

Law No. 11 of 2015
Promulgating the Commercial Companies Law

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We, Tamim Bin Hamad Al Thani, Emir of the State of Qatar,

Having Reviewed:

The Constitution;

Law No. (13) of 2000 Regulating the Investment of Foreign Capital in Economic Activities, as amended;

Commercial Companies Law promulgated by Law No. (5) of 2002, as amended;

Civil Code of Qatar promulgated by Law No. (22) of 2004;

Law No. (25) of 2005 Concerning the Commercial Register as amended by Law No. (20) of 2014;

The Commercial Code by Law No. (27) of 2006, amended by Law No. (7) of 2010;

Law No. (8) of 2012 Concerning Qatar Financial Markets Authority (QFMA);

Law of the Qatar Central Bank and the Regulation of Financial Institutions promulgated by Law No. (13) of 2012;

Emiri Decree No. (20) of 2014 Concerning the Organisational Structure of the Ministry of Economy and Commerce;

Proposal submitted by the Minister of Economy and Commerce;

Draft Law submitted by the Council of Ministers; and

Having consulted with the Shura Council,

Do hereby enact the following Law:

Article (1)

The provisions of the Commercial Companies Law attached hereto shall come into full force and effect.

Article (2)

All addressees of the provisions of the attached law shall reconcile their positions to conform with its provisions within six (6) months of the law coming into effect.

Such period may be extended for one or more similar period(s) at the sole discretion of the Minister of Economy and Commerce.

Article (3)

The Minister of Economy and Commerce shall issue the necessary resolutions for the implementation of the provisions of the attached law. Until such resolutions are issued, the

current applicable resolutions shall in effect, provided they do not contradict the provisions of the attached law.

Article (4)

The Commercial Companies Law referred to shall hereby be repealed, and any provision inconsistent with the provisions hereof shall also be cancelled.

Article (5)

All competent authorities shall, each within its area of competence, implement this law, which shall be published in the Official Gazette.

**Tamim Bin Hamad Al Thani
Emir of the State of Qatar**

Issued in Amiri Court on 29/08/1436 (AH)
Corresponding to: 16/06/2015 (AD)

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Commercial Companies Law

Chapter (1)

General Provisions

Article (1)

In applying the provisions of this law, the following words and phrases shall have the following meanings unless the context requires otherwise:

Ministry:	the Ministry of Economy and Commerce;
Minister:	the Minister of Economy and Commerce;
Department:	the Ministry's competent administrative department;
Authority:	Qatar Financial Markets Authority;
Financial Market:	the market licensed by the Authority to deal in securities;
Company's Contract:	a company's Memorandum of Association;
Governance:	the rules through which commercial companies are administered and governed. Such governance principles specify the distribution of rights and responsibilities between the various stakeholders in the company such as the board of directors, managers, shareholders and other stakeholders and specifies the principles and procedures for the taking of decision relating to the company;
Underwriter:	an authorised bank in the State or another company licensed to carry out underwriting activities.

Article (2)

A commercial company is an agreement under which two or more natural or legal persons commit to contribute to a profit-generating project, by way of providing capital or work and sharing the profit generated or loss sustained from the project.

The company may comprise only one person in accordance with the provisions of Chapter (8) of this law.

Article (3)

Every company incorporated in the State of Qatar shall be a Qatari company, and the headquarters thereof shall be based in Qatar. However, this provision shall not dictate that the company enjoys the rights that are legally confined to Qataris, unless it is fully owned by Qatari nationals.

Article (4)

A company established in the State shall have one of the following forms:

1. Joint Liability Company.
2. Limited Partnership.
3. Joint Venture Company.
4. Public Shareholding Company.
5. Private Shareholding Company.
6. Partnership Limited by Shares.
7. Limited Liability Company.

Article (5)

Any company failing to adopt any of the forms contained in the previous Article shall be null and void. The persons who enter into contracts in the company's name shall be personally and jointly liable for the obligations arising out of such contract.

Article (6)

Except for joint venture companies, a Company's Contract as well as any amendment thereto shall be in Arabic and authenticated; otherwise, the Company's Contract or the amendment shall be invalid.

The procedure for the authentication of the Company's Contract shall be set by a decision of the competent authority in liaison with the Minister.

The Company's Contract or any amendment thereto may be accompanied by a translation in any other foreign language, and in the event of discrepancy, the Arabic version shall prevail.

Article (7)

The partners may hold against each other the invalidity arising out of not writing the Company's Contract or not having it legally authenticated. However, they may not invoke the invalidity against third parties who are entitled to claim invalidity thereof against them.

Article (8)

Except for joint venture companies, a company shall not have a legal personality until it is declared in accordance with the provisions of this law. The company's manager or members of its board, as the case may be, shall be jointly liable for the damages caused to third parties due to their failure to declare the company.

Article (9)

The partner's share shall be a specific sum of money or in kind that serves the purposes of the company. It may also be work provided by the partner himself. However, the partner's share may not be represented by the reputation or influence he has.

The company's capital shall comprise of cash shares and in kind shares, or one of them.

Article (10)

If the partner's share is a proprietary right or any other in kind right, the partner shall be held liable in accordance with the rules applicable to sale contracts for the guarantee of the share in case of loss, maturity, or the emergence of any defect or deficiency thereof.

If the share is utilising the funds, the provisions applicable to a lease agreement shall apply to the matters mentioned in the previous paragraph.

If a partner's share includes rights owed to third parties, such partner's liability vis-à-vis the company shall not be released until such rights are performed when due, unless otherwise agreed.

If a partner's share involves his work, then all earnings generated from such work shall be the right of the company, unless the partner obtains such earning from patent rights, unless otherwise agreed.

A partner whose share is their work shall not be allowed to practice the same work for their own interest or for the interest of third parties unless otherwise agreed.

Article (11)

Every partner shall be indebted to the company in the amount of share undertaken by such partner. Should he fail to provide the same on the due date, he shall be held liable vis-à-vis the company for the damages resulting from such delay.

Article (12)

A personal creditor of any partner may not claim his right from the share of his debtor in the company's capital, but he may claim his right from the said debtor's share in the profits, in accordance with the balance sheet of the company. If the company is dissolved, the right of the creditor shall be taken from the debtor's share with regard to the company's surplus after the payment of the company's debts.

If the share of the partner is represented by shares, the personal creditor of the partner shall, in addition to the rights referred to in the previous paragraph, have the right issue proceedings before the competent court to sell such shares and collect their rights from the proceeds of the sale and to request that a provisional attachment be ordered to guarantee their entitlement owed by the debtor.

Article (13)

The Company's Contract may not include any provision depriving a partner from profit or relieving them from bearing loss, otherwise, such provision shall be invalid.

However, it may be stipulated that a partner who contributes his work shall be relieved from bearing loss.

Article (14)

If a Company's Contract does not stipulate the partner's share in the profit or loss, their share shall be pro rata to their share in the capital.

If the Company's Contract is limited to specifying a partner's share in the profit, their shares in the loss shall be equivalent to their respective share in the profit. The same shall apply where the Company's Contract provides for the partner's share in the loss only.

If the share of the partner is limited to their work and the Company's Contract does not specify their share in the profit or loss, the company shall assess his work, and such assessment shall constitute the basis for determining their share in the profit or loss, in accordance with the forgoing rules.

If there are multiple partners with their shares limited to their work without having their respective shares determined, such shares shall be deemed equal, unless otherwise proven.

If the partner, in addition to his work, provides cash or in kind shares, he shall be entitled to a share in the profit or loss in return for his work plus another share in consideration for his cash or in kind share.

Article (15)

No fictitious profits may be distributed to the partners; otherwise, the company's creditors may demand that every partner returns what they have received, even if done in good faith. The partner shall not pay back true profits received in a year, even if the company sustains losses in the following years.

Article (16)

All contracts, correspondences, documents, announcements and other papers issued by the company shall bear the company's name, its legal form, headquarters and commercial registration number.

Excluding joint liability companies and limited partnership companies, the abovementioned information shall include a statement of the company's capital and the paid-up amount thereof.

If the company is under liquidation, this must be mentioned in the papers issued by the company.

Article (17)

The provisions of this law shall apply to foreign companies engaged in business activities in the State, excluding the provisions governing incorporation of companies.

Article (18)

Except for companies subject to the supervision of the Qatar Central Bank, the Minister shall issue the rules regulating Governance in respect of Private Shareholding Companies. As for Public Shareholding Companies listed on the Financial Market, the Authority shall issue the relevant Governance rules.

In all cases, the company's board of directors shall apply the Governance rules referred to, taking into account that the company's incorporation documents shall contain no issue contravening such rules.

Article (19)

The Minister shall issue a decision defining the procedures for incorporating companies and issuing of the necessary licences, in a way that ensures speedy and smooth processing, including the representation of all the relevant bodies under the single-window system.

Article (20)

Without prejudice to the specific provisions for each company, the provisions of this Chapter shall apply to all the companies set forth in this law.

Chapter (2) Joint Liability Company

Article (21)

A joint liability company is a company comprising of two or more natural persons, who shall be jointly liable in all their monies for the company's obligations.

Article (22)

The name of a joint liability company shall consist of the names of all the partners. Such name may be limited to the name of one or more partners in addition to the expression "and partners". The name of the company shall reflect the reality. If it contains the name of a person who is not a partner, but is aware of the same, such person shall be jointly responsible for the debts of the company. However, the company may keep the name of a partner who has withdrawn therefrom or died, provided that the withdrawn partner or the heirs of the deceased partner accept the same.

The company may have a special trade name, provided it is associated with what evidences that it is a joint liability company.

Article (23)

The Company's Contract of a joint liability company shall include the following:

1. The name of the company, its objects, headquarters and branches (if any).
2. The name of each partner, their occupation, title, nationality, date of birth and domicile.
3. The capital of the company and the shares that each partner has committed to provide, whether in cash, in kind or as rights with third parties, the value estimated for such shares, the method of providing such shares and the due date for each.
4. The date of incorporation of the company and its term.
5. The method by which the company is to be managed together with the names of the authorised signatories for the company and their powers.
6. The start and end dates of the company's financial year.
7. The method for distributing profit and loss.

Article (24)

The partners shall lay down written by-laws for the company, containing the detailed provisions agreed upon for the management of the company. A copy of such by-laws shall be enclosed with the Company's Contract.

Article (25)

The Company's Contract and any amendments thereto shall be declared by being documented in the commercial register. A summary of the Company's Contract and every amendment thereto shall be published in a local daily newspaper issued in Arabic at the company's expense.

The existence of the company shall not be effective as evidence against third parties until the registration and publication procedures are completed. Failure to fulfil such procedures shall result in any claims filed by the company against third parties not to be accepted.

However, third parties may invoke the existence of the company, even if the registration and publication procedures have not been fulfilled.

Article (26)

A partner in a joint liability company shall have the capacity of a trader, and shall be deemed to have engaged in commercial activities in the name of the company. The bankruptcy of the company shall give rise to the bankruptcy of all of its partners.

Article (27)

The shares of partners in a joint liability company may not be negotiable securities.

Article (28)

Shares held in a joint liability company may not be transferred, except with the consent of all the partners or in accordance with the provisions of the Company's Contract. In such case, the Company's Contract shall be amended and the transfer shall be declared in accordance with the provisions of Article (25) of this law.

Any agreement providing for the transfer of shares without restriction shall be void. However, a partner may transfer the rights related to their share in the company to third parties, but such agreement shall not have any effect other than between the contracting parties.

Article (29)

The creditors of the company shall have the right to claim their rights from the monies of the company. They shall also be entitled to claim their rights from any partner in their personal assets.

All partners shall be jointly liable vis-à-vis the creditors of the company.

The enforcement against the assets of a partner due to the liabilities of the company is not permitted except after a final court judgment is obtained against the company and the company fails to make payment after notice is served.

