors shall publish the invalidation judgment in two daily local newspapers, one of them issued in Arabic.

4- The invalidation lawsuit shall be time barred after 60 (sixty) days from the date of issuance of the contested decision. Filing the lawsuit shall not prevent the execution of the decision, unless the Competent Court orders otherwise.

Chapter 3
General Assemblies of the Public Joint Stock Company

Article 171- Convening the General Assembly

1- The General Assembly of the shareholders shall be convened under an invitation by the Board of Directors at least once every year, within four months following the end of the financial year, at such time and place as determined in the Articles of Association of the company. The Board may invite the General Assembly to convene as the Board may deem fit.

2- If the Board of Directors omits to send an invitation to convene the General Assembly in such events where this Law requires to be invited, the auditor shall dispatch such invitation. This shall also apply as necessary. In such event, the auditor shall lay and publish the agenda.

Article 172- Notification of the Invitation to the Meeting of the General Assembly

Other than the meeting of the General Assembly adjourned due to absence of quorum in accordance with the provisions of Article 183 of this Law, invitation shall, subject to the consent of the Authority, be sent to convene the General Assembly to all the shareholders by a notice in two daily local newspapers, one of them issued in Arabic, under registered letters or according to the method of notification as determined by the Authority in this respect, at least 15 (fifteen) days prior to the scheduled date to hold the General Assembly. The notification of the invitation shall include the agenda. A copy of the papers of the invitation shall be sent to the Authority and the competent authority.

Article 173- Valid Notification of the Invitation of the Shareholders

If the invitation to hold the meeting of the General Assembly is notified prior to the date of the meeting within a period less than the period as determined in Article 172 of this Law, the invitation to convene the General Assembly shall be valid with the consent of shareholders representing 95% of the capital of the company.

Article 174- Request by the Shareholders to invite the General Assembly

1- The Board of Directors of the company shall invite the General Assembly to convene whenever one or more shareholders hold shares representing at least 20% of the capital, unless the Articles of Association of the company determines a less percentage, provided that invitation to hold the General Assembly is addressed within 5 (five) days from the date of the application. The General Assembly shall be convened within at least 15 (fifteen) days, but not exceeding 30 (thirty) days from the date of invitation to the meeting.

2- The application as set out in Clause 1 of this Article shall be kept at the head office of the company and state the purpose of the meeting and the issues to be discussed. The applicant for the meeting shall provide a certificate from the financial market where the shares of the company are listed, confirming the prohibition of disposition of the shares held by the applicant on his demand until holding the meeting of the General Assembly.

Article 175- Request by the Auditor to Invite the General Assembly

The Board of Directors shall invite the General Assembly to convene on demand by the auditor. If the Board fails to send the invitation within 5 (five) days from the date of the application, the auditor shall send the invitation. The General Assembly shall be convened within at least 15 (fifteen) days, but not exceeding 30 (thirty) days from the date of invitation to the meeting.

Article 176- Request by the Authority to Invite the General Assembly

1- The Authority may demand the Chairman of the company or his representative to address an invitation to hold the General Assembly in any of the following events:

a. Upon expiry of 30 days from the date as determined in Article 171 of this Law without inviting the General Assembly to convene;

b. If the number of the Directors is less than the minimum limit required for the quorum of the meeting;

c. If the Authority finds at any time that there any contravention of Law or the Articles of Association or that any error in the management of the company has occurred; or

d. If one or more shareholders holding at least 20% of the capital in the event where the Board of Directors of the company fails to respond in accordance with the provision of Article 174 of this Law.

2- If the Chairman of the company or his representative fails to invite the General Assembly to convene in any of the above events within 5 (five) days from the date of demand by the

Authority, the Authority shall give the invitation to the meeting at the expenses of the company.

Article 177- Competence of the Annual General Assembly

In particular, the annual General Assembly of the company shall consider the following issues and take decisions in their regard:

1- The report prepared by the Board of Directors in respect of the activity and the financial position of the company during the year, the auditor's report and the report of the Internal Shariah Control Committee, if the company conducts its activity in accordance with the provisions of the Islamic Shariah, and their ratification;

2- The company's balance sheet and the profits and losses account;

3- Election of the members of the Board if necessary;

4- If the company conducts its activity in accordance with the provisions of the Islamic Shariah, the appointment of the members of the Internal Shariah Control Committee;

5- Appointment of the auditors and determination of their remuneration;

6- The proposals of the Board of Directors concerning the distribution of profits, whether in cash or bonus shares;

7- The proposals of the Board of Directors concerning the remuneration of the members and the determination of such remuneration;

8- Discharge or dismissal of the members of the Board and filing the liability lawsuit against them, as the case may be; and

9- Discharge or dismissal of the auditors and filing the liability lawsuit against them, as the case may be.

Article 178- Right to Attend the General Assembly

1- Every shareholder shall have the right to attend the General Assembly and shall have a number of votes equal to the number of his shares. Any shareholder that has the right to attend the General Assembly may delegate any person elected by such shareholder, other than a member of the Board, under a special written proxy. A proxy of a number of shareholders shall not hold in this capacity over 5% of the capital of the company. Shareholders who are minors or interdicted shall be represented by their legal representatives.

2- A corporate person may delegate one of its representatives or those in charge of its management under a decision passed by its Board of Directors or any similar entity to represent such corporate person in any General Assembly of the company. The delegated person shall have the powers as determined under the delegation decision.

Article 179- Control of the Meetings of the General Assembly

1- The Authority and the Competent Authority may send one or more controllers representing each of them to attend the meetings of the General Assembly of companies without having any right to vote. The presence of such controllers shall be stated in the minutes of meeting of the General Assembly.

2- The Central Bank or the Insurance Authority may send one or more controllers to attend the meetings of the General Assembly of companies licensed by the Central Bank and the Insurance Authority, without having the right to vote. The presence of such controllers shall be stated in the minutes of meeting of the General Assembly.

Article 180- Powers of the General Assembly

1- Subject to the provisions of this Law and the Decisions issued hereunder and the Articles of Association of the company, the General Assembly shall have the power to consider all the issues in connection with the company. The General Assembly may not consider other than the issues listed in the agenda.

2- Notwithstanding the provisions of Clause 1 of this Article, the General Assembly may consider the serious incidents revealed during the meeting or if the Authority or a number of shareholders holding at least 10% of the capital of the company demand, before commencing the discussion of the agenda of the General Assembly, to list certain issues in the agenda, the Board of Directors shall respond to such request, failing which the General Assembly shall have the right to resolve to discuss such issues. The Authority may issue a decision determining the applicable conditions to list a new issue on the agenda of the General Assembly.

Article 181- Record of the Meetings of the General Assembly

The shareholders shall enter their names in a special record prepared for such purpose at the head office of the company prior to the scheduled time to hold the meeting of the General Assembly. Such record shall include the names of the shareholders, the number of the shares represented by them and the names of the holders of such shares, and the instrument of proxy shall be provided. The shareholder shall be given a card to attend the meeting, in which the number of the votes held by such shareholder in person or by proxy is stated.

Article 182- Chairman of the General Assembly

The Chairman or, in his absence, the Deputy Chairman or, if both the Chairman and the

Deputy Chairman are absent, any shareholder so elected by the other shareholders by way of voting by any means as determined by the General Assembly, shall chair the General Assembly. The General Assembly shall also appoint a secretary for the meeting. If the General Assembly considers any issue related to the Chairman of the meeting, whoever he is, the General Assembly shall elect from the number of the shareholders a Chairman of the meeting during the discussion of this issue.

Article 183- Quorum at the Meeting of the General Assembly

Unless the Articles of Association determine a higher percentage, quorum at a meeting of the General Assembly shall be present if shareholders holding or representing by proxy at least 50% of the capital of the company are present at the meeting. If quorum is not present at the first meeting, the General Assembly shall be adjourned to another meeting to be held after at least 5 (five) days, but not exceeding 15 (fifteen) days from the date of the first meeting. Quorum at the adjourned meeting shall be present irrespective of the number of the present shareholders.

Article 184- Withdrawal from the Meeting of the General Assembly

If any of the shareholders or their representatives withdraws from the meeting of the General Assembly upon the presence of quorum thereat, such withdrawal shall not, irrespective of the number of the shares withdrawing, affect the validity of the General Assembly, provided that the decisions shall be passed by the applicable majority in this Law.

Article 185- Discussion of the Agenda of the General Assembly

1- Every shareholder attending the General Assembly shall be entitled to discuss the matters listed on the agenda of the General Assembly and to address questions to the members of the Board and the auditor. The members of the Board and the auditor shall reply to the questions to the extent that may not cause damage to the interest of the company.

2- A shareholder may appeal to the General Assembly if the shareholder sees that the reply to his question is insufficient. The Decision by the General Assembly shall be enforceable. Every provision in the Articles of Association of the company to the contrary shall be invalid.

Article 186- Voting on the Decisions of the General Assembly

1- Subject to the provision of Article 146 of this Law, voting on the General Assembly Decisions shall be conducted by the method as determined by the Articles of Association of the company. However, voting shall be secret if related to the election, dismissal or accountability of the Directors.

2- Subject to the provision of Article 178 of this Law, the members of the Board shall not participate in voting on the Decisions of the General Assembly for their discharge from liability for their management or in connection with a special benefit of the members of the Board, a conflict of interests, or a dispute between them and the company, and in the event of a corporate person, the share of such corporate person shall be excluded.

Article 187- Minutes of Meetings of the General Assembly

1- Minutes of the General Assembly shall be issued. The minutes shall include the names of the shareholders present in person or those represented, the number of the shares held by them, in person or by proxy, the votes held by them, the Decisions passed, the number of the votes for or against such Decisions and an adequate summary of the discussions at the meeting.

2- The minutes of the meeting of the General Assembly shall be regularly entered after each meeting in a special register, to be kept in accordance with the conditions determined by a Decision of the Authority. The minutes shall be signed by the Chairman and the secretary of the meeting, the canvasser and the auditor. The persons who sign the minutes of meetings shall be responsible for the authenticity of their contents.

Article 188- Decisions of the General Assembly

1- The Decisions of the General Assembly shall be passed by the majority of the shares represented at the meeting, or such higher majority as determined by the Articles of Association of the company.

2- The Decisions passed by the General Assembly in accordance with the provisions of this Law and the Articles of Association of the company shall be binding to all the shareholders, whether they were present or absent from the meeting at which the Decisions have been passed and whether they agreed or objected to such Decisions.

Article 189- Execution of the Decisions of the General Assembly

The Chairman of the company shall execute the decisions of the General Assembly and notify a copy thereof to the Authority and the Financial Market where the shares of the company are listed and to the competent authority in accordance with such conditions laid by the Authority in this respect.

Article 190- Inspection of the Minutes of the General Assembly

1- The minutes of meetings of the General Assembly of the shareholders shall be kept at the head office of the company. Any shareholder may inspect such minutes free of charge within the applicable working hours.

2- If the company rejects or fails to comply with the provisions of this Article, the Authority may issue an order to inspect the contents of the minutes in respect of the discussions of the General Assemblies. The Authority may issue an order to the company to deliver the required copies to the person or persons who demand such copies.

Article 191- Suspension of a Decision by the General Assembly

1- On demand by the shareholders who hold a percentage of at least 5% of the shares of the company, the Authority may issue a Decision to suspend the execution of the decisions passed by the General Assembly of the company to the detriment of the shareholders or in favour of a certain class of the shareholders or to bring a special benefit to the members of the Board or others whenever the grounds of the request are serious.

2- A request to suspend the execution of the Decisions of the General Assembly shall not be acceptable upon the expiry of 3 (three) working days from the date of such Decisions.

3- The concerned parties shall file the lawsuit to annul such Decisions before the Competent Court and notify the Authority with a copy thereof within 5 (five) days from the date of the Decision suspending the execution of the Decisions of the General Assembly, otherwise the suspension shall be void ab initio.

4- The Court shall consider the lawsuit to annul the Decisions of the General Assembly, and may order, as a matter of urgency, to suspend the execution of the Decision by the Authority on demand by the adversary until the conclusion of the merits of the lawsuit.

Article 192- Non-Election of the Board of Directors or Appointment of the Auditor

1- Subject to the provisions of Article 143 of this Law, if the General Assembly of the company fails to take a Decision in connection with the election of the members of the Board at two successive meetings although quorum is present, the Authority shall refer the issue to its Chairman, upon consultation with the Competent Authority and the entities supervising the activity conducted by the company in the State, to appoint a temporary Board of Directors of the company for not more than one financial year. At the end of the financial year, the temporary Board of Directors shall invite the General Assembly of the company to elect the members of the Board. If such General Assembly fails to elect the members of the Board, the Authority shall refer the issue to its Chairman, upon consultation with the competent authority and the entities supervising the activity conducted by the company in the State, to take the appropriate Decision, including the dissolution of the company.