The court judgment entered against the company shall be effective against the partner.

If any of the partners fulfils any debt owed by the company, he shall have the right to claim the debt amount from the company. He is also entitled to claim the same from the other partners in accordance with their respective shares in the debt. If any of the partners is insolvent, the consequences of such insolvency shall be borne by the partner who has paid the debt as well as all the solvent partners, each in accordance with their share.

Article (30)

A partner may not without the approval of the other partners, engage in any business similar to the company's business, for their own benefit or for the benefit of third parties, or become a partner in a competing company if such company is a joint liability company, a limited partnership company, a partnership limited by shares, a limited liability company or a private shareholding company.

If a partner is in breach of the above, the company shall have the right to claim compensation and to consider the operations carried out by the partner for his own benefit as being made for the company's benefit.

Article (31)

If a partner joins the company, he shall be held jointly liable with the other partners in all his assets for the company's debts incurred before and after joining. Any agreement made between the partners to the contrary shall not be effective as evidence against third parties.

Article (32)

If a partner withdraws from the company, he shall not be liable for the debts incurred by the company after the declaration of his withdrawal in accordance with Article (25) of this law.

Article (33)

If a partner transfers his shares in the company, he shall not be relieved from the debts thereof vis-à-vis its creditors, unless the creditors approve such transfer.

Article (34)

Decisions of a joint liability company shall be issued unanimously, unless the Company's Contract provides otherwise.

Notwithstanding that, the decisions relating to the amendment of the Company's Contract shall only be valid if issued unanimously.

Article (35)

The company shall be managed by all the partners, unless the management duties are assigned, by virtue of the Company's Contract or a separate agreement, to one or more partners or to one or more non-partners.

Article (36)

Where there are multiple managers and every manager is assigned to a particular duty, every manager shall only be responsible for his duties.

Where there are multiple managers and it is stipulated that they jointly undertake the management, their decisions shall not be valid unless they are issued unanimously or by the majority stipulated in the Company's Contract.

However, each manager shall be entitled to carry out urgent business omission of which would cause the company substantial loss or loss of considerably high profit.

Where there are multiple managers and no particular duty is assigned to each of them, nor is it stipulated that they work collectively, any of them may carry out any management duty, provided that the others are entitled to raise any objection to the work before it is completed. In this case, the matter shall be settled in accordance with the majority of managers. In case of a tie, the matter shall be referred to the partners.

Article (37)

If the manager is a partner and appointed in the Company's Contract, he may only be dismissed with the consensus of the other partners or by a decision of the competent court upon the request of the majority of partners.

The dismissal of the manager in any of these two cases shall result in the dissolution of the company, unless the Company's Contract provides otherwise.

If the manager is a partner and appointed by an independent contract or the manager is not a partner, whether appointed in the Company's Contract or in an independent contract, they may be discharged by a decision of the majority of partners. This dismissal shall not lead to the dissolution of the company.

Article (38)

If the manager is a partner and appointed in the Company's Contract, they may not give up management except for acceptable reasons, otherwise they shall be liable for compensation. Their resignation shall result in the appointment of a new partner with the consensus of all the other partners to replace him, unless the Company's Contract provides otherwise.

If the manager is a partner appointed under an independent contract or is a non-partner whether appointed in the Company's Contract or in an independent contract, they shall have the right to give up management, provided that they should choose the suitable time to resign and inform the partners at least sixty (60) days beforehand, unless the Company's Contract provides otherwise or else they shall be liable for compensation.

Article (39)

The manager shall have the right to engage in all the normal management duties which comply with the objects of the company and may reconcile the company's rights or request arbitration if it is in the company's interest unless the Company's Contract limits their authority in this regard.

The company shall be bound by any work carried out by the manager in the name of the company within the limits of their authority, even if the manager uses the signature of the company for their own account, unless the counterparty is acting in bad faith.

Article (40)

The manager may not act beyond the scope of ordinary management except with the consent of the partners or by an explicit provision in the contract. Such restriction shall apply, in particular to the following acts:

- 1- Donations, except ordinary small donations.
- 2- Selling the company's real estate, unless the act is related to the objects of the company.
- 3- Mortgaging the company's real estate even if they are allowed to sell real estate in the Company's Contract.
- 4- Selling or mortgaging the company's store.
- 5- Guaranteeing the debts of third parties.

Article (41)

The manager may not conclude contracts for their own account with the company except with the written permission of all the partners, to be issued on a case by case basis.

The manager may not engage in any activity similar to that of the company's except with the written approval of all partners.

Article (42)

The manager shall be liable for the damages sustained by the company, the partners or third parties due to their violation of the provisions of the Company's Contract or the contract appointing them or due to any negligence or errors by the manager in performing their duties. Any term to the contrary shall be void.

Article (43)

A non-managing partner may not interfere in the management. However, they may review its business and inspect the records and documents of the company at its headquarters, extract a brief statement on the financial position of the company by themselves or through their agent, and provide the manager with advice. Any agreement to the contrary shall be void.

Article (44)

The profit, loss and shares of each partner shall be determined at the end of the financial year of the company in accordance with the balance sheet and the profit and loss account.

Each partner shall be considered to be a creditor of the company to the extent of their share in the profits once this share is determined by approving the balance sheet.

Any deficit in the capital of the company due to the losses shall be made up from the profits of the subsequent years unless otherwise agreed. Apart from that, the partner may not be bound to make good any deficit in their share of the capital due to the losses except with his consent.

Chapter (3)
Limited Partnership

Article (45)

A limited partnership shall comprise two categories of partners:

- 1- joint partners, who shall manage the company and be jointly liable for all the liabilities of the company in their personal assets;
- 2- silent partners, who contribute to the capital of the company without being responsible for the obligations of the company, except to the extent of the capital they provide to the company or what they undertook to pay to the company.

Article (46)

All joint partners shall be natural persons.

Article (47)

The Company's Contract shall state the names of the joint and silent partners.

Article (48)

The name of the limited partnership shall only include the names of the joint partners, in addition to what conveys the existence of other partners.

It may have a special commercial name, provided that the name is accompanied with what shows that it is a limited partnership.

The name of the silent partner shall not be included in the name of the company. If this is mentioned with the knowledge of the silent partner, he shall be jointly responsible for the liabilities of the company towards third parties acting in good faith.

Article (49)

The silent partner may not interfere in the management of the company even under a power of attorney; otherwise, he shall be jointly responsible for the obligations resulting from his management activities. They may be committed to the liabilities of the company in whole or in part in accordance with the magnitude and frequency of the works and in accordance with third parties confidence in him due to these works.

Monitoring the acts of the managers of the company and giving them opinions and permissions to act beyond their authorities shall not be regarded as interference.

Article (50)

The silent partner shall have the right to request a copy of the balance sheet and profit and loss accounts and to verify the contents thereof. To do so, he shall be entitled to review the records and documents of the company by themselves or through an agent from the partners or third parties, provided this does not cause any harm to the company.

Article (51)

The decisions of a limited partnership shall be issued by the unanimous decision of the joint partners, unless the Company's Contract provides otherwise.

The decisions relating to the amendment of the Company's Contract shall not be valid unless approved through a unanimous decision of all joint and silent partners.

Article (52)

With the exception of the provisions contained in this Chapter 9, the limited partnership shall be governed by the provision prescribed for joint liability companies.

**Chapter (4)
Joint Venture Company**

Article (53)

A joint venture company is a concealed company and does not apply to third parties. It does not enjoy a legal personality and is not subject to any declaration procedures.

Article (54)

The Company's Contract shall specify its objects, rights and liabilities of the partners, method of distributing profit and loss, method of company management and other main elements.

The existence of the Company's Contract may be proved by all means including evidence and proof.

Article (55)

A joint venture company may not issue negotiable securities.

Article (56)

Each partner shall be the holder of the share they undertake to pay, unless the Company's Contract provides otherwise.

If the share is in kind and the partner possessing it is declared bankrupt, the owner shall have the right to recover it from the bankruptcy after settling their share in the losses of the company.

However, if the share is cash or non-partitioned fungibles, its owner shall participate in the bankruptcy only in their capacity as the creditor of the share value less their share in the company's losses.

Article (57)

Third parties will only have recourse against the partner or partners with whom they dealt with.

However, if the partners do any act that shows to a third party that the company exists, the company shall be deemed to have a legal personality and the partners shall be jointly responsible vis-à-vis the third party.

Article (58)

The joint venture partner shall not be deemed a trader, unless they carry out the commercial activities themselves.

Article (59)

Each partner shall be entitled to request to review the records and documents of the company themselves or by their agent, provided that the review by the agent causes no harm to the company. Any agreement to the contrary shall be void.

Article (60)

Decisions of a joint venture company shall be issued unanimously, unless the Company's Contract provides otherwise.

The decisions relating to the amendment of the Company's Contract shall not be valid unless they are issued with the consensus of all the partners.

Article (61)

Where there is non-Qatari partner among the partners, the Joint Venture Company may not engage in businesses which are prohibited by law to be practiced by non-Qataris.

**Chapter (5)
Public Shareholding Company**

**Section (1)
General Provisions**

Article (62)

A public shareholding company is a company with its capital divided into equal shares capable of being traded. A shareholder shall only be liable to the extent of its contribution to the company's capital.

Article (63)

Every public shareholding company shall have a name denoting its object, and may not carry the name of a natural person unless the company's object is to invest a patent registered in the name of such person or owns a commercial facility in the name of a natural person and takes the name of such facility as its name.

In all cases, the company's name shall be followed by the phrase "Qatari Public Shareholding Company".

Article (64)

A public shareholding company shall have a specified term stated in the Company's Contract and articles. The company's term may be extended by the decision of the extraordinary general assembly.

If the company's object is to carry out a particular activity, the company's term will expire by the end of such activity.

Article (65)

The capital of a public shareholding company shall be sufficient to achieve the objects of its incorporation.

The capital of a public shareholding company shall not be less than ten million (10,000,000) Riyals.

Section (2)
Incorporation of the Company

Article (66)

A Minister's Decision shall be issued for the incorporation of a public shareholding company.

Article (67)

A public shareholding company shall be established with no less than five founders.

The company shall offer its shares for public subscription within sixty (60) days from the date of its incorporation. If the company fails to offer its shares within such period, the company shall automatically terminate by the force of law unless the founders, within thirty (30) days from the end of the period when the shares should have been offered to the public, amend the Company's Contract and articles to be converted to any other form of company stipulated in this law. The founders shall bear the conversion costs, including fees and fines imposed by the Ministry. The founders shall be liable in their assets for all of the company's liabilities during that time.

Article (68)

Public shareholding companies established by the government and other public organisations and institutions and companies in which the State owns a percentage not less than (51%) or a percentage less than that subject to the Council of Minister's approval, solely or jointly with one or more founders, national or foreign, whether natural or legal person, public or private shall be exempt from the minimum number of founders set out in the previous Article.

Article (69)

Subject to the provisions of Article (66) of this law, the founders shall issue the Company's Contract and articles in accordance with the templates to be issued by a decision of the Minister. These templates may not be breached except for serious reasons determined by the Department. Each shall include the following details:

1. the company's name and its headquarters;
2. the object for which the company is established;
3. the founders' names, nationalities, domiciles, occupations, and the number of shares subscribed to by each of them;
4. the company's authorised share capital (if applicable);
5. the company's issued share capital, the number of shares, types, and nominal value and the amount paid of each share;
6. the company's term;
7. a statement about each non-cash share, the name of its provider, all provisions relating to its provision, and related in-kind rights; and
8. approximate statement for the amount of expenses, salaries, and costs paid by the company or which the company has committed to pay because of its incorporation.

Article (70)

The founders shall elect from amongst themselves those responsible to undertake incorporation procedures before the Department.

Article (71)

The application for incorporation shall be submitted to the Department accompanied by a draft of the Company's Contract and articles.

The Department may request any additional details that it may deem necessary as well as instruments and documents proving such details. The Department may also request to review the feasibility study of the project.

The Department may request amendments to the Company's Contract and articles in order to be compatible with the provisions of the law and the two templates referred to in Article (66) of this law.

In all cases, the application shall be decided upon within ten (10) days from the date of its submission with all necessary documents.

Article (72)

If the Department approves the company's incorporation application, the founders shall sign the Company's Contract and articles according to the drafts approved by the Department and shall authenticate them before the competent authority so that the Minister may issue his decision regarding the incorporation of the company no later than thirty (30) days from the date of its submission.

Article (73)

In case the incorporation application is rejected by the Department, or the stated period in the above Article has expired without receiving a response, the founders may file an appeal to the Minister within thirty (30) days from the date of being notified of the rejection or the expiry of the stated period, as the case may be.

The Minister shall respond within thirty (30) days of the appeal being submitted. The applicant shall be informed of the rejection of their application by any means and if this period lapses without any response, the rejection shall be implied and shall be deemed final.

Article (74)

If the incorporation application is completely rejected, the founders may not submit a new application for the company's incorporation unless at least one (1) month from the date of the rejection has passed.

Article (75)

The decision of company's incorporation shall be published in the Official Gazette accompanied by the Company's Contract and articles. The company shall only acquire its legal personality after it has been declared. The declaration shall be done by registering the company in the commercial registry and publication in the Official Gazette.

Article (76)

The founders shall subscribe to shares not less than (20%), and no more than (60%) of the company's share capital. A founder shall not subscribe to shares issued for subscription during the incorporation phase. The founders shall, prior to inviting the public to subscribe, submit to the Department, a certificate from the bank proving that they have deposited a sum of money in the company's account equivalent to the shares to which they have subscribed as founding shareholders, and a draft offering prospectus prepared by the founders in accordance to the provisions of Article (77) of this law.

After fulfilling the above, the Department permits the invitation to be published in two daily local newspapers at least one of which shall be in the Arabic language and on the company's website, if available.

Article (77)

The invitation for public offering shall be published in at least two daily local newspapers, at least one of which shall be in the Arabic language, at least one week before the commencement date of subscription. The offering prospectus shall include the following details:

- 1- The founders' names and nationalities.
- 2- The company's name, object and headquarters.
- 3- The company's authorised share capital, if applicable;
- 4- The company's issued and paid up share capital, share type, nominal value, number and the amount of shares offered for public subscription or what the founders have subscribed to, and the restrictions imposed upon the trading of the shares.
- 5- In kind shares, and related details and rights, if any.
- 6- Special benefits granted to the founders or other, if any.

- 7- The method for the distribution of dividends.
- 8- An estimated statement for the expenses relating to the incorporation of the company.
- 9- The founders' fulfilment of the required percentage of payment of the value of the shares they have subscribed to.
- 10- The minimum number of shares to which a person can subscribe to, together with the maximum number provided that it will not exceed the stated percentage for the founders.
- 11- The date of subscription, its deadline, place and conditions.
- 12- The date of issuing the decision for the company's incorporation.
- 13- A statement relating to the allotment of shares in case the subscribed shares exceed the number of shares offered.
- 14- Any other matters that may affect shareholders' rights and obligations.
- 15- Any other details specified in a decision of the Minister.

The founders or their representatives shall sign the announcement of the subscription invitation and shall be responsible for the correctness of the details stated therein, and the fulfilment of the abovementioned details.

The announcement shall be accompanied with a report signed by an auditor in which the auditor states that he has reviewed the announcement and assured the correctness of the details included therein.

If the company has a website, the subscription details shall be published on the website and the site address shall be included in the announcement referred to in this Article.

Article (78)

Subscription shall be undertaken at one or more accredited banks in the State or through companies established for this purpose. Instalments due on subscription shall be paid and payments shall be deposited in a specific account opened in the company's name under establishment.

Article (79)

Shareholder's subscription will be through signing a declaration on the subscription application which states the number of shares that the shareholder subscribes to, his agreement to the Company's Contract and its articles of association and their chosen domicile in the State as well as any other details that may be deemed necessary by the Underwriter.

The subscription will be final and unconditional. Any condition by the subscriber shall be void.

The subscriber shall deliver the subscription application to the Underwriter and shall pay the due instalments against a receipt signed by the Underwriter stating the subscriber's name, his chosen domicile, date of subscription, number of shares subscribed to and paid instalments.

The subscription shall be deemed final on the subscriber receiving such receipt.

Article (80)

A printed copy of the Company's Contract shall be available to each subscriber which shall be reflected in the subscription receipt.

Any concerned party may obtain, during the subscription period, a printed copy of the company's articles of association free of charge or against a reasonable charge stated in the subscription prospectus.

In case the company has a web site, the Company's Contract and articles of association shall be published on such site.

Article (81)

The Underwriter shall keep all amounts paid by shareholders for the company's account under establishment. Such monies shall not be delivered to the company's board of directors except after the announcement of the company's incorporation and its registration in the commercial registry.

Article (82)

The subscription window shall be opened for a period not less than two (2) weeks and not exceeding four (4) weeks.

If all shares offered for subscription are not fully subscribed to within the subscription period, the founders may, after the Department's approval, extend the subscription period for a period not exceeding two (2) weeks. If all shares are not subscribed to at the end of this period, the founders shall, subject to provisions of Article (65), retreat from establishing the company or reduce its capital to the extent of the shares not subscribed to.

Article (83)

If the company is not established, the founders shall return to the subscribers the full amounts of monies paid by them with any accrued interest within a period not exceeding one (1) week from the end of the subscription period in accordance to the previous Article. The founders shall be jointly liable for repaying the amounts and the expenses incurred for the company's incorporation. They will also be jointly liable before third parties for all business and actions carried out by them during the incorporation period.

Article (84)

If the company's capital is reduced, subscribers may retreat from their subscription within a period not less than the first subscription period commencing from the date of their announcement in two daily newspapers at least one of which shall be in the Arabic language and on the company's website if available. If they do not retreat within such period, their subscription shall be deemed final.

Article (85)

If after the closing of the subscription window it becomes apparent that the shares subscribed to exceed the number of offered shares, contributions in excess shall be distributed to the subscribers in accordance with the subscription prospectus.

In all cases, monies in excess of the subscription and any accrued interest shall be refunded to the shareholders by the Underwriter within a period not exceeding two (2) weeks from the closing of the subscription window.

Article (86)

Any concerned party may claim for the subscription to be void, within thirty (30) days from the closing of the subscription window, if it is not carried out in accordance with the abovementioned provisions.

Article (87)

The founders shall, within ten (10) days from the closing of the subscription window, notify the Department of the subscription result and the amount of money paid by the subscribers and their names and number of shares subscribed to by each of them.

Article (88)

The founders shall, after the Department's approval and within the period stated in the previous Article, invite the subscribers to convene the constitutional assembly in accordance with the provisions for invitation to an annual general assembly, provided that the meeting will be held within thirty (30) days of such invitation. A copy of the invitation shall be sent to the Department so that a representative from the Department may attend.

This assembly shall convene in the presence of shareholders representing at least half of the share capital. The assembly shall be chaired by a founder to be nominated by the assembly.

Article (89)

Each subscriber, regardless of the number of his shares, shall have the right to attend the constitutional assembly.

Article (90)

The founders shall submit to the constitutional assembly a report containing full information about the incorporation process with supporting documentation.

The constitutional assembly shall consider the following matters in particular:

- 1- The report of who the founders' elected concerning the incorporation processes and expenses incurred.
- 2- Approving the company's articles of association.
- 3- Electing the members of the first board of directors, appointing auditors and determining their remuneration.
- 4- Approving the valuation of in-kind shares, if any.
- 5- Announcing the company's incorporation.

The resolutions of the constitutional assembly shall be issued by an absolute majority of votes of shareholders duly represented in accordance with the provisions hereof.

Article (91)

The first board of directors shall undertake the procedures for declaring the company in accordance with the provisions of this law. The members of the first board of directors shall be jointly responsible for damages resulting from failing to declare the company.

The results of all actions carried by the founders will be transferred to the company upon it being declared.

The company shall bear all expenses incurred by the founders in this regard.

Articles (92)

If a public shareholding company is established illegally, any concerned party may, within six (6) months from its incorporation, notify it in writing to rectify the position within one (1) month from such notice. If the company fails to rectify the position within such period, the concerned party may, within the following six (6) months, claim for the company to be declared invalid and to be liquidated as an actual company.

The shareholders may not claim the company's invalidity vis-à-vis third parties.

Article (93)

If a company is established illegally, any shareholder and concerned party may, within the period of which the claim may be filed in accordance with the provisions of the previous Article, file a joint liability suit against the founders, the members of the board of directors and the auditors.

Article (94)

If the shares of a public shareholding company are not listed for trading in the Financial Market within one (1) year of its incorporation or conversion into a public shareholding company, the company shall automatically convert into a private shareholding company. The founders shall be jointly responsible for all charges before the Department for the conversion of the company into a private shareholding company.

Section (3) Management of the Company

Sub-Section (1) Board of Directors

Article (95)

A public shareholding company shall be managed by an elected board of directors. The company's articles of association shall determine the manner of its election, its composition and the term of the membership provided the members shall not be less than five (5) and not exceed eleven (11) members.

The term of membership shall not exceed three (3) years except the first board of directors the term of which may be five (5) years.

Unless the company's articles of association state otherwise, or if the member loses any of the conditions set out in Article (97) of this law, a board member may be re-appointed for more than one term.

A member may resign from the board of directors provided this is at an appropriate time otherwise he will be liable before the company.

Article (96)

The general assembly shall appoint the members of the board of directors by secret ballot with the exception of the first board of directors which may be appointed by the founders. When

voting for the election of the members of the board of directors, each share shall have one vote given by the shareholder to whomever he chooses from the nominees. A shareholder may divide his voting shares between more than one nominee. A share may not vote for more than one nominee. Voting for the election of members of the board of directors in public shareholding companies listed on the Financial Market shall be subject to the Governance rules of the Authority.

In the event that the term of the board of directors expires before the general assembly approves the financial reports of the company, the terms of the board of directors shall extend until the general assembly is held.

Article (97)

A board member shall be:

- 1- Not less than twenty one (21) years of age and shall have full capacity.
- 2- Never have been punished by a criminal sentence; convicted of a crime involving moral turpitude and honesty or convicted of a crime stated in Articles (334 and 335) of this law; or ruled bankrupt unless rehabilitated.
- 3- A shareholder and owner of a number of the company's share capital set out in the articles of association which shall be deposited in an accredited bank within sixty (60) days from the commencement of their membership. Such shares shall continue to be deposited and may not be traded, mortgaged, or subject to seizure until the term of membership expires and the budget of the last financial year during which the board member undertook his actions is approved.

The shares referred to in the above paragraph shall be allocated to guarantee the rights of the company, the shareholders and third parties against the board members. If the member does not offer such guarantee, their membership will be void.

One-third of the members of the board of directors may be independent experienced members who are not shareholders and they are exempted from the provision of owning shares stipulated for in Paragraph (3) of this Article.

If a member of the board of directors loses any of these conditions, they lose their membership from the date in which they cease to meet the condition.

Article (98)

Except for representatives of the State in public shareholding companies or persons who own at least (10%) of the share capital of such companies, no one can, in their personal capacity or in their capacity as a representative of one of the corporate persons, be a member of the board of directors in more than three shareholding companies with their principal offices in the State, nor be a chairman or vice chairman of the board of directors in more than two companies with their principal office in the State.

In all cases, no one, whether in their personal capacity or in their capacity as a representative of one of the corporate persons, shall be a managing director of more than one company with its principal office in the State, or be a member on two board of directors of two companies with the same activities.