2- If the General Assembly of the company fails to take a Decision in connection with the appointment of its auditor at its annual meeting in accordance with the provisions of Articles 243 and 244 of this Law despite the presence of quorum, the Authority may appoint the auditor of the company for one financial year and determine his fees.

Chapter 4

Capital of a Public Joint Stock Company

Article 193- Issued and Authorized Capital of the Company

1- The minimum limit of the issued capital of a Public Joint Stock Company is AED thirty million. This limit may be increased under a Decision by the Cabinet on a suggestion made by the Chairman of the Authority.

2- The Articles of Association of the company may determine as authorized capital such amount not exceeding the double of the issued capital, in accordance with such terms and conditions laid by the Authority in this respect.

Article 194- Increase of the Company's Capital

1- The capital of the company may be increased upon payment of its issued capital in full.

2- The authorized capital may be increased with the consent of the Authority under a special Decision issued by the General Assembly.

3- The Board of Directors may increase the issued capital of the company within the limit of the authorized capital previously approved by the General Assembly, in accordance with such terms laid by the Authority in this respect.

4- The Decision to increase the issued capital shall state the amount of such increase and the price of the new shares issued.

5- If the increase of the capital of the company involves contributions in kind, the provisions related to valuation of the contributions in kind as contained in this Law.

6- If there is no authorized capital, the decision to increase the issued capital may delegate the Board of Directors of the company to determine the date to execute the increase Decision, provided that such date shall not exceed one year from the date of issue thereof, otherwise the Decision shall be deemed void ab initio.

Article 195- Methods to Increase the Capital of the Company

The capital of the company may be increased by any of the following ways:

1- Issue of new shares;

2- Capitalize the reserve; or

3- Convert the bonds or Sukuk issued by the company into shares.

Article 196- Issue Premium

1- The shares from increase of the capital of the company shall be issued under a nominal value equal to the nominal value of the original shares. However, the company may under a special Decision, subject to the consent of the Authority, resolve to add a premium to the nominal value of the share and determine the amount of such premium. Such premium shall be added to the legal reserve; even if the reserve exceeds half the capital thereby.

2- The Board of Directors of the Authority shall issue a Decision determining the method of calculation of the premium.

Article 197- Pre-emption Right

1- Subject to the provisions of Articles 223, 224, 225, 226 and 283 of this Law, the shareholders shall have priority to subscribe to the new shares. Any provision to the contrary in the Articles of Association of the company or the Decision to increase the capital shall be void.

2- A shareholder may sell the pre-emption right to another shareholder or to third parties with a material consideration. The Board of Directors of the Authority shall issue the Decision regulating the conditions and procedures of selling the pre-emption right.

Article 198- Subscription to New Shares

1- Subscription to new shares shall be governed by the rules of subscription to the original shares.

2- The Board of Directors shall publish a summary for the pre-emption rights issue accredited by the Authority in two local daily newspapers, one of them published in Arabic, to notify the shareholders of their pre-emption right in subscription to the new shares.

Articles 199- Distribution of the New Shares

1- New shares shall be distributed to the shareholders who provide applications for subscription to shares, according to the number of shares held by them provided that this does not exceed the requests of each.

2- Subject to Clause 2 of Article 197, the balance shares shall be distributed to the shareholders who provide applications for subscription to shares in excess of the number of shares held by them. Any balance shares thereafter shall be offered for public subscription, in accordance with such conditions as determined by the Authority.

Article 200- Capitalization of the Reserve

Under a special Decision, the reserve may be merged in the capital of the company by creating bonus shares to be distributed to the shareholders pro rata to the shares held by each of them, or by the increase of the

nominal value of the shares pro rata to the percentage of urgent increase in the capital. The shareholders shall not bear any financial obligation as a result thereof.

Article 201- Conversion of Deeds or Sukuk to Shares

Bonds or Sukuk shall be converted to shares according to the prospectus and conditions as approved by the Authority. The approval by the Central Bank shall be obtained in the event of companies licensed by it.

Article 202- Decrease of the Capital of the Company

The capital of the company may not be decreased without the consent of the Authority and issuing a special decision upon hearing the report of the auditor. The capital may be decreased in either of the following cases:

1- If it exceeds the needs of the company;

2- The company suffers such loss that cannot be compensated by future profits.

Article 203- Methods to Decrease the Capital of the Company

The capital may be decreased by any of the following methods:

1- To decrease the nominal value of the shares, either by refunding part of its value to the shareholders or to discharge them from the value of the share or any part thereof;

2- To decrease the value of the shares by the cancellation of part of such value equal to the loss incurred by the company;

3- To forfeit a number of shares equal to the amount of the capital decided to be decreased; or

4- To purchase a number of shares equal to the part proposed to be decreased and forfeited.

Article 204- Procedures to Decrease the Capital of the Company

1- The Board of Directors shall, upon decrease of its capital:

a. Publish an announcement in two daily local newspapers, one of them issued in Arabic, 30 (thirty) days prior to the date scheduled to decrease the capital, provided that the announcement includes the amount of the capital before and after the decrease, the value of every share and the effective date of the decrease. The creditors shall provide to the company such documents in support of their debts within 30 (thirty) days from the date of publication of the announcement.

b. That the majority of the Board members of the company at least execute an undertaking on the determined effective date of the decrease, stating that the company is able to pay its debts on that date, or that all the creditors of the company have agreed to the decrease.

c. If, upon execution of the undertaking by the majority of the Board members of the company that the company is capable to repay its debts on that date, any of the creditors of the company objects to the decrease and it is established that the company is unable to repay the debts, the members executing the undertaking shall be jointly liable as between themselves to repay the debt of the objecting creditor, to be calculated on the basis of the assets, rights and obligations of the company if it were liquidated on the day preceding the date of execution of the undertaking.

d. Any other requirements as decided by the Authority.

2- If the decrease of the capital is by the repayment of part of the nominal value of the shares to the shareholders or discharge of the shareholders to the extent unpaid of the value of the shares or any part thereof, such decrease shall not be effective against the creditors who provided their demands on the date as set forth in Clause 1/ a of this Article, unless such creditors have received their due debts or obtained the securities adequate for the repayment of the debts not due by then.

Article 205- The Decision to Increase or Decrease the Capital of the Company

The Board of Directors of the company shall, within 5 (five) working days from the effective date of the decision to increase or decrease its capital, enter such decision with the Authority, the competent authority and the registrar.

Chapter 5

Shares, Bonds and Sukuk

Article 206- Rights Attached to Shares

1- Unless otherwise provided for in this Law, the shareholders of the company shall be equal in the rights attached to the shares. The company shall not issue different classes of shares.

2- Notwithstanding the provision of Clause 1 of this Article, the Cabinet may, on proposal by the Chairman of the Authority, issue a Decision determining other classes of shares and the conditions of issuing the shares, the rights and obligations arising from such shares and the rules and procedures regulating them.

3- A shareholder may not demand to recover its contribution to the capital of the company.

Article 207- Nominal Value of the Shares

1- The nominal value of the share in a company may not be less than one Dirham, and shall not exceed one hundred (100) Dirhams.

2- Shares may be issued by payment of at least one quarter of their nominal value, provided that the balance value of such shares shall be paid within no later than 3 (three) years from the date of registration of the company with the competent authority.

3- The company may, under a special Decision and with the consent of the Authority, divide the nominal value of its shares into a smaller value, provided that the new value shall be at least one Dirham per share.

Article 208- Nature of the Shares and Dividends

The shares shall be nominal. No shares to bearer shall be issued. The shares shall be negotiable. The Articles of Association of the company shall determine the form and provisions of dividends, which may be nominal or to bearer. At all events, dividends shall be negotiable. Any condition restricting free negotiation of such dividends shall be void ab intio.

Article 209- Disposal of the Shares

The method and conditions of disposal of shares shall be determined in accordance with the provisions of this Law, the Regulations and Decisions issued by the Authority and the Articles of Association of the company, provided that the disposal of the shares shall not lead to the decrease of the share of the UAE nationals in the capital of the company below the applicable limit according to this Law.

Article 210- Mortgage of the Shares

Shares may be mortgaged by the delivery thereof to the creditor or its representative upon following the applicable procedures in this respect. A mortgagee creditor shall collect the profits and use the rights attached to the share, unless agreed otherwise in the mortgage contract.

Article 211- Transfer of Title to the Shares Listed in the Markets

Title to the shares of the company listed in any of the financial markets licensed in the State shall be transferred in accordance with the applicable procedures of the Authority and the Financial Market where such shares are listed.

Article 212- Transfer of the Title to Shares Not Listed in the Markets

1- The title of the shares not listed in the markets shall be transferred by the entry of such transfer in a register held by the company. Such entry shall be marked on the share and the transfer shall be effective against the company or third parties only from the date of such entry.

2- However, the company may not enter the disposal of the shares in the following events:

a. If such disposal is in violation of the provisions of this Law or the Decisions issued in execution hereof or the Articles of Association of the company;

b. If the shares are mortgaged or attached by an order of the Court;

c. If the certificate of shares is lost and the company did not issue a substitute thereof;

d. If the company holds a debt on the shares, the company may suspend the registration of the transfer of the shares, unless its debt is repaid; and

e. If any of the contracting parties lacks capacity, is incapacitated or declares its bankruptcy or insolvency.

Article 213- Transfer of Title to Shares by Inheritance, Will or Court Judgment

1- If title to a share is transferred by way of inheritance or will, the heir or legatee shall demand to enter the transfer of title in the register of shares.

2- If the transfer of title is under an applicable court judgment, such transfer shall be entered in the share register in accordance with this judgment. The transferee shall use the rights derived from such transfer from the date of such registration.

Article 214- No Division of the Share

A share shall be indivisible. If title to a share is vested in several heirs or a share is held by several persons, they shall choose one of their number as their representative against the company. Such persons shall be jointly liable for the obligations arising from the title to the share. If such holders fail to agree on the choice of their representative, any of them may resort to the competent Court to appoint such representative.

Article 215- Limitations to Trading in the Shares of the Founders

1- The shares in cash or in kind of the founders may not be traded prior to the publication of the balance sheet and the profit and loss account for at least two financial years commencing from the date of listing the company in the Financial Market in the State or from the date of registration of the company in the Commercial Register with the competent authority in the event of companies excluded from listing. Such shares shall be marked as founders' shares. The provisions of this Article shall apply to the subscriptions by the founders in the event of increase of the capital prior to the expiry of the prohibition period.

2- During the prohibition period, such shares may be mortgaged or transferred by sale by a founder to another founder or by the heirs of a founder in the event of his death to third parties or by the bankruptcy trustee of a founder to third parties or under a final judgment.

3- The Board of Directors of the Authority may issue a Decision to expand the period of prohibition as set forth in Clause 1 of this Article, without exceeding three years.

Article 216- Attachment of Shares

The funds of the company may not be attached due to debts payable by a shareholder. However, the creditors of the shareholder may attach its shares and the profits derived from them. A share shall be marked in the share register and in the Financial Market where the shares of the company are listed.

Article 217- Non Payment by a Shareholder of the Balance Value of the Share

1- If a shareholder in a Joint Stock Company fails to pay the installment of the share value on the maturity date, the Board of Directors may notify the shareholder to pay the outstanding installment under a registered letter. If the shareholder fails to make payment within 30 days, the company may sell the share at a public auction or according to the Decisions issued by the Authority.

2- The company shall apply the sale proceeds to settle any overdue installments and expenses as compensation for the delay and shall pay the balance amount to the holder of the share. The company shall have the right of recourse against the shareholder from his own funds if the sale proceeds cannot settle the rights of the company, and the shares shall be entered in the share register in the name of the purchaser.

Article 218- Discharge of Shareholders

1- The company may not discharge a shareholder from his obligation to pay the value of a share. Such obligation may not be set off against any rights of the shareholder from the company.

2- Any of the creditors of the company may file a lawsuit against the shareholder to demand him to pay the value of the share.

Article 219- Company Share Buyback

1- The company may not mortgage its own shares or purchase such shares unless the purchase is intended to decrease the capital or for the redemption of the shares. In such event, such shares shall have no vote in the deliberations of the General Assembly or a share of the profits.

2- Notwithstanding the provision of Clause 1 of this Article, the company that has been incorporated as a Public Joint Stock Company for at least two financial years may purchase a percentage of its shares not exceeding 10% of the shares representing its capital for the purpose of resale thereof in accordance with the terms and conditions as resolved by the Board of Directors of the Authority. The shares purchased for the purpose of resale thereof shall have no vote in the deliberations of the General Assembly or a share of the profits until the resale of such shares.

Article 220- Omitting the Entry of Particulars in the Shares Register

If the name of any person or the number of the shares held by such person is omitted to be entered in the register of the shareholders of the company, or in the event of any unjustified failure or delay to enter the incident that any person is not a shareholder, the affected person or any shareholder of the company may demand the company to amend the particulars of the register, and the company may reject the request for amendment. In such event, the affected person may resort to the Court.