The membership of any director will be invalid if such director fails to comply with these provisions in the board of directors of companies according to the historical order of their membership and

he shall refund to the company or companies in which their membership has become invalid all monies received.

Article (99)

If the State has shares in a public shareholding company, it may, rather than participating in the election of members of the board of directors, mandate representatives on its behalf to the board pro rata to its shareholding. The number of representatives shall be deducted from the total number of board members and the State has the right to remove such representatives or appoint others at any time. The representatives of the State on the board of directors shall have all the rights and obligations of the elected members of the board of directors. The State shall be responsible for the acts of its representatives before the company, its creditors and shareholders. The representatives of the State on the company's board of directors shall be exempt from submitting guarantee shares for their membership.

Article (100)

The board of directors shall elect a chairman and vice chairman by secret ballot for a term of one year unless the company's articles of association states otherwise provided this does not exceed three (3) years.

The board of directors may appoint by secret ballot one or more managing directors who have the right to sign on behalf of the company, severally or jointly, according to the board's resolution.

Article (101)

If the position of a director becomes vacant, it shall be filled by the person who obtained more votes from the shareholders but did not become a member. If there is something preventing him from filling the post, the person with the next highest votes shall take on the role. The new member will only complete the term of his predecessor.

In the event that there is no one to fill the vacant post, the board shall continue with its current members provided the members shall not be less than five.

If the vacant posts amount to a quarter of the positions on the board or the number of remaining members is less than five (5), the board of directors shall call the general assembly to convene within two (2) months from the date that the post became vacant or the date upon which the membership dropped to less than five (5) members to elect those who will fill such vacant posts.

Article (102)

Each company shall annually submit to the Department a detailed list approved by the chairman illustrating the names, titles, nationalities and contact details of the chairman and members of the board of directors. The company shall notify the Department of any change that occurs to this list as soon as it occurs.

Article (103)

The chairman of the board of directors is the company's head who represents the company before third parties and the courts. The chairman shall carry out the board's resolutions and comply with its recommendations. The chairman may delegate some of his authorities to other members of the board of directors.

The vice chairman will fill in for the chairman during his absence.

Article (104)

The board of directors shall convene upon the chairman's invitation and in accordance with the company's articles of association. The Chairman shall invite the board of directors to meet whenever this is requested by at least two (2) directors.

The meeting of the board shall only be valid if attended by at least half of the members, provided that no less than three directors shall be present, unless the company's articles of association requires a higher number or percentage.

The board of directors shall meet at least six (6) times during the company's financial year, unless the company's articles of association requires more meetings. Board of directors meetings may be attended by any secure means of common modern communication that enables the participant to hear and participate effectively in the boards' business.

No three (3) months shall pass without a meeting of the board of directors being held.

An absent member may be represented by another member in attending and voting, provided that a member shall not represent more than one member.

The resolutions of the board of directors shall be passed by a majority vote of the members present and represented. In case of a tie, the chairman shall have the casting vote.

A member who does not agree on any resolution of the board should document his objection in the minutes of the board meeting.

The board of directors may, wherever necessary or in cases of urgency, issue some resolutions via circulation provided all members' agree in writing on such resolutions. Such resolutions shall be included in the minutes to be discussed in the next meeting of the board to be included in its minutes.

Article (105)

If a member of the board of directors fails to attend for three (3) successive meetings, or for four (4) non-successive meetings without an excuse acceptable to the board, the member shall be deemed to have resigned.

Article (106)

The minutes of the board of directors' meetings shall be documented in a special register. The minutes shall be signed by the chairman and the managing director, (if any), and the member or employee who undertakes the board's secretarial work.

The minutes shall be recorded in the register regularly following each meeting and in consecutive pages.

Article (107)

Subject to the matters reserved for the general assembly in this law or in the company's articles of association, the board of directors shall enjoy the broadest authorities necessary to perform the acts necessitated by the object of the company. The board may, within the limits of its competencies, authorise one of its members to perform one or more certain acts or to supervise one of the aspects of the company's business.

Article (108)

The chairman or member of the board of directors may not engage in any business that shall compete with the company or trade for himself or for their own account or for the account of a third party in one of the divisions of the activities practiced by the company; otherwise the company may request compensation or consider the transactions having been made for the company's account.

Article (109)

Neither the chairman of the board of directors nor any member nor the managers may carry out any activities similar to the company's activities or have any interest, whether direct or indirect, in the contracts, projects and arrangements carried out for the company's account.

Article (110)

The company may not grant a cash loan of any kind to any of the members of its board of directors or guarantee any loan entered into by one of them and a third party. However, an exception to this, banks and other credit companies may grant any of the members of its board of directors a loan, open a credit facility for it or guarantee the loans between the member and third parties according to the terms and conditions stipulated by the Qatar Central Bank. Any dealing in breach of the provisions of this Article shall be deemed void without prejudice to the company's right to request the defaulting party to pay compensation when necessary.

Article (111)

The chairman, the members of the board of directors and the employees of the company may not use any information obtained by virtue of their membership or occupation to achieve an interest for themselves, their spouse, children or next of kin to the 4th degree, whether directly or indirectly, due to dealing in the company's securities. They are also prohibited from having a direct or indirect interest with an entity carrying out activities aiming to influence the price of securities issued by the company. This prohibition shall remain valid for three (3) years after the end of the membership of such person in the board of directors or the end of their employment.

Article (112)

The company shall be committed to the activities of the board of directors conducted within the limit of its competencies.

The company shall also be liable to compensate for any damages resulting from the illegal acts of the members of the board of directors carried out in such capacity.

Article (113)

The chairman and the members of the board of directors are jointly liable to compensate the company, its shareholders and third parties for damages resulting from acts of fraud, misuse of authority, breaches the provisions of this law or the company's articles of association and gross mistake in performing their duties. Any provision stating otherwise shall be void.

Article (114)

The liability prescribed in the previous Article shall be borne by all the members of the board of directors if such mistake results from a resolution passed by them unanimously. However, in relation to resolutions passed by a majority, objecting members shall not be liable provided they state their objection in writing in the minutes of meeting. Absence from the meeting at which the resolution is passed shall not be deemed an excuse for exemption from liability unless it is proven

that the absent member is not aware of the resolution or was unable to object to it after becoming aware of it.

Article (115)

The company may file a liability claim against the members of the board of directors due to mistakes resulting in damages to all shareholders within five (5) years from the date of such mistake. The ordinary general assembly shall resolve the filing of such claim and shall appoint a representative to commence a claim. If the company is under liquidation, the liquidator shall undertake filing the claim upon a resolution passed by the general assembly.

Article (116)

Each shareholder may file the claim individually, if the company does not file the claim, if the mistake shall cause damage to such shareholder, provided that the shareholder must notify the company of his intent to file the claim. Any provision in the articles of association of the company stating otherwise shall be void.

Article (117)

Any resolution passed by the general assembly discharging the members of the board of directors shall not result in the lapse of a claim of liability against the members of the board of directors due to mistakes made by them during performing their tasks. If the act giving rise to the liability had been submitted to and approved by the general assembly, such liability shall lapse after five (5) years from such assembly being held. However, if the act attributable to the members of the board of directors constitutes a criminal offence, the claim shall not lapse unless the time limit for the criminal claim lapses.

Article (118)

The general assembly may remove the chairman or an elected member of the board of directors on the basis of a proposal submitted by the board of directors by an absolute majority or on the basis of an application signed by a number of shareholders representing at least a quarter of the subscribed capital.

In the latter case, the chairman of the board of directors must call the general assembly to convene within ten (10) days from the date of the removal request, otherwise, the Department shall send the invitation.

Article (119)

The articles of association of the company shall specify the manner of determining the remuneration of the members of the board of directors, provided such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing a profit of not less than (5%) of the company's paid up capital among its shareholders.

Article (120)

Every financial year the board of directors shall prepare the balance sheet of the company, its profit and loss account, cash flow statement and clarifications compared to the previous financial year, all approved by the company's auditor. In addition, a report on the activity of the company, its financial position during the previous financial year and future plans for the following year shall also be prepared.

The board of directors shall prepare such details and documents no later than three (3) months from the end of the financial year to be submitted to the shareholders' general meeting, which shall be held within a maximum of four (4) months from the end of the company's financial year.

Article (121)

The board of directors shall invite all shareholders to attend the general assembly meeting by announcing in two daily local newspapers at least one of which shall be in the Arabic language, as well as on the website of the Financial Market and the company's website if available.

The announcement shall be made at least fifteen (15) days prior to the date specified for the general assembly. The announcement must include a sufficient summary of the agenda of the assembly and all details and documents referred to in the previous Article in addition to the report of the auditor.

A copy of the announcement shall be sent to the Department at the same time that it is sent to the newspapers.

Article (122)

The board of directors shall, annually, put at the disposal of the shareholders a detailed statement that includes the following details for their inspection at least one (1) week prior to the general assembly to discuss the balance sheet of the company and the board of directors' report:

- 1- All sums obtained by the chairman of the board of directors of the company as well as each of the members of the board of directors in wages, fees, salaries, attendance fees of meetings of the board of directors, expenses allowance and any other sums whatsoever during the financial year.
- 2- The non-monetary and monetary benefit that the chairman and each of the members of the board of directors receive in the financial year.
- 3- The remuneration that the board of directors propose to be paid to the members of the board of directors.
- 4- The sums allocated to each of the current members of the board of directors.
- 5- The transactions in which any of members of the board of directors or the managers has an interest that conflicts with interests of the company.
- 6- The sums actually spent on any form of advertisement in addition to details of each sum.
- 7- The donations in addition to specifying the bodies to which donations are granted, reasons and details of such donations.

In relation to banks and other financial institutions, such statement shall be accompanied with a report from the auditor stating that any monetary loans, credit or guarantees that any of them has granted to its chairman or members of the board of directors during the financial year were made without breaching the provisions of Article (110) of this law.

The detailed statement referred to shall be signed by the chairman and one of the members. The chairman and the members of the board of directors shall be liable for applying the provisions of this Article and for the correctness of the details mentioned in all the documents to be prepared.

Sub-Section (2)

The General Assembly

Article (123)

The general assembly shall convene at the invitation of the board of directors at least once a year in the place and time prescribed by the board of directors after approval by the Department. The general assembly shall be held within the four (4) months following the end of the company's financial year.

The board of directors may convene the general assembly whenever necessary.

Article (124)

The board of directors shall invite the general assembly to convene whenever the auditor requests this. If the board of directors fail to invite the general assembly within fifteen (15) days from the date of the request, the auditor may invite the general assembly directly after the approval of the Department. The Department must decide on the request within fifteen (15) days of receiving such request.

The board of directors shall also invite the general assembly to convene whenever requested by a shareholder or shareholders holding at least (10%) of the capital and for serious reasons within fifteen (15) days from date of receipt of the request. Otherwise, the Department shall approve the request submitted by those shareholders by directing such invite at the expense of the company within fifteen (15) days from receiving the request. The agenda in these two cases shall be limited to the subject of the request.

Article (125)

Subject to Articles (88) and (124) of this law, the Department shall convene the general assembly of the company in the following cases:

- 1- If the general assembly is not convened within thirty (30) days from the date prescribed in Article (123) of this law.
- 2- If the number of the members of the board of directors is less than the minimum provided for in Article (101) of this law without convening a general assembly.
- 3- If it at any time realises any breaches of the law or of the articles of association of the company or any gross failure in its management.

In such cases, all procedures prescribed for convening a general assembly shall be followed and the company shall bear all expenses.

Article (126)

The chairman of the board of directors must publish the balance sheet, profit and loss account, a sufficient summary of the board of directors' report and the complete text of the auditors' report in two daily local newspapers at least one of which shall be in the Arabic language and on the company's website if available, at least fifteen (15) days prior to the date of the general assembly. A copy of such documents shall be submitted to the Department prior to publication to determine the publication mechanism and manner.

Article (127)

The agenda of the general assembly in its annual meeting must include the following matters:

- 1- Hearing the report of the board of directors on the activity of the company and its financial status over the year and the auditor's report and approving them.
- 2- Discussing the balance sheet and profit and loss account of the company and approving them.
- 3- Discussing the Governance report and approving it.
- 4- Considering proposals submitted by the board of directors on distribution of profits and adopting it.
- 5- Considering discharging the members of the board of directors and determining their remuneration.
- 6- Presenting the tender relating to the appointment of auditors and determining their remuneration.
- 7- Electing board members when necessary.

Article (128)

- 1- Every shareholder shall have the right to attend general assembly meetings and shall have a number of votes that equals their number of shares. Resolutions shall be passed by an absolute majority of shares represented at the meeting.
- 2- Minors and those lacking capacity shall be represented by their legal representatives.
- 3- Attendance by proxy at general assembly meetings is permitted provided that the proxy is a shareholder and that the proxy is specific and in writing. A shareholder may not authorise a member of the board of directors to attend the general assembly meetings on their behalf.
- 4- In all cases, the number of shares possessed by the proxy in that capacity may not exceed (5%) of the share capital of the company.
- 5- Save for juristic persons, no shareholder may possess more than (25%) of the number of votes prescribed for the shares represented at the meeting.

Article (129)

Subject to Article 137 of this law, the general assembly shall be competent, in particular, to do the following:

- 1- Discuss the report of the board of directors relating to the company's activity, its financial status over the year and the future plan of the company. The report must include an adequate explanation of items of revenue and expenses and a detailed statement of the manner proposed by the board of directors for the distribution of net profit of the year and fixing a date to disburse such profits.
- 2- Discuss the auditors' report relating to the balance sheet of the company and on the closing accounts submitted by the board of directors.
- 3- Discuss the annual balance sheet, profit and loss account, attest them and approve the profits that shall be distributed.

- 4- Discuss the Governance report and confirm it.
- 5- Consider discharging the liability of the members of the board of directors.
- 6- Elect members of the board of directors, appoint auditors and fixing the remuneration to be paid to them during the following financial year, unless this is specified in the company's articles of association.
- 7- Discuss any other proposal included by the board of directors in the agenda to take a decision on. The general assembly may only discuss the matters listed in the agenda. However, the assembly shall have the right to deliberate on any serious matters that arise during the meeting.

If a number of shareholders representing at least (10%) of the company's share capital request including certain items on the agenda, the board of directors must include these items otherwise, the assembly shall have the right to decide to discuss such matters at the meeting.

Article (130)

The general assembly shall be chaired by the chairman of board of directors, the vice chairman or the person delegated by the board of directors to do so. In the event that those mentioned are not present at the meeting, the assembly shall appoint, from amongst the members of the board of directors or from the shareholders, a chairman for such meeting. The assembly shall also appoint a rapporteur for the meeting.

If the assembly is discussing a matter relating to the chairman of the meeting, the assembly must choose a chairman from amongst the shareholders.

Article (131)

The following shall be met in order for the general assembly to be duly convened:

- 1- Inviting the Department to delegate a representative to attend the meeting.
- 2- Attendance of a number of shareholders representing at least 50% of the company's share capital, unless the articles of association of the company requires a higher percentage. If the quorum is not met at the meeting, the general assembly shall be reconvened for a second meeting to be held within the fifteen (15) days following the first meeting according to the provisions of Article (121) of this law.
- 3- Attendance of the company's auditors.

The invitation shall be sent at least three (3) days prior to date of the meeting. The second meeting shall be deemed valid irrespective of the number of shares represented therein.

Resolutions of the general assembly shall be passed by an absolute majority of shares represented at the meeting unless the articles of association of the company requires a higher percentage.

Article (132)

Every shareholder shall have the right to discuss the subjects listed on the agenda of the general assembly and to direct questions to the members of the board of directors. The members of the board of directors shall respond to the questions to the extent that this does not endanger the interest of the company.

A shareholder may refer to the general assembly if they believe the response to their question is not sufficient. Resolutions of the general assembly shall be implemented.

Any condition in the articles of association of the company stating otherwise shall be void.

Article (133)

Voting at the general assembly shall be in accordance with that prescribed by the articles of association of the company.

Voting shall be by secret ballot if the resolution relates to the election of member of the board of directors, removing them, filing a liability claim against them or if this is requested by the chairman of the board of directors or a number of shareholders representing at least a tenth of the votes present at the meeting. Members of the board of directors may not participate in voting on resolutions of the general assembly relating to discharging their liability.

Resolutions passed by the general assembly according to provisions of the law and articles of association of the company, shall be binding on all shareholders, whether they are present at the meeting at which the resolutions are passed or absent and whether they approve or disapprove them. The board of directors must execute such resolutions immediately after passing them and the Department shall be sent a copy of them within fifteen (15) days from being issued.

Article (134)

Minutes of the general assembly meeting shall be prepared attaching a statement of the names of shareholders present or represented, the number of shares they possess in person or by proxy, the number of votes attributed to them, the passed resolutions, the number of votes approving or disapproving such resolutions and a sufficient summary of the discussions of the meeting. The minutes shall be signed by the chairman of the meeting, its rapporteur, vote collectors and the auditors. The signatories on the minutes of the meeting shall be liable for the correctness of the details therein.

Article (135)

Minutes of the general assembly meetings shall be logged in a special record.

The provisions in Article (106) of this law relating to the records and minutes of the meetings of the board of directors shall apply to the records and minutes of general assembly meetings.

A copy of the minutes of the general assembly meeting of the company shall be sent to the Department within a maximum of seven (7) days from date of the meeting.

Article (136)

Without prejudice to the rights of third parties acting in good faith, any resolution passed contrary to the provisions of this law or the provisions of the articles of association of the company shall be void.

Any resolution passed for the interest of, or causing a loss to a certain class of shareholders or results in a special benefit to the members of the board of directors or for others with no consideration for the interest of the company, may be voided.

Invalidation shall result in considering the resolution null and void for all shareholders. The board of directors must publish the invalidity decision in two daily local newspapers at least one of which shall be in the Arabic language and on the company's website, if available. The invalidity claim

may not be considered after one (1) year from the date of passing the challenged resolution. Filing a claim shall not result in suspending the execution of the resolution unless the court orders otherwise.

Invalidity may only be claimed by a shareholder who challenged the resolution and such challenge is reflected in the minutes of the meeting or who was not present at the meeting for a valid reason.

Sub-Section (3)
Extraordinary General Assembly

Article (137)

A resolution may not be passed in the following matters unless passed by a general assembly convened as an extraordinary general assembly:

- 1- Amendments to the Company's Contract or its articles of association.
- 2- Increasing or reducing the capital of the company.
- 3- Extending the term of the company.
- 4- Dissolution or liquidation, conversion or merging of the company into another company or acquiring it.
- 5- Selling the whole project for which the company was established or disposal of it in any other manner.

In case of taking a decision relating to any of the matters this shall be reflected in the commercial register.

However, this assembly may not amend the articles of association of the company so that it would increase the burdens of shareholders, amend the main object of the company, change its nationality or transfer the headquarters of the company established in the country to another country. Any resolution to the contrary will be deemed void.

Article (138)

An extraordinary general assembly meeting may only be called by the board of directors. The board must send such invitation if requested by a number of shareholders representing at least (25%) of the share capital of the company.

If the board does not send the invitation within fifteen (15) days from the date of such request, the shareholders may request the Department to send the invitations at the company's expense.

Article (139)

An extraordinary general assembly meeting will not be duly convened unless attended by shareholders representing at least 75% of the capital of the company.

If such quorum is not present, the assembly shall be called for a second meeting to be held within the thirty (30) days following the first meeting.

The second meeting shall be deemed duly convened if attended by shareholders representing 50% of the capital of the company.

If such quorum is not present at the second meeting, an invitation shall be sent to convene a third meeting to be held thirty (30) days after the date of the second meeting. The third meeting shall be deemed duly convened irrespective of the number of attendees.

If the matter relates to any of the matters set out in paragraph (4) and (5) of Article (137) of this law, for any meeting to be valid, shareholders representing at least 75% of the capital of the company shall be in attendance.

The board of directors must declare resolutions of meetings of extraordinary general assembly if they include amendments of the articles of association of the company.

Article (140)

Without breaching the provisions in this Sub-section, the provisions relating to general assemblies shall apply to an extraordinary general assembly.

Section (4) Auditor

Article (141)

Every public shareholding company shall have one or more auditors to be appointed by the general assembly for one (1) year. The general assembly shall determine the remuneration of the auditor, and may reappoint the auditor provided such appointment does not exceed five (5) consecutive years.

The board of directors may not be authorised in this regard. However, the company's founders may temporarily appoint an auditor to assume that position until the first general assembly is held.

Article (142)

The auditor shall be listed in the auditors' register according to applicable laws and regulations.

Article (143)

The company's auditor may not take part, in any capacity, in the incorporation of the company, the membership of its board of directors or assume any technical, administrative or advisory task therein. In addition, an auditor may not be a shareholder, agent or employee of any of the company's founders, member of its board of directors or a next of kin up to the 4th degree.

Any appointment made to the contrary shall be void.

Article (144)

If there is more than one auditor, they shall be jointly liable for the auditing work.

Article (145)

The auditor shall do the following:

- 1- Audit the company's accounts according to approved auditing rules, professional requirements and its scientific and technical basics.
- 2- Inspect the balance sheet and profit and loss account of the company.

- 3- Ensure the application of the law and the articles of association of the company.
- 4- Inspect the financial and administrative regulations of the company, its internal financial control regulations and make sure they are suitable for the good progress of the company's business and protecting its funds.
- 5- Verify the company's assets and its ownership of them as well as verifying the legality of the company's liabilities and their soundness.
- 6- Review the resolutions passed by the board of directors and instructions issued by the company.
- 7- Assume any other duties that an auditor must assume according to this law, the auditing law and other relevant regulations and customary practices in auditing.

The auditor shall submit to the general assembly a written report of its duty. The auditor or his delegate must read the report before the general assembly. The auditor shall send a copy of such report to the Department.

Article (146)

The auditor's report referred to in the previous Article must include the following:

- 1- The auditor has obtained the information, details and clarifications necessary, in his opinion, to perform his duty.
- 2- The company keeps regular accounts and records according to internationally accepted accounting rules.
- 3- The auditing procedures followed by the auditor for the company's accounts are, in his opinion, sufficient to form a reasonable ground to express his view on the financial status, the results of business and cash flows of the company according to internationally accepted auditing rules.
- 4- The financial data mentioned in the report of the board of directors to the general assembly are consistent with the company's entries and records.
- 5- The inventory was conducted as per the applicable principles.
- 6- A statement of the breaches of the provisions of this law or of the articles of association of the company that occurred during the year subject to the audit with a material impact on the company's business and financial status and whether such breaches still continue, according to the information available to him.

Article (147)

If the company's auditor is unable to perform the duties and obligations assigned to him by the provisions of this law for any reason, he must, prior to excusing himself for not being able to audit the accounts, submit a written report to the Department with a copy to the board of directors including the reasons that obstruct or hinder performance of his duties. The Department must deal with such reasons with the board of directors, failing which, within thirty (30) days from the date of receipt of the company auditor's report referred to in this article shall convene the general assembly to discuss the issue.

If the Department manages to deal with the issues faced by the auditor, the company must include in its annual report a description of the issues that the auditor relied upon in his request to be excused.

Article (148)

If the company has two or more auditors, they must submit one report. The auditor's report shall be read at the general assembly. If the assembly resolves to approve the report of the board of directors without hearing the auditor's report, such resolution shall be void.

Article (149)

The auditor shall be liable for the correctness of details mentioned in the report in his capacity as an agent of all the shareholders. Each shareholder, during the general assembly, may enter into discussion with the auditor and ask for clarifications on the content of the report.