Article 221- Shareholder Rights

1- A shareholder in a Joint Stock Company shall have:

a. All the rights attached to the share, particularly the right to obtain its share of the profits and assets of the company upon its liquidation, to attend the meetings of the General Assembly and voting on its Decisions, all in accordance with such terms and conditions as provided by this Law and the Articles of Association of the company.

b. The right to inspect the books and documents of the company and any documents or instruments in connection with a deal made by the company by entering into the deal with a related party by authorization from the Board of Directors or under a decision of the General Assembly or as provided by the Articles of Association of the company in this respect.

2- The Court may demand the company to provide specific information to the shareholder not in conflict with the interests of the company.

3- Any Decision issued by the Board of Directors or the General Assembly of the company that may prejudice the rights of the shareholder derived from the provisions of this Law or the Articles of Association of the company or requires to increase the obligations of such shareholder shall be invalid.

Article 222- Financial Aid to the Shareholder

The company or any of its subsidiaries may not provide financial aid to any shareholder to enable the shareholder to hold any shares, bonds or Sukuk issued by the company. In particular, financial aid shall include:

1- To provide loans;

2- To provide gifts or donations;

3- To provide the assets of the company as security; and

4- To provide a security or guarantee of the obligations of another person.

Article 223- Contribution by the Strategic Partner

1- Notwithstanding the provisions of Articles 195, 197, 198 and 199 of this Law, the company may under a special Decision increase its capital by the entry of a strategic partner. The Board of Directors of the Authority shall issue a Decision determining the conditions and procedures of entry of the strategic partner as a shareholder of the company.

2- The Board of Directors of the company shall present to the General Assembly a study showing the benefits to be achieved by the company from the entry of the strategic partner as a shareholder in the company.

3- The Authority and the competent authority may reject the contribution by the strategic partner in the company if such contribution may contravene the applicable Laws or Regulations of the State or adversely affect the public interest.

Article 224- Conditions of Contribution by the Strategic Partner

1- The Board of Directors of the company may, within three months from the date of the Decision to increase the capital of the company to enter a strategic partner as a shareholder of the company, offer all or any of the new shares for subscription by the strategic partner without offering such shares to the shareholders, under the following conditions:

a. That the activity of the strategic partner is similar or supplementary to the activity of the company and leads to a real benefit thereof; and

b. That the strategic partner has issued two balance sheets for at least two financial years. This shall not apply to the Federal Government or the Local Government in the State.

2- If the Board of Directors fails to offer the new shares to the strategic partner within the three-month period as set forth in Clause 1 of this Article or if the strategic partner fails to subscribe to such shares within a period of no later than 30 (thirty) days from the date of offering the shares to such partner, the decision by the General Assembly to increase the capital of the company to join a strategic partner shall be deemed void ab initio.

Article 225- Capitalization of Cash Debts

1- Notwithstanding the provisions of Articles 195, 197, 198 and 199 of this Law, the company may under a special Decision increase its capital by the capitalization of its cash debts.

2- The Board of Directors of the company shall present to the General Assembly a study showing the necessity to capitalize the cash debts.

3- It shall be deemed as cash debts in accordance with the provisions of this Law, the debts payable to the Federal Government, the Local Governments and the public authorities and establishments in the State, the banks and the financing companies.

4- The Board of Directors of the Authority shall issue a Decision determining the conditions and procedures to capitalize the cash debts.

Article 226- Encouraging the Personnel of the Company to hold Shares

1- Notwithstanding the provisions of Articles 195, 197, 198 and 199 of this Law, the company may under a special Decision increase its capital by the application of the scheme to encourage the personnel of the company to hold shares.

2- The Board of Directors of the company shall present to the General Assembly a scheme to encourage the personnel of the company to hold shares.

3- The Board members of the company may not participate in the scheme to encourage the personnel of the company to hold shares.

4- The Board of Directors of the Authority may issue a Decision including the conditions and mechanism to implement a scheme to encourage the personnel of the company to hold shares.

Article 227- Share Certificates

1- Unless, after its incorporation, the company has listed its shares in any of the financial markets in the State, the Board of Directors shall, within three months from the date of registration of the company in the Commercial Register with the competent authority, substitute the notices to allocate the shares by share certificates.

2- Share certificates shall be signed by at least two members of the Board, stating the name of the shareholder, the number of the shares subscribed thereto, the method of payment of their value, the part paid of such value, the date of payment, the serial number of the certificate, the numbers of the shares held by the shareholder, the issued and authorized capital of the company, the head office and the term of the company and the date of the Decision authorizing the incorporation of the company. Such certificates shall substitute the shares.

3- If the value of the share is installed, the obligation of the company to deliver the share certificate shall be adjourned until the payment of the value of the shares in full. The shares representing contributions in kind may not be delivered until the transfer of title to such contributions in kind to the company.

Article 228- Loss or Destruction of Shares, Bonds or Sukuk Certificates

1- If a share, bond or Sukuk certificate is lost or destroyed, the holder of the certificate in whose name the certificate is registered may demand a new certificate instead of the lost or destroyed certificate. The owner shall publish the numbers of the lost or destroyed certificates and their quantity in two daily local newspapers, one of them issued in Arabic.

2- If no objection is received by the company within thirty days from the date of publication, the company shall give to the holder of the former certificate a new certificate, stating that it is in lieu of the lost or destroyed certificate. Such new certificate shall entitle its holder all the rights and impose on him all the obligations connected with the lost or destroyed certificate.

Article 229-Issuing Bonds or Sukuk

1- The company may issue negotiable bonds or Sukuk, whether they can be converted into shares of the company for equivalent values per each issuance.

2- The bond or deed shall remain nominal until the payment of its value in full.

3- Bonds or Sukuk shall not be converted into shares, unless the prospectus so provides. If conversion is decided, the holder of the bond or Sukuk alone shall have the right to accept the conversion or to collect the nominal value of the bond or Sukuk.

4- Bonds or Sukuk issued in connection with a single loan, giving equal rights to the holders of such bonds or deeds. Any condition to the contrary shall be invalid.

5- Bonds, Sukuk and other debt instruments shall be issued in accordance with such conditions and procedures determined under a regulation issued by the Central Bank and the Authority.

Article 230- Conditions to Issue Bonds or Sukuk

Subject to the provision of Clause 5 of Article 229 of this Law, bonds or Sukuk shall be issued only upon:

1- Issuing a special Decision by the General Assembly. The General Assembly may authorize the Board of Directors to determine a date to issue bonds or Sukuk, provided that such date shall not exceed one year from the date of approval of the authorization.

2- Collection of the capital in full from the shareholders and the publication of the balance sheet and the profits and losses account for at least one financial year, unless the issue is secured by the State or a bank operating in the State.

Article 231- Increase or Decrease of the Capital after issuing Bonds or Sukuk

Upon issuing a special Decision to issue bonds or Sukuk convertible to shares and until the date of such conversion or payment of their value, the company may not decrease its capital or increase the rate decided to be distributed as a minimum limit of profits to the shareholders. In the event of decrease of the capital of the company due to the losses by way or forfeiture of a number of shares or the decrease of the nominal value of the share, the capital shall be decreased, as if the holders of the bonds were shareholders.

Article 232- Profits of the Bonds or Sukuk upon their Conversion into Shares

Shares received by the holders bonds or Sukuk converted into shares in the capital of the company shall have a share of the profits resolved to be distributed for the financial year during which the conversion is made, from the date of such conversion until the end of the financial year.

Article 233- Date of Payment of Bonds or Sukuk

The company may not advance or delay the date of payment of bonds or Sukuk unless otherwise provided by the Decision issuing the bonds or Sukuk and the prospectus. However, if the company is dissolved other than for merger, the holders of bonds or Sukuk may demand to pay the value of their bonds or Sukuk prior to their maturity date. The company may also offer such payment to them. In either event, if payment is made, interests shall not be payable for the balance period of the loan.

Article 234- Rights of the Holders of Bonds or Sukuk

The rights of the holders of bonds or Sukuk issued by the company, which are not offered for public subscription in the agreement creating such bonds or Sukuk shall be determined. Such agreement shall also include procedures needed from the holders of bonds or Sukuk to hold meetings and appointing any committees, voting rights and all the other related issues and the conditions of converting them to shares in the company if they were convertible .The Authority may issue a Decision regulating the rights of the holders of bonds or Sukuk.

Chapter 6

Finance of the Public Joint Stock Company

Article 235- Preparing the Accounts of the Financial Year

1- The Board of Directors in each Joint Stock Company shall prepare accounts of every financial year including the balance sheet as per the last day of the financial year and a statement of the profits and losses account.

2- The accounts of the company shall be prepared in accordance with the International Accounting Practices and Standards. Such accounts shall give a true and fair view of the profits or losses of the company for the financial year and the affairs of the company at the end of the financial year and shall comply with any other requirements in this Law and the relevant Decisions issued by the Authority.

3- The financial statements shall be approved by the execution thereof by the members of the Board or by the Chairman and the auditor.

Article 236- Auditing the Accounts of the Financial Year

1- The accounts of the financial year of the company shall be reviewed by the auditor, who shall prepare a report thereon. Such accounts shall be approved by the Board of Directors and presented to the General Assembly together with the auditor's report, within 4 (four) months from the end of the financial year of the company.

2- The company shall provide the Authority and the competent authority a copy of the accounts and the auditor's report within seven days from the date of convening the General Assembly that the accounts and the auditor's report have been provided thereto.

Article 237- Accounting Practices and Standards

The International Accounting Practices and Standards shall be applied by the companies upon preparing their periodical and annual accounts and determining the dividends.

Article 238- Publication of the Balance Sheet of the Company

The balance sheet and the profits and losses account shall be published in two daily local newspapers, one of them issued in Arabic, within 15 (fifteen) days from the date of approval thereof by the General Assembly. A copy of the balance sheet and the profit and loss account shall be provided to the Authority and the competent authority.

Article 239- Legal Reserve

1- 10% of the net profits of the company shall be set aside every year and allocated to create a legal reserve, unless the Articles of Association of the company provide for a higher percentage.

2- The General Assembly may suspend such deduction whenever the legal reserve reaches 50% of the paid capital of the company, unless the Articles of Association of the company provide for a higher percentage.

3- The legal reserve may not be distributed to the shareholders. However, the legal reserve in excess of 50% of the capital may be distributed as profits to the shareholders in accordance with the percentage determined in the Article of Association in the years in which the company does not make sufficient net profits to distribute such rate.

Article 240- Voluntary Reserve

The Articles of Association of any Joint Stock Company may provide for the allocation of a certain percentage of the net profits to create a voluntary reserve to be allocated for the purposes as provided by the Articles of Association. The voluntary reserve may not be used for other purposes except under a Decision by the General Assembly of the company.

Article 241- Distribution of Profits

1- The General Assembly of the company shall determine such percentage of the net profits to be distributed to the shareholders after deducting the legal reserve and the optional reserve.

2- A shareholder shall be entitled to his share of the profits in accordance with the conditions as determined under a Decision by the Authority.

3- Subject to Clause 1 of this Article, the Articles of Association of the company may provide for the distribution of annual, biannual or quarterly profits.

Article 242- Joint Liability of the Companies

Upon the expiry of two financial years from the date of its incorporation and making profits, the company may, under a special Decision, give contributions. Such contributions may not exceed 2% of the average net profits of the company during two financial years preceding the year of contribution, provided that:

1- Such contributions shall be used for the purposes of serving the society;

2- To clearly state the beneficiary from such contributions in the auditor's report and the balance sheet of the company.

Chapter 7

Auditors of Public Joint Stock Companies

Article 243- Appointment of the Company’s Auditor

1- Every Public Joint Stock Company shall have one or more auditors nominated by the Board of Directors and approved by the General Assembly.

2- The General Assembly may appoint one or more auditors for one renewable year, provided that such term shall not exceed three successive years, so that the auditor shall undertake his duties until the end of the next annual General Assembly. The Board of Directors of the company may not be authorized for such purpose. The founders of the company may, at the time of incorporation, appoint one or more auditors as approved by the Authority to perform its duties until the convention of the first General Assembly.

3- The General Assembly shall determine the fees of the auditor. The Board of Directors may not be delegated to this effect, provided that such fees are reflected in the accounts of the company.

Article 244- Conditions of the Company’s Auditor

The Board of Directors of the Authority shall issue a Decision of the conditions to approve the auditors of Public Joint Stock Companies. In particular, the auditor shall meet the following conditions:

1- To be licensed to practice the profession in the State and to have experience in auditing Joint Stock Companies for at least five years;

2- His name shall be approved by the Authority;

3- Not to combine between the profession of auditor and the capacity of a shareholder in the company, and to occupy the office of member of the Board or any technical, administrative or executive office therein;

4- Not to be a partner or agent of any of the founders of the company or any of its Board members or a relative of any of them up to the second grade.