Article (150)

The auditor and his employees shall be prohibited to deal, directly or indirectly, in the shares of the company whose accounts they audit. Failing that, the auditor shall be removed and be accountable and may be liable for compensation for any damage resulting from breaching the provisions of this Article.

Article (151)

The auditor must protect the company's secrets and may not disclose to shareholders (except at the general assembly) or to third parties, the company's secrets being made known to him during the course of his duties, otherwise, he shall be removed and be held accountable.

The auditor shall be accountable for compensation for any damage caused to the company, to the shareholders or to third parties, due to his mistakes in the course of performing his duties. If there are several auditors who share in the mistakes, they shall be jointly liable.

The liability claim mentioned in the preceding paragraph shall not be heard after one year from the date of the general assembly at which the auditor's report was read. If the auditor's alleged act is a crime, the liability claim shall continue for the duration of the criminal prescription period.

Section (5) The Company's Capital

Sub-Section (1) Shares

Article (152)

The company's capital shall be divided into equal shares, the nominal value of each shall not be less than one (1) Riyal and shall not exceed a hundred (100) Riyals. The issuing expenses may not exceed (1%) of the share's nominal value.

Article (153)

The shares of a company established in Qatar must be nominal.

Article (154)

The share of a public shareholding company shall be indivisible before the company. If a share is owned by several persons, they must select one of them to represent them in using the rights attached to the share.

Such persons shall be jointly responsible for the liabilities resulting from ownership of the share.

Shares may not be issued below par but may be issued above par if provided for in the articles of association of the company or approved by the extraordinary general assembly. In this case, the difference in value shall be added to the statutory reserve.

Article (155)

The value of the shares shall be paid in cash at once or in instalments. A payable instalment upon subscription may not be less than (25%) of the share's value.

In all cases, the full value must be paid within five (5) years from the date of publishing the resolution of incorporation in the Official Gazette. If the remaining instalments are not paid, the capital shall be reduced provided this does not breach the provisions of Article (65) of this law.

Article (156)

The company shall issue temporary certificates at subscription indicating the name of the shareholder, the number of subscribed shares, the amounts paid and the remaining instalments. Such certificates substitute for the ordinary shares until they are exchanged at the payment of all instalments.

Article (157)

If a shareholder defaults in payment of a payable instalment of a share's value at the due date, the board of directors may execute on the share by notifying the shareholder to pay the payable instalment by registered mail or any other method of notification approved by the Department. If the shareholder does not pay within thirty (30) days, the company may offer the share for sale at a public auction or in the Financial Market. The company shall pay out from the price resulting from the sale due unpaid instalments and expenses and shall return the remainder to the shareholder. If the price of the sale is not sufficient to meet these amounts, the company may claim against the shareholder in his private funds. The company shall then cancel the share under execution and give the purchaser a new share with the number of the cancelled share and shall indicate in the share record that the sale has occurred and include the name of the new owner. However, the defaulting shareholder may, until the day of the sale, pay the amount due by him in addition to the costs incurred by the company.

Article (158)

If there are in kind shares or special advantages for the founders or for others, the Department shall, upon request by the founders, appoint one or more experts of its approved expert or of bodies of technical and financial expertise in evaluation adopted by the Ministry to verify whether such shares or advantages have been correctly evaluated.

The expert shall submit his report to the Department within thirty (30) days from the date of being assigned the task. The Department may, upon request by the expert, grant the expert another term that does not exceed thirty (30) days.

The Department shall send a copy of the expert's report to the founders who shall disseminate it to the subscribers at least fifteen (15) days prior to the constitutional assembly taking place. The

said report shall also be deposited at the company's headquarters and any concerned party may inspect it.

The said report shall be submitted to the constitutional assembly for deliberation. If the assembly resolves to reduce the allocation for the shares in kind or reduce the special advantages, providers of the in kind shares or beneficiaries of the special advantages must approve such reduction during the assembly. If they do not agree to the reduction, the providers of the shares may withdraw from the company.

In kind shares may only represent fully paid shares.

Shares representing in kind shares shall only be delivered after transferring ownership of such shares in full to the company.

Article (159)

The company shall keep a special record called the "shareholders register" which shall include the names, nationalities and origins of the shareholders, what each shareholder holds and the amount paid of the value of the share. The Department may inspect such details and obtain a copy of it.

The company shall deposit a copy of such record with the depository licensed by the Authority for the purpose of following on shareholders' affairs and shall authorise the depository to keep and organise such register. Each shareholder may inspect such register for free.

Any concerned party shall have the right to request correction of the details mentioned in the register, particularly, if a person is entered or deleted with no reason.

A copy of the details included in the register and each change made shall be sent to the Department at most two (2) weeks prior to the date specified for the payment of dividends to the shareholders.

Article (160)

The procedures and rules provided for in the laws, regulations and instructions regulating processes of listing and trading in securities shall apply to the listing of the shares of a public shareholding company in the Financial Markets, particularly those related to delivering the register provided for in the previous Article to the body prescribed by such laws, regulations and instructions.

Article (161)

The transfer of ownership of shares of a listed company shall be according to the regulations applicable at the Authority and the Financial Market in which such shares are listed.

The shares of a non-listed company shall be transferred by entry in the shareholders register. This shall be annotated on the share entry. Such dealing may not be held against the company or third parties until it has been entered in the shareholders register. However, the company may not restrict the disposal of the shares in the following cases:

- 1- If such disposal shall breach the provisions of this law or articles of association of the company.
- 2- If the shares are mortgaged or attached by a court order.

3- If the shares are lost and no alternative shares have been issued.

Article (162)

Shares may be mortgaged by handing them to the creditor. The creditor may receive the dividends and use the rights connected to the shares unless agreed otherwise in the mortgage deed. If the company's shares are listed, there must be an entry indicating the mortgage in records of the shares with the body holding the shareholders register.

Article (163)

The assets of the company may not be attached to recover debts due from one of the shareholder, but shares of the debtor and dividends of such shares may be attached. Such attachment shall be indicated in the details of the shares entry in the shareholders register provided for in Article (159) of this law.

Article (164)

All resolutions passed by the general assembly shall apply to the owner of right of attachment and to the mortgagee as applied to the shareholder whose shares are attached or to the mortgagor.

However, the owner of the attachment or mortgagee may not attend the general assembly, or take part in its deliberations or attest its resolutions nor have any of the rights of the shareholders in the general assembly of the company.

Article (165)

The founders may not dispose of their shares unless two (2) years have passed from the incorporation of the company.

During the term of the ban, such shares may be mortgaged or transferred by sale from a founder to another one of the founders or to the government, or from successors of a founder, in case of death, to third parties, or from the founder's receivership to third parties or by a final court judgment.

Article (166)

Any resolution passed by the ordinary general assembly or by the extraordinary general assembly causing prejudice to the shareholder's rights derived from the text of this law or articles of association of the company or increasing the shareholder's liabilities, shall be void.

Article (167)

The articles of association of the company may provide for restrictions related to the trading in shares, provided that such restrictions may not prohibit such trading.

Article (168)

The company may purchase its shares for the purpose of sale according to the regulations prescribed by the Authority.

**Sub-Section (2)
Bonds**

Article (169)

The company may, after approval by the general assembly, issue bonds capable of trading whether or not they are convertible to shares of the company at an equal rate for each issuance. The general assembly may delegate the board of directors to determine the amount and conditions of the issue.

Bonds may not be converted into shares unless provided for in the issue prospectus. If a decision is made to convert the bonds, only the bond owner has the right to accept the conversion or receive the nominal value of the bond.

The issuance of bonds and any other debt instruments shall be according to the rules and regulations issued by the Authority.

Article (170)

Bonds shall be nominal and shall remain nominal until such time when they are paid out in full.

Article (171)

Bonds may only be issued on the following conditions:

- 1- It must be permitted in the articles of association of the company.
- 2- The company's capital must be paid up in full.
- 3- The value of the bonds should not exceed the value of the available capital as per the last approved balance sheet, unless the bonds are guaranteed by the State or by one of the banks operating in the State.

Article (172)

Bonds issued by a single loan grant their owners equal rights. Any conditions to the contrary shall be void.

Article (173)

If bonds are offered for public subscription, such offering must be made through one or more banks licensed by the State or through companies licensed for this purpose. The invitation for subscription must be done at least fifteen (15) days prior to the subscription by publishing in two daily local newspapers at least one of which shall be in the Arabic language and on the company's website if available. The invitation shall be signed by the members of the board of directors and shall include the details to be determined by the Department, provided it shall include the following:

- 1- The resolution by the general assembly to issue bonds and the date of the resolution.
- 2- The number of bonds resolved to be issued and their value.
- 3- The date of commencement and end of subscription.
- 4- The maturity date of the bonds, and conditions and guarantees of payment.
- 5- The value of the bonds previously issued, their guarantees and value of what has not been paid at the time of issuance of the new bonds.
- 6- The company's capital.

- 7- The company's headquarters, date of incorporation and term.
- 8- The value of in kind shares.
- 9- A summary of the last balance sheet of the company attested by the auditor.

Article (174)

No new bonds may be issued until subscribers to the old bond have paid their full value so that the remaining of such value added to the value of the new bonds do not exceed the company's capital according to the last approved balance sheet.

Article (175)

The board of directors must, within one (1) month from the closing date of the subscription window, submit to the Department a statement of the subscription process, the subscribers' names, their nationalities and the bonds subscribed to by each of them.

Article (176)

Resolutions of the shareholders' general assembly shall apply to the bond holders. However, the general assembly may not amend the rights established for bond holders unless the bond holders approve this at a specific assembly for them according to the provisions for shareholders' extraordinary general assembly.

Article (177)

Bonds may not be converted to shares unless this is provided for in the loan conditions and following the conditions set out in the preceding Article. If conversion is resolved, the bond owners shall have the option to accept the conversion or receive the nominal value of the bonds.

Article (178)

If a share or bond certificate is lost or damaged, the holder may request the company to issue a new certificate to replace the lost or damaged certificate.

The owner must publish the numbers of the lost or damaged share or bond certificates in one local newspaper issued in Arabic.

If no objection is submitted to the company within thirty (30) days from the date of such publication, the company must issue a new certificate mentioning therein that it is a replacement for the lost or damaged certificate. Such certificate shall entitle its holder to all rights and shall result in all liabilities connected to the lost or damaged certificate.

Article (179)

Anyone who objects to the issuance of new certificates to replace the lost or damaged certificates must file a claim before the competent court within fifteen (15) days from the date of submitting the objection. Otherwise the objection shall be deemed not to have been made.

Article (180)

The competent authority responsible for the issuing must deliver a certificate to replace the lost or damaged certificate to those entitled once being notified of the final decision.

Article (181)

The company may, after approval by the general assembly, issue negotiable sukuk that are consistent with the provisions of Islamic Shariah, which shall be subject to the same terms and conditions and provisions provided for in this Sub-section to the extent that they do not conflict with their nature.

**Chapter (6)
The Company's Finance**

Article (182)

The company shall have a financial year prescribed by its articles of association, consisting of twelve (12) months save for the first financial year.

Article (183)

The board of directors shall submit to the auditor, every financial year, the balance sheet of the company, the profit and loss account and a report on the company's activity during the financial year just ended and its financial position at least two (2) months prior to the general assembly.

All such documents must be signed by the chairman of the board of directors or one of the members.

Article (184)

The company must publish semi-annual financial reports in the daily local newspapers issued in the Arabic language and on the company's website, if available, for shareholders' inspection. Such reports must be audited by the auditor and may only be published after the approval of the Department.

Article (185)

Unless the articles of association of the company provides for a higher percentage, (10%) of the company's net profit shall be deducted annually to establish the statutory reserve.

The general assembly may stop such deduction when such reserve reaches half of the paid capital.

The statutory reserve may not be distributed to the shareholders, except what exceeds half of the paid capital which may be used for distributing dividends to the shareholders of up to (5%) in the years that the company does not fulfil net profits that are sufficient to distribute such percentage.

Article (186)

The general assembly may, upon a proposal by the board of directors, determine to annually deduct a portion of the net profits towards an optional reserve.

The optional reserve shall be used in the manner decided by the general assembly.

Article (187)

A percentage to be prescribed by the articles of association of the company or the board of directors shall be deducted annually from the gross profits to depreciate the company's assets or to compensate for the reduction in the value of such assets. Such funds shall be used to repair or

purchase materials and machinery required for the company. Such funds may not be distributed to the shareholders.

Article (188)

The general assembly must resolve to deduct a portion of the profits to deal with the liabilities of the company under the labour laws.

The articles of association of the company may provide for the incorporation of a private fund to assist the company employees.

Article (189)

The articles of association of the company shall prescribe the minimum percentage that must be distributed to shareholders from the net profits after deducting the statutory reserve and optional reserve.

The shareholders is entitled to receive their dividends according to the regulations and controls applicable at the Authority and the Financial Market in which the shares are listed.

Section (7) Amendment to the Capital

Sub-Section (1) Increase in Capital

Article (190)

The company's capital may only be increased after the value of the shares are paid in full.

Article (191)

The company's capital may be increased, following approval by the Department, by virtue of a resolution of the extraordinary general assembly. The resolution must state the amount of the increase and the rate of issuance of the new shares.

The extraordinary general assembly may authorise the board of directors to determine the date to implement such resolution, provided that it shall not exceed one (1) year from the date that the resolution is passed.

Article (192)

The capital shall be increased by one of the following means:

- 1- Issuance of new shares.
- 2- Capitalising the reserve or part of it or the profits.
- 3- Converting bonds into shares.
- 4- Issuance of new shares in consideration for in kind shares or evaluated equity.

Article (193)

The rules relating to subscription to the original shares shall apply to subscription to the new shares.

Article (194)

The new shares shall be issued at a nominal value equalling the nominal value of the original shares. However, the extraordinary general assembly may resolve to add a share premium to the nominal value of the share and may specify its amount subject to the approval of the Department. Such premium shall be added to the statutory reserve. The Department shall consider the request of addition of a share premium within fifteen (15) days from the date of receiving the request together with the necessary details and documents.

Article (195)

The shareholders shall have a pre-emption right to subscribe to the new shares. Such pre-emption right may be waived to third parties by a resolution of the extraordinary general assembly of the company passed by a three quarter majority of the company's capital, provided such waiver shall be made after the approval of the Department.

Article (196)

The board of directors shall publish a statement in two daily newspapers, at least one of which shall be in the Arabic language and on the website of the company if available, to notify shareholders of their priority right to subscribe and informing them of the date of opening and closing of the subscription and the price of the new shares.

Article (197)

The distribution of the new shares to shareholders requesting subscription shall be pro-rata to their shares, provided that it does not exceed the shares they have requested. The remaining shares shall be distributed to shareholders who requested more than their pro-rata of their shares. The remaining shares shall be offered for public subscription or be disposed of with the approval of the Department.

If the capital increase includes providing in kind shares, the provisions relating to the valuation of in kind shares shall apply, provided that the extraordinary general assembly shall stand in for the constitutional assembly.

Article (198)

If the new shares are offered for public subscription, a subscription prospectus must be prepared including in particular the following details:

- 1- The reasons for the capital increase.
- 2- The resolution of the extraordinary general assembly to increase the capital.
- 3- The company's capital at the time of issuance of the new shares, the amount of the proposed increase, the number of the new shares and the share premium, if any.
- 4- A statement about in kind shares or evaluated equity, if any.
- 5- A statement of the dividends distributed by the company within the three (3) years prior to passing the resolution on capital increase.

- 6- An acknowledgment by the auditor of the correctness of the details mentioned in the prospectus.

The prospectus shall be signed by the chairman of the board of directors and the auditor who shall be jointly responsible for the correctness of the details in the prospectus.

Article (199)

If the capital is increased by capitalising the distributable reserves, free shares shall be issued and distributed to the shareholders pro-rata to the shares of each shareholder or by increasing the nominal value of the share against the increase in the capital. This shall not result in committing the shareholders with any financial burdens.

Article (200)

The conversion of bonds into shares shall be done by reclaiming the bonds, cancelling them, and granting the bond holders shares against such bonds and adding the value of the bonds to the capital.

Sub-Section (2) Reduction of Capital

Article (201)

The capital may not be reduced unless a decision is issued by the extraordinary general assembly after considering the report of the auditor and provided the approval of the Department is obtained. This shall be in one of the following cases:

- 1- If the capital exceeds the requirements of the company.
- 2- If the company faces losses.

Article (202)

The capital may be reduced by one of the following means:

- 1- Decreasing the number of shares, by cancelling a number equivalent to the value to be reduced.
- 2- Decreasing the number of shares by an amount equivalent to the loss sustained by the company.
- 3- Purchasing a number of shares equivalent to the amount to be reduced and cancelling the shares.
- 4- Reducing the nominal value of the shares.

Article (203)

The board of directors shall publish the decision to reduce the capital in two local daily newspapers at least one of which shall be in the Arabic language and on the company's website, if available. The creditors shall submit to the company the documents proving their debts within sixty (60) days from the date that the decision is published in order for the company to fulfil the debts and give the sufficient guarantees to satisfy the deferred debts.

Article (204)

If the reduction of capital is done via purchasing a number of the company's shares and cancelling them, a public invitation shall be addressed to all the shareholders to offer their shares for sale. The invitation shall be published in two local daily newspapers at least one of which shall be in the Arabic language and on the company's website, if available.

The shareholders may, via registered letters, be informed of the company's desire to purchase shares. If the shares offered for sale are more than the amount the company decided to purchase, the sale orders shall be reduced according to the percent of excess. The price of the shares shall be determined in accordance with the provisions stipulated in the articles of association of the company. If the articles of association does not include provisions regarding this matter, the company shall pay the fair price determined by the auditor of the company according to the prevailing valuation methods or the market price; whichever is higher.

Chapter (6) Private Shareholding Company

Article (205)

A number of founders not less than five (5) may establish a private shareholding company that does not offer its shares for public subscription and they subscribe to all its shares, but the company's capital shall not be less than two million (2,000,000) Riyals.

Article (206)

Save for the provisions relating to public subscription and trading, the private shareholding company shall be subject to all the provisions set forth in this law regarding public shareholding companies.

Article (207)

The government and other public authorities and corporations and companies in which the State participates with at least (51%) (or less, provided this is approved by the Council of Ministers), may establish one or more private shareholding companies, whether separately or in cooperation with another founder(s), national or foreign, whether a private or public natural or juristic person. These companies shall not be subject to the provisions of this law, except to the extent that it does not contravene the circumstances and agreements entered into accordingly or upon incorporation thereof, and the provisions stipulated in its memorandum and articles of association.

With the approval of the Council of Ministers, private institutions for public benefit may be permitted to incorporate private shareholding companies in accordance with the provisions of the previous paragraph.

Article (208)

A private shareholding company may convert into a public shareholding company if the following conditions are fulfilled:

- 1- The nominal value of the issued shares shall be paid in full.
- 2- The company shall have completed at least two (2) financial years.
- 3- The company shall have accomplished net profits by carrying out the object it has been established for that can be distributed to the shareholders, and the average thereof shall

not be less than 10% of the capital within the two (2) financial years prior to the conversion request.

- 4- The extraordinary general assembly shall decide to convert the company by a majority of three quarters of the company capital.
- 5- The Minister shall issue a decision announcing the conversion of the company to a public shareholding company, and this decision shall be published attached thereto the Company's Contract and articles of association of the company at the expense of the company.

Chapter (7) Partnership Limited by Shares

Article (209)

A partnership limited by shares is a company that consists of two teams, one of them involves one or more active partners jointly liable for all the debts of the company in their own money, and the other involves one or more non-active partners who shall only be liable for the debts of the company to the extent of their share in the capital.

Article (210)

For the active partners, the company is deemed to be a joint liability company, and the active partners are deemed to be tradesmen even if they do not have this capacity before entering the company. All the active partners shall be natural persons.

Article (211)

The name of the company shall consist of one or more names of the active partners and a name created or derived from its object may be added to it.

The name of the non-active partner may not be mentioned in the name of the company. If their name is mentioned with their knowledge, they shall be deemed to be an active partner before third parties acting in good faith.

In all cases, the expression "Partnership Limited by Shares" shall be added to the name of the company.

Article (212)

The capital of the company shall be divided into equal negotiable and indivisible shares.

Article (213)

The capital of the company shall not be less than one million (1,000,000) Riyals paid in full on incorporation.

Article (214)

The subscription in the shares of the partnership limited by shares shall be in accordance with the rules and regulations of the subscription in the shares of public shareholding companies.

Article (215)

All the founding partners shall sign the Company's Contract and its articles of association. The articles of association of the company shall state the names of the active partners, their addresses, nationalities as well as those appointed as manager of the company.

Article (216)

The non-active partner may not interfere in the management activities relating to third parties even if this is done on the basis of authority granted to them. However, they may participate in internal management activities within the limits stipulated in the articles of association of the company.

Article (217)

If the non-active partner violates the prohibition mentioned in the previous article, they shall be liable in all their money for the liabilities resulting from the management activities carried out by them. If they carried out such activity upon a delegation from the active partners, the delegating person shall be jointly liable for the liabilities resulting from such activities.

Article (218)

A partnership limited by shares shall have a general assembly consisting of all the active and non-active partners.

The general assembly of a partnership limited by shares shall be subject to the provisions relating to the general assembly of public shareholding companies regarding the formation, meetings and voting on resolutions.

The manager of a partnership limited by shares shall replace the board of directors in inviting the general assembly.

The general assembly shall represent the partners against the managers.

Article (219)

The general assembly of a partnership limited by shares may not do any action related to the relationship of the company with third parties without the approval of the managers, unless the company's articles of association stipulate otherwise.

Article (220)

A partnership limited by shares shall have a supervisory board consisting of at least three members elected by the general assembly from among the non-active partners or others, in accordance with the provisions stipulated in the articles of association of the company. The active partners do not have a vote in the election of the members of the supervisory board.

Article (221)

The supervisory board shall ensure that the procedures for the company's incorporation have been completed in accordance to the provisions of the law. The supervisory board shall also supervise the company's business. For this purpose, it may require the managers to provide an account of their management and inspect the books, documents, and files of the company and complete an inventory of its funds.

The board shall express its opinion regarding the matters presented to it by the managers of the company and shall give permission for actions that require permission by the articles of association of the company.

Article (222)

If serious violations become apparent in the management of the company, the supervisory board is entitled to invite the general assembly to convene.

At the end of each financial year, the board shall submit a report of the results of its supervision to the general assembly of the partners. The members of the board shall not be held liable for the actions of the managers or the results of their activities unless they were aware of violations committed and did not notify the general assembly.

Article (223)

A partnership limited by shares shall be managed by one or more active partners. Their authorities, responsibilities, and dismissal shall be subject to the provisions relating to managers in a joint liability company.

Article (224)

The extraordinary general assembly may not decide making any changes to the articles of association of the company without the approval of all active partners, unless the articles of association states otherwise.

Article (225)

Each partnership limited by shares shall have one or more auditors, who shall be subject to the provisions relating to auditors in a public shareholding company.

Article (226)

Subject to the provisions stated in this Chapter, the provisions relating to public shareholding companies shall apply to a partnership limited by shares in the following matters:

- 1- The provisions relating to the incorporation of the company and declaring it.
- 2- The provisions relating to the financial matters of the company.

Article (227)

If the position of the company's manager becomes vacant, the supervisory board shall appoint a temporary manager to take over the urgent management business until the general assembly is held.