5- That the name of the auditor is approved by the Central Bank in case of companies licensed by the latter.

f. The Authority may require providing a professional insurance by the auditor.

Article 245- Audit Report

1- Subject to the provisions of the Federal Law regulating the profession of auditors, as amended, the auditor shall issue a report on the accounts audited by him. If the company has more than one auditor, they shall distribute the duties among themselves and each of them shall provide a separate report on the issues of the task assigned to such auditor, and then all the auditors shall prepare a common report for which they shall be jointly liable. The auditor shall state his name on the report and sign it.

2- The report shall state whether the accounts have been prepared in accordance with the provisions of this Law and whether the accounts give a fair view of the financial position of the company.

Article 246- Duties of the Company's Auditor

1- The auditor shall audit the accounts of the company, inspect the balance sheet and the profits and losses account, review the transactions of the company with the related parties and ensure the application of the provisions of this Law and the Articles of Association of the company. The auditor shall provide a report as a result of such inspection to the General Assembly and dispatch a copy of the report to the Authority and the competent authority.

2- Upon preparing his report, the auditor shall confirm the following:

a. The extent of validity of the accounting records kept by the company.

b. The extent of agreement between the records of the company and the accounting records.

3- The auditor shall review all the records, papers and other documents of the company. The auditor may require such explanations as the auditor may deem necessary to perform his duties. The auditor may also verify the assets, rights and obligations of the company.

4- If no facilities are provided to the auditor to perform his duties, the auditor shall state this in his report to the Board of Directors. If the Board of Directors fails to facilitate the task of the auditor, the Board of Directors shall send a copy of the report to the Authority.

5- The subsidiary and its auditor shall provide such information and explanations as demanded by the auditor of the holding company for the purposes of audit.

Article 247- Confidentiality of the Particulars of the Company

The auditor shall keep the confidentiality of the particulars of the company inspected by him by way of performing the duties of his job with the company. The auditor may not disclose such particulars to third parties or to the shareholders other than during the General Assembly, failing which the auditor shall be dismissed, without prejudice to the civil and penal liability, as applicable.

Article 248- Prohibition of Trading in Securities by the Auditor

The auditor and his personnel may not purchase the securities of the company whose accounts are audited by him or sell such securities directly or indirectly or provide any consultancies to any person in connection with such securities, failing which the auditor shall be dismissed, without prejudice to the civil and penal liability, as applicable.

Article 249- Notification of Crimes and Contraventions

1- The auditor shall notify the Authority in connection with any violations of the provisions of this Law or any contraventions that constitute a crime detected upon performance of his duties at the company, within 10 (ten) days from the date of detecting the contravention.

2- If the auditor contravenes the provision of Clause 1 of this Article, the Authority may suspend the auditor from auditing the accounts of Public Joint Stock Companies for no later than one year, strike out the approval of the Authority or refer the auditor to the Public Prosecution, as applicable, and at all events, to notify the Ministry and the competent authority in this respect.

Article 250- Contents of the Auditor's Report

The auditor shall read his report at the General Assembly of the company when the balance sheet of the company is considered, provided that his report shall state whether the auditor has inspected the information that he deems necessary for the satisfactory performance of his duties and prepared the accounts in accordance with the provisions of this Law, and that such accounts reflect, in particular, the following issues:

1- The position of the company at the end of the financial year, particularly the balance sheet of the company;

2- The profits and losses account;

3- That the company keeps regular accounts;

4- A statement whether the company has purchased any shares or stocks during the financial year;

5- That the statements in the Board report are identical to the books and records of the company;

6- A statement of the deals of conflicts of interest and the financial transactions made between the company and any of the related parties and the procedures taken in that respect;

7- To state whether, within the limit of the information made available to the auditor, any contraventions of the provisions of this Law or the Articles of Association of the company have occurred during the financial year so as to adversely affect the activity or financial position of the company, whether such contraventions still exist or not and whether there are any penalties imposed on the company due to such contraventions;

8- To state whether there are penalties imposed on the company due to contraventions of this Law or the Articles of Association of the company during the ending financial year and whether such contraventions still exist; and

9- In the events of accounts of any group, to state the financial position at the end of the financial year and the profits and losses account of the holding company and its subsidiaries, including the consolidated statements as a whole, in connection with the relevant parties in the holding company.

Article 251- Dismissal of the Company’s Auditor

1- The company may, under a Decision taken by its General Assembly, dismiss the auditor.

2- The Chairman shall notify the Authority of the Decision dismissing the auditor and the reasons of such dismissal, within a period not exceeding 7 (seven) days from the date of the dismissal decision.

Article 252- Resignation of the Company’s Auditor

1- The auditor may resign from his task under a written notice given to the company and the Authority. Such notice shall be deemed as termination of his task as an auditor of the company from the date of giving the notice or on any later date as determined in the notice.

2- The auditor that resigns for any reason shall file with the company and the Authority a statement of the reasons for his resignation. The Board of Directors of the company shall invite the General Assembly to convene within 10 (ten) days from the date of filing for resignation to consider the reasons for resignation and to appoint another auditor and to determine the fees of such substitute auditor.

Article 253- Liability of the Company’s Auditor

The auditor shall be liable to the company for the audits and the validity of the statements in his report and to indemnify the damage incurred by the company due to his acts upon performing his job. If there is more than one auditor, each of them shall be liable for his own fault that caused the damage.

Article 254- Liability Lawsuit against the Company’s Auditor

The liability lawsuit against the auditor of the company shall be time barred upon the expiry of one year from the date of holding the General Assembly at which the auditor's report is read. If the act attributed to the auditor constitutes a crime, the liability lawsuit shall not be time barred until the public lawsuit is time barred.

Title 5

Private Joint Stock Companies

Article 255- Definition of the Private Joint Stock Company

1- A Private Joint Stock Company is a company where the number of the shareholders is at least two shareholders, but not exceeding two hundred shareholders. The capital of the company shall be divided into shares of the same nominal value, to be paid in full without offering any shares for public subscription, by the execution of the Memorandum of Association and compliance with the provisions of this Law in connection with registration and incorporation. A shareholder shall be liable only to the extent of his share in the capital of the company.

2- It shall be excluded from the maximum limit of the number of shareholders as set forth in Clause 1 of this Article:

a. Private Joint Stock Companies existing at the time of issue of this Law. Such companies may not increase the number of their shareholders after the enforcement of the provisions of this Law; and

b. The transfer of title of a shareholder by inheritance or a final Court judgment.

3- Notwithstanding the minimum limit of the number of shareholders as set forth in Clause 1 of this Article, a single legal person may incorporate and hold a Private Joint Stock Company. The holder of the company's capital shall only be liable for its obligations to the extent of the capital as set out in its Memorandum of Association. The name of the company shall be followed by the expression "Sole Proprietorship - Private Joint Stock". The provisions of the Private Joint Stock Company as set forth in this Law shall apply to such owner to the extent not in conflict with the nature of such company.

Article 256- Company's Capital

1- The issued capital of the company shall not be less than AED 5,000,000 (AED five million) and shall be paid in full. Such limit may be amended under a Decision by the Cabinet on a proposal made by the Minister.

2- Private Joint Stock Companies existing and registered with the Ministry prior to the effective date of this Law shall be excluded from the minimum limit of capital as set forth in Clause 1 of this Article.

Article 257- Founders Committee

1- The founders shall choose from among them a committee consisting of at least two members to complete the incorporation procedures and to register the company with the relevant authorities. The Founders Committee shall be fully liable for the accuracy, validity and completion of all the documents, studies and reports provided to the relevant authorities in connection with the incorporation, licensing and registration process of the company. In the event of a sole proprietorship, the founder shall act as the committee.

2- The Founders Committee may delegate one of its members or a third party to follow and complete the incorporation procedures with the Ministry and the Competent Authority according to such conditions laid by the Authority in this respect.

Article 258- Application for Incorporation provided to the Competent Authority

1- The Founders Committee shall provide the application for incorporation to the Competent Authority, together with the Memorandum of Association and Articles of Association of the company, the economic feasibility of the project to be established by the company and the proposed timetable to perform such project.

2- The Competent Authority shall consider the application for incorporation and issue its initial approval of the application or reject it and shall notify the Founders Committee within 10 (ten) working days from the date of submittal of the application if the application is satisfactory or from the date of completion of the required documents or statements. The omission by the Competent Authority to issue its initial approval during such period shall be deemed as rejection of the application for incorporation.

3- The Founders Committee may appeal, before the Competent Court, the Decision in rejection issued by the Competent Authority within 30 (thirty) days from the date of its notification of the Decision of rejection or from the expiry date of the period as set out in Clause 2 of this Article if no such Decision is issued.

Article 259- Application for Incorporation provided to the Ministry

1- The Founders Committee shall provide to the Ministry the application for incorporation as initially approved by the Competent Authority, together with the Memorandum of Association and Articles of Association of the company, the economic feasibility of the project to be established by the company, the proposed timetable to perform such project, and any approvals by the relevant authorities in connection with the application, according to the applicable requirements of the Ministry.

2- The Ministry shall consider the application for incorporation and notify the Founders Committee of its notes on the application for incorporation and its documents within 10 (ten) working days from the date of submitting the application or from the date of submittal of the assessment of the contributions in kind, if any. The Founders Committee shall complete any deficiency or make such amendments as the Ministry may deem

necessary to complete the application for incorporation, within 10 (ten) working days from the date of the notice, failing which the

Ministry may consider this as a waiver of the application for incorporation.

3- The Ministry shall dispatch a copy of the application and its documents to the Competent Authority within 5 (five) working days from the date of completing the application to be considered. Then, the Ministry shall meet with the Competent Authority within 5 (five) working days from the date of sending a copy the application to the Ministry. If the Competent Authority has any notes thereon, the Ministry shall notify the Founders Committee thereof and complete the deficiency or make such amendments as the Competent Authority may require to complete the application for incorporation within 5 (five) working days from the date of notifying the Founders Committee, failing which the Ministry may consider this as a waiver of the application for incorporation.

4- The competent authority shall issue a decision to grant the licence after the consent of the Ministry.

Article 260- Secretariat of the Shares Register

1- Private Joint Stock Companies shall have a register where the names of the shareholders, the number of shares held by them and any dispositions of the shares are entered. Such register shall be delivered to the shares register secretariat.

2- The Authority shall, in coordination with the Ministry, issue a decision to regulate, supervise and control the work of the share register secretariat.

Article 261- Incorporation Certificate

1- The Founders Committee or its representative shall apply to the Ministry to issue the incorporation certificate of the company. The application shall be accompanied with:

a. A bank certificate confirming that the issued capital of the company has been deposited;

b. The attested Memorandum of Association and Articles of Association of the company;

c. A copy of the Decision by the competent authority as initial licensing approval;

d. A statement of the names of the Board members of the company and written acknowledgement by them that their membership is not in conflict with the provisions of this Law and the decisions issued hereunder;

e. A statement of the names of the members of the Internal Shariah Control Committee and the Shariah Controller if the company conducts its business in accordance with the provisions of the Islamic Shariah;

f. A certificate confirming that the register of shareholders has been delivered to the shares register secretariat; and

g. Any other documents as required by the Ministry.

2- In the event of completion of the documents as set forth in Clause 1 of this Article, the Ministry shall issue a certificate of incorporation of the company within 2 (two) working days from the date of submitting a complete application.

3- The registration of the company with the Ministry shall be published in accordance with such conditions laid by the Minister in this respect at the expense of the company.

Article 262- Commercial Licence of the Company

1- The Board of Directors of the company shall within 5 (five) working days from the date of issue by the Ministry of the incorporation certificate make its registration procedures before the Competent Authority.

2- The Competent Authority shall enter the company in the Commercial Register and issue a commercial licence for the company within 3 (three) working days from the date of completion of the documents and payment of the fees.

Article 263- Shares Transfer

1- The title of the shares shall be transferred by the entry of such disposal with the shares register secretariat. Such disposal shall be effective against the company or third parties only from the date of such entry with the shares register secretariat.

2- A private joint stock company shall not enter any waiver of its shares other than with the shares register secretariat.

3- The shares register secretariat may reject to enter the waiver of shares in any of the events as provided by Clause 2 of Article 212 of this Law.

Article 264- Limitations to the Transfer of Shares

1- The shares of a private joint stock company may not be transferred prior to the publication of the balance sheet and the profits and losses account for at least one financial year commencing from the date of registration of the company in the Commercial Register with the competent authority. The provisions of this Article shall apply in the event of increase of the capital prior to the expiry of the prohibition period.

2- During the prohibition period, such shares may be mortgaged or transferred by sale by a shareholder to another shareholder, or by the heirs of a shareholder in the event of his death to third parties or by the bankruptcy trustee of a shareholder to third parties or under a final judgment.

3- The Minister may issue a Decision to expand or shorten the period of prohibition as set forth in Clause 1 of this Article, to be not less than six months and not exceeding two years.