The temporary manager shall invite the general assembly within fifteen (15) days from the date of their appointment in accordance with the procedures mentioned in the articles of association of the company. If this period is passes without the general assembly being invited, the supervisory board shall immediately send an invitation.

The temporary manager shall only be responsible for the work entrusted to them.

**Chapter (8)
Limited Liability Company**

Section (1)
Incorporation of the Company

Article (228)

A limited liability company is a company that consists of one or more persons and the number of partners shall not exceed fifty (50) persons.

A partner will only be liable up to their share in the capital. The shares of the partners shall not be negotiable securities.

Article (229)

A limited liability company shall have a name derived from its object or from the name of one or more of its partners. The name of the company may include in both cases a created name, provided that the name shall not be deceiving as to its object or identity.

The expression “limited liability company” shall be added to the name of the company. If the managers fail to consider the said provision, they shall be responsible jointly in their own assets for the liabilities of the company in addition to compensation.

Article (230)

The company may not resort to public subscription to form its capital, increase it, or to obtain the loans required for it, and it may not issue tradable shares or bonds.

Article (231)

A limited liability company shall be established by virtue of an establishment document signed by the partner or partners which shall include the information determined by a decision to be issued by the Minister, provided that the following information shall be included therein:

- 1- The type, name, object and head office of the company.
- 2- The names, nationalities, residences, and addresses of the partners.
- 3- The amount of the capital, share of each partner, in-kind shares, their value and the names of their providers, if applicable.
- 4- The names and nationalities of the company's managers, whether they are partners or otherwise, and if their names were mentioned in the establishment document of the company.
- 5- The names of the members of the supervisory board, if applicable.
- 6- The term of the company.
- 7- The method for the distribution of profits and losses.
- 8- The conditions for the transfer of shares.
- 9- The form to be followed in the notifications of the company to be sent to the partners.

The establishment document of the company may include provisions that regulate the right of refunding the shares of the partners, the method for estimating their value when exercising this

right, forming an optional reserve, organising the financial matters and accounts of the company, and the reasons for its dissolution.

Article (232)

A limited liability company shall not be established, unless all the cash and in-kind shares are distributed among the partners and are paid in full.

The cash shares of the company shall be deposited in one of the accredited banks in the State. The bank may not pay these shares except to the managers of the company after providing proof that the company has been registered in the commercial registry.

If the partner provides an in-kind share, the establishment document must set out its type and value and the price agreed to by the remaining partners for such share as well as the name of the partner and their share in the capital against such contribution.

The provider of the in-kind share shall be responsible before third parties for the difference between the real value and the estimated value in the establishment document of the company. Moreover, the rest of the partners shall be jointly responsible for such difference, unless they prove that they were not aware of this.

However, the liability claim shall not be heard in such case after three (3) years from the date of registering the company in the commercial registry.

Article (233)

The manager of the company shall apply for registering the company in the commercial registry. The application shall be accompanied by the establishment document of the company, documents proving the distribution of shares among the partners, and payment in full and depositing them in one of the accredited banks in the State in addition to the documents proving that the company has received in-kind shares, if any. The application shall be considered within fifteen (15) days from the date of submission with the required documents.

The company may not carry out its business until after being registered in the commercial registry.

Section (2) Shares and Capital

Article (234)

The partners determine the capital of the company. Profit and loss shall be equally distributed, unless the establishment document of the company states otherwise, subject to the provisions of Article (13) of this law.

Article (235)

The capital of the company shall be distributed into shares of equal value paid in full by the partners upon incorporation. The share shall be indivisible. If several people own the share, the company may cease exercising the rights related thereto until the owners of the share choose an individual owner among them before the company. The company may determine a date for them to make such choice; otherwise it may sell the share for the account of its owners after the said date. In such case, the share is offered to the partners then to third parties.

Article (236)

The company shall have in its head office a register for the partners which shall include the following:

- 1- The names, nationalities, residencies and occupations of the partners.
- 2- The number and value of shares owned by each partner.
- 3- The disposals relating to the shares, including the dates, reason of ownership transfer, name of transferor and transferee and their signatures.
- 4- The total shares of the partner after the transfer.

The managers of the company shall be jointly liable for this registry and the correctness of the information therein. The partners and all parties of interest have the right to view this registry.

Article (237)

A partner may transfer their share to one of the partners or to a third party by virtue of a written document, in accordance with the conditions of the establishment document of the company. This transfer shall only be effective against the company or third parties after the date of its registration in the shareholders register and the commercial register.

The company may not abstain from registering the transfer in this registry, unless the registration violates the provisions of the establishment document of the company or the provisions of this law.

Article (238)

Unless the establishment document of the company states otherwise, if one of the partners transfers their share to a person other than the partners in exchange for consideration, they shall notify the rest of the partners of the conditions of the transfer through the manager of the company.

The manager shall notify the partners upon receiving the notification. Each partner may demand to recover the real price of the share and according to the same transfer conditions. In case there is a disagreement on the price, the company's auditor shall estimate this price on the date of recovery. If none of the partners use the recovery right within thirty (30) days from the date of notification, the partner is given freedom of action in their share.

Article (239)

The share of each partner is transferred to their heirs or legatees. The aforementioned recovery right shall not apply to such transfer.

Article (240)

If more than one partners uses the right of recovery, the sold share(s) shall be divided among them pro-rata to their share in the capital, subject to the provisions of Article (235) of this law.

Article (241)

If the creditor of one of the partners commences action to execute against his debtor's share, he may agree with the debtor and the company on the method and conditions of sale, otherwise the share is offered for sale by public auction, and the company may recover the sold share for the

benefit of one or more partners under the same conditions of the auction within fifteen (15) days from auction's award date.

These provisions shall apply in case of bankruptcy of the partner.

Section (3)
Management of the Company

Article (242)

The manager of the company shall have full authority of management, unless the establishment document of the company determines their authority.

The actions of the manager shall be deemed binding on the company, provided this is accompanied with the capacity in which the action was carried out. Any decision issued for changing the manager or limiting their authorities shall not apply toward third parties unless it is reflected in the commercial registry.

Article (243)

If there are multiple managers, the establishment document of the company may provide for a board of managers and determine how this board works, and the majority according to which the decisions are issued.

Article (244)

The liability of the manager shall be akin to those of the members of the board of directors of shareholding companies.

Article (245)

The manager may not, without the consent of the general assembly of the company, take over the management in a competing company or a company with similar objects or to conduct competing trade dealings or similar to the business of the company for their own benefit or for the benefit of a third party. The violation of this may result in removing the manager and requiring him to pay compensation.

Article (246)

If the number of partners are more than twenty (20), the establishment document of the company shall appoint a supervisory board consisting of at least three (3) of the partners for a specific term.

The general assembly may reappoint them after this term or appoint other partners, as it may remove them.

The partners who are manager will not have a vote in the election of the members of the supervisory board or their removal.

Article (247)

The supervisory board is entitled to inspect the documents and books of the company, to complete an inventory of the funds, goods, securities and documents proving the rights of the company, demand the manager at any time to submit a management report, monitor the balance sheet, the annual report and distribution of profits and present its report regarding the said matters to the general assembly of the company at least fifteen (15) days prior to it being held.

Article (248)

The members of the supervisory board shall not be responsible for the actions of the managers unless they were aware of the violations and failed to mention these violations in their report which is presented to the general assembly of the partners.

Article (249)

A partner who is not a manager in companies that do not have a supervisory board may give advice to the managers, and may ask to review the business books and documents of the company at the head office of the company. Any provision to the contrary shall be void.

Article (250)

The company shall have a general assembly consisting of all of the partners. The assembly shall meet via an invitation from the managers at least once a year within the four (4) months following the end of the financial year of the company at the time and place mentioned in the establishment document of the company. The invitation letter shall include the time and place of the meeting, attached therewith the agenda and copies of the balance sheet.

The managers shall invite the general assembly to convene if this is requested by the supervisory board, the auditor, or a number of partners owning at least 20% of the capital. The invitation to the general assembly shall be sent via registered letters to every partner at least twenty one (21) days prior to the meeting. The invitation shall include the set date and place of the meeting, attached therewith the agenda and a copy of the balance sheet.

If the general assembly is not held during the period set out in this Article, the Department shall address the invitation within fifteen (15) days from the expiry of the referred to period. The managers shall be jointly liable for any damage to the partners or third parties if the general assembly does not meet or due to the delay in the meeting being held.

Article (251)

For each financial year, the managers shall prepare the balance sheet of the company, the profit and loss account, a report of the company's activity and its financial status, and their suggestions for the distribution of profits, within two (2) months from the end of the financial year. The managers shall send copies of these documents, the report of the supervisory board and the auditor's report to the Department and every partner within one (1) month from the date of preparing the said documents. Every partner in companies that do not have a supervisory board may request the manager to invite the partners to meet to discuss these documents.

Article (252)

Every partner is entitled to attend the general assembly regardless of the number of shares they own. They may deputise another partner who is not a manager to represent them in the assembly via a specific authorisation, and every partner has a number of votes equal to the number of shares they own or represent.

Article (253)

The agenda of the general assembly in its annual meeting shall include the following:

- 1- Discussing the manager's report regarding the activity and financial status of the company during the year, as well as the auditor's report.

- 2- Discussing the balance sheet and profit and loss account and approving them.
- 3- Determining the percentage of profits to be distributed to the partners.
- 4- Appointing managers and board of managers or members of the supervisory board, if applicable, and deciding their remuneration.
- 5- Appointing an auditor and determining their remuneration.
- 6- Other matters included in its competencies by virtue of this law or the establishment document of the company.

Article (254)

The general assembly may only discuss the matters listed on the agenda, unless serious facts that require discussion were revealed during the meeting.

If one of the partners requires adding a certain matter to the agenda, the managers shall do so otherwise the partner will have the right to resort to the general assembly, and its decision shall be implemented.

Article (255)

Every partner has the right to discuss the matters included in the agenda, and the managers are obliged to answer the questions of the partners. If one of the partners considers that the reply is not sufficient enough, they may resort to the general assembly and its decision shall be binding.

Article (256)

The decisions of the general assembly shall only be valid if they are issued with the consent of partners representing at least half the capital, unless the establishment document of the company requires a larger majority.

If the said majority is not met in the first meeting, the partners shall be called to a second meeting to be held within twenty one (21) days after the first meeting. The decisions in this meeting shall be issued by the majority of votes represented therein, unless the establishment document of the company states otherwise.

Article (257)

The managers may not vote for the decisions related to releasing them from their management responsibility or removing them.

Article (258)

The establishment document of the company may not be amended nor may the capital be increased or decreased without the consent of partners representing three quarters of the capital, unless the establishment document in addition to this quorum requires a numerical majority of partners. However, the obligations of the partners may not be increased without their unanimous approval.

Article (259)

Minutes shall be prepared providing a fair summary of the discussions of the general assembly. The minutes and resolutions of the assembly shall be recorded in a special register kept at the

company's head office. Any of the partners may review the register themselves or through an agent. They may also view the balance sheet, profit and loss account and annual report.

Article (260)

The general assembly shall appoint one or more auditors for the company every year. The provisions relating to auditors in shareholding companies shall apply.

Article (261)

Without prejudice to the rights of third parties acting in good faith, every decision issued by the general assembly or the partners in breach of the provisions of this law or the establishment document of the company is deemed void. However, only partners who objected in writing on the decision or were unable to object after knowing the decision may demand to revoke the decision.

The decision to void the decision shall result in considering the decision did not exist for all partners. The nullification claim shall not be heard after one (1) year from the said decision. The claim shall not result in suspending the execution of the decision unless the competent court rules otherwise.

Article (262)

The company shall deduct (10%) every year from its net profits to form a statutory reserve. The partners may decide to stop this deduction if the reserve reaches half the capital. The statutory reserve may be used to cover the losses of the company or to increase its