Article 265- Application of the Provisions concerning Public Joint Stock Companies

Other than the provisions of public subscription, unless specifically provided, all the provisions of this Law concerning public Joint Stock Companies shall apply to the Private Joint Stock Companies, and the term "Ministry" shall replace the term "Authority" wherever it may appear therein.

Title 6

Companies with Special Structure

Chapter 1

Holding Companies

Article 266- Definition of the Holding Company

1- A holding company is a Joint Stock Company or a Limited Liability Company that establishes subsidiaries inside the State or abroad or has control on existing companies, by holding shares or stocks enabling such company to control the management of the subsidiary and to have influence on the Decisions of the subsidiary.

2- The name of the company followed by the expression “Holding Company” shall appear on all the papers, advertisements and other documents issued by the Holding Company.

Article 267- Objectives of the Holding Company

1- The objectives of a Holding Company shall be limited to the following:

a. To hold shares or stocks in Joint Stock Companies and Limited Liability Companies;

b. To provide loans, guarantees and finance to its subsidiaries;

c. To acquire the movables and real estates required to commence its activity;

d. To manage its subsidiaries; and

e. To acquire industrial property rights from patents on invention, trademarks, industrial marks, royalties and other rights in kind and to lease the same to its subsidiaries or to other companies.

2- Holding Companies may not conduct their activities other than through their subsidiaries.

Article 268- Accounts Records to be kept by Subsidiaries

A Holding Company shall take the required procedures to ensure that the subsidiaries keep the required accounting records to enable the Board members or the Board of Directors of the Holding Company to confirm that the financial statements and the profits and losses account are compliant with the provisions of this Law.

Article 269- Subsidiaries

1- A company shall be considered as a subsidiary of a Holding Company in any of the following events:

a. If the Holding Company holds dominating and controlling shares in the capital of the company and controls the formation of its Board of Directors; or

b. If the company is a subsidiary of a subsidiary.

2- A subsidiary shall not be a shareholder of its own Holding Company. Any allocation or transfer of any shares in a Holding Company to any of its subsidiaries shall be invalid.

3- If a company that holds shares or stocks in a Holding Company becomes a subsidiary of such Holding Company, such company shall continue to be a shareholder in the Holding Company, provided that:

a. The subsidiary shall be deprived from the right to vote at the meetings of the Board of Directors of the Holding Company or the meetings of its General Assembly; and

b. The subsidiary shall dispose of its shares in the Holding Company within 12 (twelve) months from the date of acquisition of the subsidiary by the Holding Company.

Article 270- Financial Year of the Holding Company

The Holding Company shall, at the end of every financial year, prepare a consolidated balance sheet, the profits and losses account and the cash flows of the Holding Company and all its subsidiaries and shall present them to the General Assembly, together with the relevant notes and statements, in accordance with the internationally accepted accounting and audit practices and standards.

Chapter 2

Investment Funds

Article 271- Formation of Investment Funds

1- Investment funds shall be established according to the conditions and controls stated in a decision issued by the Authority in this regard.

2- The licenses of investment funds issued by the Central Bank before the entry into effect of this Law shall be excluded from Clause 1 of this Article.

Article 272- Legal Personality of the Fund

The investment fund shall have an independent legal personality, legal entity and financial liability.

Title 7

Conversion, Merger and Appropriation of Companies

Chapter 1

Conversion of Companies

Article 273- Rules of Conversion

Any company may be converted from one form into another, while keeping its legal personality, in accordance with the provisions of this Law and the Regulations and Decisions regulating the conversion of companies as issued by the Ministry or the Authority, each according to its powers, in this respect in coordination with the competent authority.

Article 274-Conversion of the Company into another Legal Form

1- Subject to the provision of Article 292 of this Law, a Public Joint Stock Company may be converted to a Private Joint Stock Company if the following conditions are met:

a. The approval of the Common Committee formed, under a Decision by the Minister, from the Ministry of Economy, the Securities & Commodities Authority and the competent authority, to consider the request for conversion into a Private Joint Stock Company;

b. The expiry of 5 audited financial years from the date of registration in the Commercial Register as a Public Joint Stock Company. In the event of its conversion into a Private Joint Stock Company, the company may not apply to be converted into a Public Joint Stock Company once again until the expiry of 5 audited financial years from the date of registration in the Commercial Register as a Private Joint Stock Company; and

c. Issuing a special Decision by the General Assembly in approval of the conversion of the majority shares representing 90% of the capital of the company.

2- Other than Public Joint Stock Company, a company may convert into a Joint Liability Company, a Simple Commandite Company, a Limited Liability company or a Private Joint Stock Company if the following conditions are met:

a. Issuing a Decision in accordance with the applicable conditions to amend the Memorandum of Association and the Articles of Association of the company.

b. The expiry of a period of at least two audited financial years of the company from the date of its registration in the Commercial Register.

c. The unanimous consent of the partners in the event of conversion into a Joint Liability Company.

d. The completion of the applicable incorporation and registration procedures to the proposed form of conversion.

Article 275-Conversion to a Public Joint Stock Company

Subject to the provisions of Article 273 of this Law, it is conditional for the conversion of a company into a Public Joint Stock Company that:

1- The value of the issued shares or stocks has been paid in full or the shares of the partners have been paid in full;

2- A period of at least two audited financial years has expired;

3- The company made net operational profits distributable to the shareholders or partners, from the activity for which the company is established, for an average of 10% of the capital, within the two financial years preceding the application for conversion.

4- That a special Decision or any similar action is issued to convert the company into a Public Joint Stock Company.

5- Any other conditions under a Decision by the Authority's Board of Directors.

Article 276- Documents of Conversion into a Public Joint Stock Company

1- Any company may be converted into a Public Joint Stock Company, under an application on such form prepared by the Authority for such purpose, executed by the authorized signatory of the company.

2- The following documents shall be attached to the application:

a. The amended Memorandum of Association and Articles of Association of the company;

b. The Decision by the General Assembly of the relevant company or anybody in lieu thereof passed by the applicable majority to amend the Memorandum of Association or Articles of Association of the company, including the approval of any necessary increase of the capital and the conversion of the company into a Public Joint Stock Company. The Decision by the partners or shareholders for conversion shall include any changes of the Memorandum of Association or Articles of Association of the company as required in the circumstances, including the change of the name of the company;

c. The approval by the Ministry and the competent authority for the conversion of the company into a Public Joint Stock Company;

d. A balance sheet of the company prepared within six months prior to the date of the application for conversion, in addition to a copy of a reservation free report from the auditor of the company regarding such balance sheet;

e. A written statement by the auditors of the company, confirming that the net assets of the company on the date of preparing the balance sheet are not less than its required share capital and undistributed reserves.

f. An assessment of the contributions in kind of the company, prepared in accordance with the provisions of Article 118 of this Law.

g. An acknowledgement by the managers or the Board of Directors, as the case may be, confirming that the following conditions are met:

- That a Decision is issued by the General Assembly of the company or any similar body in lieu thereof approving the conversion is issued and that all the other requirements under this Law are satisfied; and

- That there is no adverse material change of the financial position of the company during the period from the date of the relevant balance sheet and the date of application for conversion; and

h. Any other documents as required by the Authority for conversion.

Article 277- Announcement of the Conversion Decision

1- The company shall announce the conversion Decision in two daily local newspapers issued in the State, one of them issued in Arabic, within 5 (five) working days from the date of the conversion Decision and shall notify the shareholders / partners and the creditors by registered letters.

2- The announcement and the notice to the shareholders / partners and the creditors as set forth in Clause 1 of this Article shall include the right of any of the creditors of the company and the holders of loan bonds or Sukuk, and any concerned shareholders or partners may object to the conversion at the head office of the company.

Article 278- Objection to the Conversion Decision

1- A partner or shareholder that objects to the conversion Decision may withdraw from the company and recover the value of his stocks or shares, by an application in writing to the company within 15 (fifteen) days from the date of completion of the publication of the conversion Decision. The value of the shares or stocks shall be paid according to their market or book value on the date of conversion, whichever is higher.

2- The shareholders / partners, the creditors of the company and the holders of loan bonds or Sukuk and any concerned party may object before the company within 30 (thirty) days from the date of the notice of the conversion Decision and a copy of the objection shall be delivered to the Ministry or the Authority, as the case may be, and the competent authority, provided that the objecting party states the subject matter of its objection and the grounds of such objection and such damage that such conversion may specifically cause to the objecting party, as alleged by such party.

3- If the company fails to settle the objections for any reason whatsoever within no later than 30 (thirty) days from the date of delivery of a copy of the objection to the Ministry or the Authority, as the case may be, and the competent authority, the objecting party may resort to the Competent Court.

4- The conversion Decision shall remain suspended unless the objection is waived or the Court rejects the objection under a final judgment, or the company pays the debt if current or provides sufficient securities if deferred.

5- If the conversion Decision is not objected thereto within the period as provided by Clause 2 of this Article, such omission shall be deemed as implicit acceptance of the conversion.

Article 279- Sale of Part of the Shares of the Company upon its Conversion

1- Subject to the provisions of Article 117/2 of this Law, a company proposing to be converted into a Public Joint Stock Company may sell by way of public subscription 30% maximum of its capital after assessment in accordance with the provisions of Article 118 of this Law.

2- The Chairman of the Authority shall issue a Decision regulating the terms and conditions for the sale of part of the shares of the company upon its conversion.

Article 280- Notification of the Conversion Decision

Subject to the provisions of Article 274 of this Law, the company shall provide a copy of the Decision for conversion to the Ministry or, as applicable, the Authority and the competent authority, together with:

1- A statement of the assets, rights and obligations of the company and the assessed value of such assets, rights and obligations; and

2- A statement of the settlement of the objection or the expiry of its term.

Article 281- The Results of Conversion

1- Upon conversion, every partner or shareholder shall have a number of shares or stocks in the new company equal to the value of his shares or stocks in the company prior to conversion. If the value of the shares or stocks of a partner is less than the applicable minimum limit of the nominal value of the new shares or stocks, the difference shall be completed in cash, failing which such partner shall be deemed to have withdrawn from the company. The value of his shares or stocks shall be paid according to their market or book value on the date of conversion, whichever is higher.

2- After its conversion and re-registration under its new legal form, the company shall maintain its corporate personality and its rights and obligations prior to such conversion. Such conversion shall not discharge the acting partners from the obligations of the company prior to the conversion, unless the creditors agree thereto in writing.

Article 282- Entry of the Conversion

1- After approval of the conversion Decision by the Ministry or, as applicable, the Authority and the competent authority, the particulars kept by the Registrar shall be amended;

2- The competent authority shall enter the company in the Commercial Register and issue a commercial licence according to the new form of the company. The conversion shall be effective from the date of issuing the commercial licence.

Chapter 2

Merger

Article 283- Merger

1- Notwithstanding the provisions of Articles 197, 198 and 199, the company may, under a special Decision issued by the General Assembly or any similar body, even during the liquidation process, merge with another company by a contract to be made between the merged companies in this respect.

2- Subject to the applicable rules of the Central Bank, in the event of merger of the companies licensed by the latter, the Minister shall issue the Decision regulating the methods, conditions and procedures of merger in

respect of all companies, except the Public Joint Stock Companies, as the Board of Directors of the Authority issues the Decision concerning such companies.

Article 284- Merger Contract

The merger contract shall determine the conditions and method of merger. In particular, it shall determine the following issues:

1- The Memorandum of Association and Articles of Association of the merging company or the new company after merger;

2- The name and address of each member of the Board or the proposed manager of the merging company or the new company.

3- The method of conversion of the shares or stocks of the merged companies to shares or stocks of the merging company or the new company.

Article 285- Presenting the Merger Contract to the General Assembly

1- The Board members or Managers of every merged and merging company shall present the draft merger contract to the General Assembly or any other similar body for approval by the applicable majority for the amendment of the Memorandum of Association of the company.

2- The invitation of the General Assembly to convene to consider the merger:

a. Shall be accompanied by a copy or summary of the merger contract;

b. The contract shall clearly state the right of any one or more shareholders holding at least 20% of the capital of the company, who objected to the merger, to appeal the merger before the Competent Court within 30 (thirty) days from the date of approval of the merger contract by the General Assembly or any other similar body.

Article 286- Merger of Holding Companies and Subsidiaries

1- A Holding Company may merge with one or more of the companies held by such Holding Company in full as a single company without entry into a merger contract. Merger shall be made under a special Decision by such companies, passed by the applicable majority to amend the Memorandum of Association of each company.

2- Two or more companies fully held by a Holding Company may merge into a single company without entry into a merger contract.

3- In the event of merger where the merged company is a Holding Company, the provisions of merger in this Law and the Decisions issued in execution hereof shall apply to its subsidiaries held in full by the Holding Company.

Article 287- Refunding the Value of Shares

1- Except for the Joint Stock companies, the partners who object to the merger Decision may demand to withdraw from the company and to recover the value of their shares, by providing a written request to the company within 15 (fifteen) working days from the date of the merger Decision.

2- The value of the shares, the subject matter of withdrawal, shall be assessed by mutual agreement. In the event of disagreement on such assessment, the issue shall be referred to a committee formed by the competent authority for this purpose in respect of all companies prior to resorting to the Court.

3- The undisputed value of the shares, the subject matter of the withdrawal, shall be paid to their holders prior to completing the merger procedures and prior to resorting to the committee as set forth in the preceding Clause in connection with the disputed value.

Article 288- Notification of the Creditors of the Merger Decision

Every merging company or merged company shall notify its creditors within 10 (ten) working days from the date of approval of the merger by the General Assembly, provided that such notice shall:

1- State that the company intends to merge with one or more companies;

2- Be sent in writing to every creditor of the company to notify him of the merger;

3- Be published in two daily local newspapers issued in the State, provided that one of them is issued in Arabic; and

4- Provide for the right of any of the creditors of the (merging and merged) company/companies, the holders of loan bonds or Sukuk and any concerned party to object to the merger at the head office of the company, and to deliver to the Ministry or the Authority, as the case may be, a copy of the objection, within 30 (thirty) days from the date of the notice.

Article 289- Objection to the Merger

1- A creditor that notifies the company of his objection in accordance with the provisions of Clause 4 of Article 288 of this Law, without payment or settlement of his claim by the company within 30 (thirty) days from the date of the notice, may apply to the Competent Court to order to suspend the merger.

2- If, at the time of filing the application to suspend the merger, the Court finds that the merger shall adversely affect the interests of the applicant unlawfully, the Court may order to suspend the merger, in accordance with any other conditions as it may deem appropriate.

3- Merger shall remain suspended unless the objection is waived, or the Court rejects the objection under a final judgment, or the company pays the debt if current or provides sufficient securities if deferred.

4- If the merger Decision is not objected thereto within the period as provided by Clause 4 of Article 288 of this Law, such omission shall be deemed as implicit acceptance of the merger Decision.

Article 290- Approval of the Merger

1- Upon approval of the merger Decision by the Ministry or, as applicable, the Authority, the particulars kept by the Registrar shall be amended;

2- The competent authority shall enter the termination of the merged company and notify the Ministry or the Authority of the same, as the case may be.

Article 291- Results of the Merger

Merger means that the merged company or companies shall cease to be a legal person(s) and that the merging company or the new company shall substitute such company or companies in all their rights and obligations. The merging company shall be a legal successor of the merged company or companies.

Chapter 3

Appropriation

Article 292- Appropriation Process

Any person or group of associated persons or related parties desiring to purchase or do any act that may lead to the appropriation of shares or securities convertible to stocks in the capital of a Public Joint Stock Company incorporated in the State, which offered its shares for public subscription or listed in a Financial Market in the State, shall comply with the provisions and Decisions regulating the rules, conditions and procedures of appropriation issued by the Authority.

Article 293- Contravention of the Appropriation Rules and Procedures

Without prejudice to the right of the damaged parties to resort to the Court, if it is established that any person contravened the provisions of Article 292 of this Law or the Decision issued by the Authority in this respect, the Authority may take either of the following Decisions:

1- To cancel the purchase or disposition that results in the appropriation process or processes. The contravening party shall be subject to a fine of not less than 20% and not exceeding 100% of the value of appropriation process and Article 339 on the regulation of conciliation shall be applied.

2- To deprive the contravening party from nomination or participation in the Board of Directors of the company whose shares are appropriated and to deprive such party from voting at the meetings of the General Assembly, to the extent of such contravention.

Article 294- Publication of the Appropriation Decision

The Appropriation Decision shall be published in two local daily newspapers issued in the State, one of them issued in Arabic, at the expense of the appropriating company.

Title 8

Termination of the Memorandum of Association of the Company

Chapter 1

Reasons for the Termination of Companies

Article 295- General Reasons for the Termination of Companies

Subject to the Provisions concerning the termination of companies, a company shall be dissolved for any of the following grounds:

1- The expiry of the term provided in the Memorandum or the Articles of Association of the company, unless such term is renewed in accordance with the rules provided in either of them;

2- The depletion of the objective for which the company was established;

3- The loss of all or most of the assets of the company, so that the investment of the balance shall not be economically profitable;

4- Merger in accordance with the provisions of this Law;

5- Unanimous consent by the partners to end its term, unless the Memorandum of Association provides that a specific majority is sufficient; or

6- The issuance of a judgment to dissolve the company.

Article 296- Dissolution of a Joint Liability and Simple Commandite Company

Without prejudice to the rights of third parties, and subject to the provisions of this Law and the contracts made between the partners, the Joint Liability Company and the Simple Commandite Company shall be dissolved for any of the following reasons:

1- The death, bankruptcy or insolvency of any of the partners of the company or his loss of legal capacity, unless agreed otherwise in the Memorandum of Association of the company. It may be provided in the Memorandum of Association of the company for its continuation with the heirs of the dead partners, even if all or any of the heirs are minors. If the dead partner is an acting partner and the heir is a minor, the minor shall be deemed as a silent partner to the extent of his share from the estate. In such event, the continuity of the company shall not be conditional by issuing a court order to keep the assets of the minor in the company.

2- If the only acting partner withdraws from the Simple Commandite Company; or

3- If, for six months, the Joint Liability Company remains with a single partner and the company fails to adjust its legal position during such period.

Article 297- Continuity of the Joint Liability Company or the Simple Commandite Company by Agreement

1- Unless the Memorandum of Association of the Joint Liability Company or the Simple Commandite Company provides for its continuity for the other partners in the event of withdrawal or death of a partner, issuing a judgment of interdiction or declaring his bankruptcy or insolvency, the partners may, within 60 days from the date of occurrence of any of the above events, resolve unanimously to continue in the company as between themselves. The partners shall enter such agreement with the competent authority within the above sixty days.

2- If the company continues with the remaining partners, the share of the withdrawing partner shall be assessed according to the last inventory, unless the Memorandum of Association of the company provides for another method of assessment. Such partner or his heirs shall have no share in the rights of the company upon such withdrawal other than to the extent such rights are derived from transactions made prior to his withdrawal from the company.

Article 298- Order to Dissolve a Joint Liability Company or a Simple Commandite Company

1- The Court may rule to dissolve any Joint Liability Company or Simple Commandite Company on demand by a partner if the Court finds serious reasons to justify such dissolution. The Court may also rule to dissolve the company on demand of a partner due to the failure by a partner to perform his undertakings.

2- If the reasons justifying the dissolution arise from acts of a partner, the Court may rule to exit him from the company. In such event, the company shall continue as between the other partners and shall deduct the share of the partner upon its assessment in accordance with the last inventory or by any means that the Court may determine to follow.

3- Any condition to deprive a partner from using the right to dissolve a company by the Court shall be deemed void ab initio.

Article 299- Dissolution, Liquidation or Suspension of the Activity of a Sole Proprietorship

1- The Sole Proprietorship Company shall be dissolved upon the death of the natural person or the termination of the legal person that founded it. However, the company shall not be terminated by the death of the natural person in a Sole Proprietorship Company if the heirs choose to continue in the company, upon adjusting its position in accordance with the provisions of this Law. Such heirs shall choose a representative to manage the company on their behalf, within no later than six months from the date of death.

2- If the owner of a Sole Proprietorship liquidates it or suspends its activity prior to the expiry of its term or the achievement of the objective for which it was established in bad faith, the owner shall be liable for its obligations from his own funds.

Article 300- Death or Withdrawal of a Partner in a Limited Liability Company

The death of a partner in a Limited Liability Company or his withdrawal by a judgment of interdiction or declaring his bankruptcy or insolvency shall not lead to its dissolution unless the Memorandum of Association of the company so provides. The share of a partner shall be transferred to his heirs. A legatee shall be considered as an heir.

Article 301- Losses of a Limited Liability Company

1- If the losses of a Limited Liability Company reach half the capital, the Managers shall refer to the General Assembly of the partners the issue of dissolution. The dissolution Decision shall be passed by the applicable majority to amend the Memorandum of Association of the company.

2- If the losses reach three quarters of the capital, the partners holding one quarter of the capital may demand to dissolve the company.

Article 302- Losses of Joint Stock Company

1- If the losses of a Joint Stock Company reach half of its issued capital, the Board of Directors shall within 30 (thirty) days from the date of disclosure to the Ministry or the Authority, as applicable, of the periodical or annual financial statements invite the General Assembly to take a special Decision to resolve the company prior to the expiry of its term or to continue in the activity of the company.

2- If the Board of Directors fails to invite the General Assembly to convene or if the General Assembly fails to issue a Decision in the matter, each concerned party may file a lawsuit before the Competent Court seeking to dissolve the company.

Article 303- Deregistration of the Company

1- Subject to the events as set forth in this Law or in any other Law, if the Ministry, the Authority or the competent authority, as applicable, confirms that the company ceased to conduct its business or that it conducts such business in contravention of the provisions of this Law and the Decisions issued in execution hereof, the Ministry, the Authority or the competent authority, as applicable, shall notify the company that it shall be deregistered within three months from the date of the notice, unless a good reason not to deregister the company is provided.

2- If the Ministry, the Authority or the competent authority, each within its own competence, receives upon the expiry of the three months as set forth in Clause 1 of this Article a confirmation that the company still suspends its business or if the company fails to provide a reasonable justification for such suspension, the issue shall be referred to the competent court to take the required procedure in connection with the liquidation of the company.

3- The liability of the Board members, Managers, Shareholders and Partners of the company deregistered in accordance with the provisions of this Article shall continue as if the company has not been dissolved.

Article 304- Notification of the Competent Authority and the Registrar of the Dissolution

1- The entity authorized to manage the company shall notify the competent authority and the Registrar if any of the reasons for the dissolution of the company is available.

2- If the partners agree to dissolve the company, the agreement shall include the method of liquidation and the name of the liquidator.

3- Upon the dissolution or liquidation of the company, no partner or shareholder shall be entitled to a share of its capital until the repayment of its debts.

Article 305- Entry of the Dissolution of the Company

The Managers of the company, the Chairman and the Liquidator, as applicable, shall enter the dissolution of the Commercial Register with the competent authority and publish the dissolution in two daily local newspapers; one of them is issued in Arabic. The dissolution of the company shall not be effective against third parties until the date of such registration.

Chapter 2
Liquidation of the Company and the Division of its Assets

Article 306- Applicable Provisions in Liquidation

Unless the Memorandum of Association or Articles of Association of the company provides for the method of liquidation or the partners agree otherwise upon the dissolution of the company, the provisions of this Law shall apply to the liquidation of the company.

Article 307- Termination of the Authority of the Managers or the Board of Directors

The authority of the Managers or the Board of Directors shall terminate by the dissolution of the company. However, they shall continue to manage the company and they shall be considered as liquidators to third parties until a liquidator is appointed. The management of the company shall remain in existence during the period of liquidation, and to such extent, and within the powers as the liquidator may see required for the liquidation process.

Article 308- Appointment of the Liquidator

1- The liquidation shall be conducted by one or more liquidators appointed by the partners or under a Decision by the General Assembly or any other similar body, provided that the liquidator is not an auditor of the company at the time being or has already audited its accounts within five years preceding the appointment.

2- If liquidation is made under a judgment, the competent Court shall point out the method of liquidation and appoint the liquidator. In all events, the task of the liquidator shall not be terminated by the death, declaration of bankruptcy, insolvency or interdiction ordered against the partners, even if the liquidator is appointed by the partners.

Article 309- Multiple Liquidators

If there is more than one liquidator, their acts shall not be valid without the unanimous consent of the liquidators, unless the document appointing them provides otherwise. This condition shall not be effective against third parties until the registration thereof in the Commercial Register.

Article 310- The Decision appointing the Liquidator

The liquidator shall enter the Decision appointing him and the agreement of the partners or the Decision issued by the General Assembly concerning the method of liquidation or the judgment issued for such purpose in the Commercial Register. The appointment of the liquidator or the method of liquidation shall not be effective against third parties other than from the date of entry thereof in the Commercial Register. The liquidator shall charge such fee as determined in the document appointing him, failing which the Competent Court shall determine such fee.

Article 311- Dismissal of the Liquidator

1- The liquidator shall be dismissed in the same way as he has been appointed. Any decision or judgment to dismiss a liquidator shall include the appointment of a new liquidator.

2- The dismissal of a liquidator shall be entered in the Commercial Register and such dismissal shall not be effective against third parties other than from the date of such registration.

Article 312- Inventory of the Assets and Liabilities of the Company

The liquidator shall, immediately upon his appointment, shall prepare an inventory of all the assets and liabilities of the company. The managers or the Chairman shall provide to the liquidator the books, documents and assets of the company.

Article 313- Preparation of a List of the Assets and Liabilities of the Company

The liquidator shall issue a detailed list of the assets and liabilities of the company and its balance sheet to be signed by the managers of the company or its Chairman. The liquidator shall keep a book to enter the liquidation procedures.

Article 314- Duties of the Liquidator

The liquidator shall do everything required to maintain the assets and rights of the company and collect the debts of the company from third parties and shall deposit the amounts collected in a bank for the account of the company under liquidation immediately upon such collection.

However, the liquidator may not demand the partners to pay the balance value of their shares other than as required for the liquidation process and provided that the partners are treated equally.

Article 315- The Liquidator as a Representative of the Company

The liquidator shall do all acts required for the liquidation and in particular to represent the company before the Courts, to pay the company's debts, to sell the movables and real estates of the company at a public auction or by any other way, unless the document appointing the liquidator provides for a specific way for the sale. However, the liquidator may not sell the assets of the company all at once without permission from the partners or the General Assembly of the company.

Article 316- Notification of the Creditors of the Liquidation

All the debts payable by the company shall become immediately outstanding upon its dissolution. The liquidator shall notify all the creditors by registered letters with acknowledgment of receipt of the commencement of the liquidation, inviting the creditors to present their claims. The notice shall be published in two local daily newspapers; one of them is issued in Arabic. In all events, the notice of liquidation shall include a period granted to the creditors for at least 45 days from the date of the notice to present their claims.

Article 317- Repayment of the Debts of the Company

If the assets of the company are not sufficient to repay all the debts, the liquidator shall pay part of such debts, without prejudice to the rights of preferred creditors. Every debt arising from the liquidation procedures shall be settled from the funds of the company before any other debts.

Article 318- Deposit of the Debts in the Court Treasury

If some creditors fail to provide their claims, their debts shall be deposited in the treasury of the Competent Court. Sufficient amounts to pay the share of the disputed debts shall also be deposited, unless the holders of such debts obtain adequate securities or it is resolved to adjourn the division of the assets of the company until the conclusion of the dispute in the said debts.

Article 319- New Works of the Company

The liquidator shall not commence new works other than as required to complete previous works. If the liquidator performs any new works not required for liquidation, the liquidator shall be liable from all his funds for such works. If there is more than one liquidator, they shall be jointly liable.

Article 320- Term of Liquidation

The liquidator shall complete his task within the period as determined in the document appointing him. If no such period is determined, any partner may refer the issue to the Competent Court to determine the term of liquidation.

Such period may not be extended other than under a Decision by the partners or under a special Decision by the General Assembly, as the case may be, upon inspection of the liquidator's report stating the reasons for not completing the liquidation in due time. If the term of liquidation is determined by the Competent Court, it may not be extended without the consent of the Court.

Article 321- Interim Account of the Liquidation Procedures

The liquidator shall provide to all the partners or the General Assembly every three months an interim account of the liquidation procedures. The liquidator shall state any information and statements as required by the partners on the status of liquidation. Within one week from the date of the approval by the General Assembly, the liquidator shall notify the partners to receive their dues within no later than 21 days under an announcement to be published in two daily local newspapers, one of them issued in Arabic.

Article 322- Final Account of the Liquidation

1- The liquidator shall, upon completion of liquidation, provide to the partners or the General Assembly or to the Competent Court a final account of the liquidation process. Such process shall be complete upon approval of the final account.

2- The liquidator shall enter the completion of the liquidation in the Commercial Register with the competent authority. The completion of liquidation shall not be effective against third parties other than from the date of such entry. The registration of the company shall be stricken off from the Commercial Register kept with the competent authority.

Article 323- Acts of the Liquidator

The company shall comply with the liquidator's acts required for the procedures of liquidation as long as such acts are within the limits of the liquidator's powers. The liquidator shall not be liable, whatsoever, due to taking such procedures.

Article 324- Liability of the Liquidator

The liquidator shall be liable if he mismanages the affairs of the company during the period of liquidation. The liquidator shall also be liable for the damage incurred by third parties due to his professional faults in the liquidation process.

Article 325- Division of the Assets of the Company

1- The assets of the company resulting from liquidation shall be divided among all the partners upon payment of the debts. Each partner, upon division, shall obtain an amount equal to his share in the capital, and the rest shall be divided among the partners at the pro rate of their shares in the profits. If a partner fails to appear to collect his share, the liquidator shall deposit such share in the treasury of the Competent Court.

2- If the net funds of the company are not sufficient to pay the shares of the partners in full, the loss shall be distributed among them in accordance with the prescribed rate for the distribution of losses.

Article 326- Barring of the Liability Lawsuit by Limitation

1- Upon denial and lack of legitimate excuse, lawsuits against the liquidator on the ground of the liquidation works and lawsuits against the partners, managers or members of the Board or the auditors of the company due to their jobs shall be barred by limitation upon the expiry of three years, unless the Law provides for a shorter period.

2- Such period shall be calculated from the date of entering the completion of liquidation in the Commercial Register in the former event, and from the date of the act creating liability in the latter event.

3- If the act attributed to any of such persons may be a crime, the liability lawsuit shall not be barred until the public lawsuit is barred.

Title 9

Foreign Companies

Article 327- Foreign Companies governed by the Provisions of this Law

Subject to the special agreements made between the Federal Government or the local Government or any entity of either of them and foreign companies, the provisions of this Law, excluding the provisions concerning incorporation, shall apply to the foreign companies that conduct their activities in the State or their place of management is based in the State.

Article 328- Performance by a Foreign Company of its Activity

1- Other than foreign companies licensed to conduct their activities in free zones in the State, foreign companies may not conduct an activity inside the State or set up an office or branch therein without a licence to this effect by the competent authority with the consent of the Ministry. The licence issued shall determine the activity that the company is licensed to conduct.

2- If a foreign company or its office or branch conducts its activity in the State prior to completion of the above procedures in this Law, the persons who conduct such activity shall be personally and jointly liable for such activity.

Article 329- Agent of Foreign Company

The agent of a foreign company shall be a UAE national. If the agent is a company, it shall be a UAE company and all its partners shall be UAE nationals. The obligations of the agent to the company and third parties shall be limited to providing such services to the company, without any responsibility or financial obligations in connection with the business or activity of the branch or office of the foreign company inside the State or abroad.

Article 330- Registration Procedures of Foreign Companies

1- No foreign company shall conduct its activity in the State unless entered in the Foreign Companies Register with the Ministry in accordance with the provisions of this Law and until the company has obtained the required approvals and licences under the applicable Laws in the State.

2- The procedures of registration in the Foreign Companies Register and the conditions to prepare the accounts and balance sheets of the branches of foreign companies in the State shall be determined under a Decision by the Minister. The office or branch of a foreign company shall be deemed as its domicile in respect of its activity in the State. The activity to be conducted shall be governed by the provisions of the applicable Laws in the State.

3- The Ministry shall issue such Decisions stating the documents required to be attached to the application for registration. Such Decisions may determine such events and conditions that should be observed for the management and closure of the branch or office of the foreign company.

4- In the event of closure of a branch of a foreign company, the Ministry shall strike off the name of such branch or office from the Foreign Companies Register kept by the Ministry.

Article 331- Balance Sheet of the Foreign Company

Other than representative offices, foreign companies or their branches shall have an independent balance sheet and an independent profits and losses account and shall have an auditor registered in the roll of auditors operating in the State. Such foreign companies or branches shall be provide to the competent authority and the Ministry annually a copy of the balance sheet and the final accounts, together with a report by the auditor and a copy of the final accounts to its holding company, if any.

Article 332- Representative Offices

1- Foreign companies may establish representative offices whose object is limited to market and production capabilities study without performance of any commercial activity.

2- The Executive Decisions of this Law shall determine the aspects of control exercised by the Ministry and the competent authority on such offices.

Title 10
Control and Inspection of Companies

Article 333- Control of Companies

1- Subject to the jurisdictions of the Central Bank, the Ministry, the Authority and the competent authority, as applicable, shall have the right of control of joint stock companies and to inspect the works, books or any papers or records at the branches and subsidiaries of the companies inside the State and abroad or in the custody of the auditor or any other company related to the company, the subject matter of inspection. It may, together with the Inspection Committee, seek the assistance of one or more experts with the required technical and financial experience in the subject matter of inspection, to verify that the company is compliant with the provisions of this Law and the decisions issued in execution hereof and with the Articles of Association of the company. The inspectors may demand, at their own discretion, any information or statements from the Board of Directors, the Executive Officer, the Managers or the Auditors of the company.

2- The Ministry, the Authority or the competent authority, as the case may be, may request to dissolve the company if incorporated or if it performs its activity in violation of the provisions of this Law. The Competent Court shall decide on such request as a matter of urgency.

Article 334- Inspection Regulation

The Minister shall issue the regulation for inspection of the private joint stock companies. The Board of Directors of the Authority shall issue the regulation for inspection of Public Joint Stock Companies. The regulation shall determine the inspection procedures and the powers and duties of the inspectors.

Article 335- Request for Inspection of the Company

1- Subject to the provisions of Articles 333 and 334 of this Law, shareholders holding at least 10% of the capital of the company may request the Minister or, as applicable, the Authority to order to inspect the company in respect of the serious breaches attributed to the members of the Board or the auditors upon performing their duties as provided by this Law or the Articles of Association so long reasons to make the occurrence of such breaches highly probable.

2- The request for inspection shall include:

a- Such evidence that the applicants have serious grounds to justify taking such procedures.

b- The deposit by the applicant shareholders of their shares and to remain deposited until the conclusion of the request.

3- The Ministry or, as applicable, the Authority may, after hearing the statements of the applicants and the Board members or any other similar body and the auditors at a secret hearing, order to inspect the works, books or any papers or records with another company associated with the company, the subject matter of inspection, or in the custody of the auditor, and may appoint for such purpose one or more experts at the expense of the applicants for inspection.

Article 336- Facilitating the Work of the inspectors

Subject to the provisions of Article 333 of this Law, the Chairman, Executive Officer, General Manager, personnel and Auditors of the company shall provide to those assigned for inspection all the books, minutes of meeting (Board of Directors, committees and General Assemblies), records, documents and papers of the company as they deem necessary and provide the required statements and information.

Article 337- Inspection Report

1- Subject to the provisions of Articles 334 and 335 of this Law, upon completion of the inspection, the inspectors shall provide a final report to the Minister in respect of Private Joint Stock Companies or to the Chairman of the Authority in respect of Public Joint Stock Companies.

2- If the Ministry or, as applicable, the Authority finds that there are breaches constituting a crime against the Board members or the auditors, it shall invite the General Assembly to convene. In such event, the meeting shall be chaired by the representative of the Ministry or the Authority, as the case may be, of a degree of an executive officer or any similar officer, to consider the following:

a- The dismissal of the Board members and filing the liability lawsuit against them; and

b-The dismissal of the auditors and filing the liability lawsuit against them.

3- The Decision by the General Assembly shall be valid in the event as set out in Clause 2 of this Article if approved by the present majority upon exclusion of the share of the Board member whose dismissal is under consideration. In the event of the Board member that represents a legal person, the share of such legal person shall be excluded.

Article 338- Publication of the Results of Inspection

If the Ministry or, as applicable, the Authority finds that the breaches attributed by the applicants for inspection to the Board members or the auditors are not true, the Ministry or the Authority may order to publish the result of inspection in a daily local newspaper issued in Arabic and require the applicants for inspection to pay its costs, without prejudice to civil and penal liability as applicable.

Title 11
Penalties

Chapter 1
Crimes where Reconciliation is possible

Article 339- Regulation of Conciliation

1- The criminal lawsuit for the crimes set forth in Chapter One of this Title shall not be filed unless by a written request from the Chairman of the Authority or his representative concerning the crimes related to the Public Joint Stock companies and from the Minister or his representative for the crimes related to others. Conciliation is possible before referral of the criminal lawsuit to the competent Court against payment of an amount not less than two times the minimum fine limit, if any, and equivalent to the daily fine.

2- In the event of repetition of the crime within one year from the conciliation or return to the crime after issuance of a final judgment, the fines set forth in this Chapter in their minimum and maximum limits shall be doubled.

3- The Minister or the Authority, as applicable, shall issue the conciliation rules and procedures.

Article 340- Failure to Comply with the Decision of the Registrar

A fine of AED 1,000 (one thousand) per day shall be imposed on any company that fails to comply with the decision by the Registrar concerning the change of the name of the company. Such fine shall be calculated upon the expiry of 30 working days from the date of notifying the decision to the company.

Article 341- Failure to List

A fine of AED 2,000 (two thousand) per day shall be imposed on any Public Joint Stock Company that fails to be listed in a financial market in the State. Such fine shall be calculated for every day of delay after expiry of the required period for listing in accordance with the provisions of this Law.

Article 342- Rejection of Inspection by Concerned Parties

A fine of at least AED 10,000 (ten thousand), but not more than AED 50,000 (fifty thousand) shall be imposed on the company that rejects to enable the partner or shareholder to inspect the minutes of meetings of the General Assembly or the company's books, documents or any records related to a transaction concluded by the Company with relevant parties.

Article 343- Failure to Invite the Annual General Assembly to Convene

A fine of at least AED 50,000 (fifty thousand), but not more than AED 100,000 (one hundred thousand) shall be imposed on the Chairman of a Joint Stock Company if he fails to invite the Annual General Assembly of the company to convene within the period as determined by this Law or if he publishes the invitation without the prior consent of the Ministry or, as applicable, the Authority, and on any Director that deliberately prevents the invitation or convention of the General Assembly.

Article 344- Failure to Invite the General Assembly in Case of Losses

A fine of at least AED 50,000 (fifty thousand), but not more than AED 1,000,000 (one million) shall be imposed on the Chairman of a Joint Stock Company or the Chairman of a Limited Liability Company if the losses of the company reach half of its capital and the Board fails to invite the General Assembly of the company to convene in accordance with the provisions of this Law.

Article 345- Failure to Invite the General Assembly on Demand by the Ministry or the Authority

A fine of at least AED 100,000 (one hundred thousand), but not more than AED 300,000 (three hundred thousand) shall be imposed on the Chairman of a Joint Stock Company or his representative if he fails to invite the General Assembly of the company to convene upon receipt of a request to this effect from the Ministry or, as applicable, the Authority.

Article 346- Failure to invite one of the Board Members to Attend the Board Meetings

A fine of at least AED 50,000 (fifty thousand), but not more than AED 100,000 (one hundred thousand) shall be imposed on the Chairman of a Joint Stock Company or his representative if he fails to invite a Board member to attend the Board meetings.

Article 347- Rejection to Provide Assistance to the Auditors or Inspectors

A fine of at least AED 10,000 (ten thousand), but not more than AED 100,000 (one hundred thousand) shall be imposed on the Chairman, Board member, Executive Officer, General Manager or other employee of a company if he rejects to provide documents or information to the auditors of the company or to the inspectors from the Ministry or the Authority to perform their duties, conceals information or explanations or provides misleading information to such auditors or inspectors.

Article 348- Failure to keep Accounting Records

A fine of at least AED 50,000 (fifty thousand), but not more than AED 500,000 (five hundred thousand) shall be imposed on the national or foreign company that fails to keep accounting records for the company to state its deals.

Article 349- Failure to keep Accounting Records for the Period determined in this Law

A fine of at least AED 20,000 (twenty thousand), but not more than AED 100,000 (one hundred thousand) shall be imposed on the national or foreign company that fails to keep accounting records for the period determined in this Law.

Article 350- Auditors not approved by the Authority

1- A fine of at least AED 20,000 (twenty thousand), but not more than AED 100,000 (one hundred thousand) shall be imposed on the auditor that audits the accounts of a Joint Stock Company in the State without being approved by the Authority.

2- A fine of at least AED 50,000 (fifty thousand), but not more than AED 200,000 (two hundred thousand) shall be imposed on the Chairman of a Joint Stock Company, who assigns an auditor to audit the accounts of the company without being approved by the Authority.

Article 351- Non-Compliance by Shariah Controller and Members of the Internal Shariah Control Committee

A fine of at least AED 10,000 (ten thousand), but not more than AED 50,000 (fifty thousand) shall be imposed on the Shariah Controller and each member of the Internal Shariah Control Committee in companies that operate according to the provisions of the Islamic Shariah, who fails to comply with the requirements to perform their work as determined under a Decision by the Cabinet.

Article 352- Failure to refund Amounts in Excess of Subscription

A fine of at least AED 500,000 (five hundred thousand), but not more than AED 10,000,000 (ten million) shall be imposed on such entity or entities that delay in repayment of the extra amounts paid by the subscribers and the returns thereon, in respect of which no shares are allocated during the period as determined in this Law.

Article 353- Breach of the Percentage of Contribution by UAE Nationals

A fine of at least AED 20,000 (twenty thousand), but not more than AED 200,000 (two hundred thousand) shall be imposed on every company that violates the provisions in connection with the percentage of contribution by the UAE nationals in the capital of the companies or the percentage of UAE Directors in their Boards.

Article 354- Disposition of the Shares in Violation to the Provisions of this Law

A fine of at least AED 20,000 (twenty thousand), but not more than AED 200,000 (two hundred thousand) shall be imposed on any person that may dispose of the shares in breach of the rules as provided by this Law.

Article 355- Failure to Register the Foreign Company with the Registrar or the Competent Authority

A fine of at least AED 100,000 (one hundred thousand), but not more than AED 500,000 (five hundred thousand) shall be imposed on a foreign company or its branch or office in the State if not registered with the Registrar or the competent authority.

Article 356- Performance of a Commercial Activity by a Representative Office

A fine of at least AED 100,000 (one hundred thousand), but not more than AED 500,000 (five hundred thousand) shall be imposed on a representative office of a foreign company in the State if it performs a commercial activity inside the State.

Article 357- Late Adjustment of the Positions

A fine of AED 2,000 (two thousand) per day of delay shall be imposed on any company that fails to amend its Memorandum of Association and Articles of Association to be compliant with the provisions of this Law. Such fine shall be calculated from the day following the expiry date of the applicable period for such purpose.

Article 358- Publication of the Invitation to Public Subscription without the Consent of the Authority

A fine of at least AED 100,000 (one hundred thousand), but not more than AED (ten million) 10,000,000 shall be imposed on the company, entity or natural or legal person inside the State or abroad or in the free zones that fails to obtain the approval of the Authority prior to the publication of announcements including an invitation to the public for subscription in any shares, bonds or other securities, whether the announcement is made by way of publication in the daily newspapers or the magazines or by any other means of public advertisement in the State.

Article 359-Receipt of Public Subscriptions without the Consent of the Authority

A fine of at least AED 100,000 (one hundred thousand), but not more than AED 10,000,000 (ten million) shall be imposed on every entity or company that receives money from subscription to shares, bonds or any other securities without the consent of the Authority.

Article 360- Violation of the Provisions of this Law and the Decisions in Execution Hereof

A fine of at least AED 10,000 (ten thousand), but not more than AED 100,000 (one hundred thousand) may be imposed on whoever violates the provisions of this Law for which a penalty is not stated or whoever violates the rules, regulations or decisions issued in execution thereof.

Chapter 2
Crimes where Conciliation is not possible

Article 361- Providing False Statements or Statements in Violation of the Law

A person shall be punished by imprisonment for a period between six months and three years and/ or a fine between AED 200,000 (two hundred thousand) and AED 1,000,000 (one million) if he deliberately inserts in the Memorandum of Association or Articles of Association of the company or in the prospectuses of shares or bonds or in any other documents of the company, any false statements or such statements in violation of the provisions of this Law, any other person that may, knowingly, signs or distributes such documents.

Article 362- Overvaluation of the Contributions In kind

Any person that may, in bad faith, assesses the contributions in kind provided by the founders or shareholders in excess of their actual value shall be punished by imprisonment for a period between six months and three years and/ or a fine between AED 500,000 (five hundred thousand) and AED 1,000,000 (one million).

Article 363- Distribution of Profits or Interests in Violation to the Law

Any manager or Board member who distributes to the shareholders or others profits or interests in contravention of the provisions of this Law or the Memorandum of Association or Articles of Association of the company and any auditor who approves such distribution while being aware of such contravention shall be punished by imprisonment for a period between six months and three years and/ or a fine between AED 50,000 (fifty thousand) and AED 500,000 (five hundred thousand).

Article 364- Concealing the True Financial Position of the Company

Any manager, Board member, auditor or liquidator who deliberately provides false statements in the balance sheet or the profits and losses account or in a financial report or omits material incidents in such documents for the purpose of concealing the true financial position of the company shall be punished by imprisonment for a period between six months and three years and/ or a fine between AED 100,000 (one hundred thousand) and AED 500,000 (five hundred thousand).

Article 365- False Incidents in the Inspection Report

The penalty of imprisonment between three months and two years and/ or a fine of at least AED 10,000 (ten thousand), but not in excess of AED 100,000 (one hundred thousand) shall apply against:

1- Any person appointed by the Ministry, the Authority or the competent authority to inspect the company, who deliberately states in the inspection report false incidents or deliberately omits to state material incidents that may affect the results of inspection; and

2- The Chairman, a Board member, the Executive Officer or the General Manager of the company who deliberately declines to provide documents or information to the inspectors after the Ministry or the Authority imposes the applicable fine in accordance with the provisions of Article 347 of this Law.

Article 366- Deliberate Damage to the Company by the Liquidator

Any liquidator who deliberately causes damage to the company, the shareholders, the partners or the creditors shall be punished by imprisonment for a period between three months and three years and/ or a fine between AED 50,000 (fifty thousand) and AED 500,000 (five hundred thousand).

Article 367- Issuing Securities in Violation to the Provisions of this Law

Any person who issues or offers to trade in shares, subscription receipts, interim certificates or bonds in violation to the provisions of this Law shall be punished by imprisonment for a period between three months and two years and/ or a fine between AED 100,000 (one hundred thousand) and AED 500,000 (five hundred thousand).

Article 368- Giving a Loan, Guarantee or Security

The penalty of imprisonment for no later than three months and/ or a fine of at least AED 100,000 (one hundred thousand), but not in excess of AED 500,000 (five hundred thousand) shall apply against:

1- Any Board member of the Joint Stock Company who obtains for himself or for his spouse or relatives up to the second of kin a loan, guarantee or security from the company where he is a Board member, in violation to the provisions of this Law, and shall be required to repay such loan, guarantee or security.

2- The Chairman, Board member, Executive Officer or General Manager of a Joint Stock Company who accepts to provide a loan, guarantee or security to a Board member of the company or to his spouse or relatives up to the second of kin a loan, in violation to the provisions of this Law.

Article 369- Disclosure of the Secrets of the Company

The penalty of imprisonment for no later than six months and/ or a fine of at least AED 50,000 (fifty thousand), but not in excess of AED 500,000 (five hundred thousand) shall apply against:

1- Any person who utilizes the statements or information obtained from the Constituent Committee at any stage of incorporation of the company from the legal or financial consultants or the subscription manager, the subscription coverage sponsor or the parties participating in the incorporation procedures or their representatives.

2- The Chairman, Board member or other employee of the company, who utilizes or discloses a secret of the company or deliberately attempts to cause damage to the activity of the company.

Article 370- Influencing the Prices of Securities

The Chairman, Board member or other employee of the company who participates, directly or indirectly, with any entity that makes transactions for the purpose of influencing the prices of securities issued by the company shall be punished by imprisonment for a period of no later than six months and/ or a fine of at least AED 1,000,000 (one million) but not in excess of AED 10,000,000 (ten million).

Article 371- Imposition of Severer Penalty

The penalties as provided by this Law shall be without prejudice to any severer penalty in any other Law.

Article 372- Criminal Liability

Criminal Liability for the contraventions as provided by this Law and committed by the company, shall be addressed to the legal representative of the company.

Article 373- Capacity of Judicial Officers

The employees appointed under a Decision by the Minister of Justice in agreement with the Minister and in coordination with the Authority or the competent authority, as the case may be, shall have the capacity of Judicial Officers to report any acts in contravention of the provisions of this Law and the Regulations and Decisions issued in execution thereof, within the scope of jurisdiction of each of them.

Title 12

Provisional and Final Provisions

Article 374- Adjustment of Positions

1- Existing companies that the provisions of this Law apply thereto shall adjust their positions according to the provisions of this Law within no later than one year from the effective date of this Law. Such term may be extended for another similar term under a Decision by the Cabinet on a proposal made by the Minister.

2- Subject to the penalties as provided by this Law, if a company fails to comply with the provision of Clause 1 of this Article, the company shall be deemed as dissolved in accordance with the provisions of this Law.

Article 375- Rules of Motivation of Companies

The Cabinet shall issue the rules necessary for the motivation of the companies to commence their social liability and the stages of implementation thereof.

Article 376- Revocation of Contrary Provisions

Any provision contrary to or in conflict with the provisions of this Law is hereby revoked. The Federal Law No. 8 of 1984 and its amending laws concerning commercial companies are also hereby repealed.

Article 377- Issuing Implementing Regulations and Decisions

The Regulations and Decisions issued in implementation of the provisions of the Federal Law No. 8 of 1984 concerning commercial companies shall continue to be in force to the extent not in conflict with the provisions

of this Law, until such time the Ministry and the Authority, as applicable, issues the Regulations, Rules and Decisions as required to implement the provisions of this Law.

Article 378- Publication and Effective Date

This Law shall be published in the Official Gazette and shall come into force within three months from the date of such publication.

Issued by us in the presidential palace in Abu Dhabi
On 5 Jumada Al Akhira 1436 H
Corresponding to 25 March 2015

Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates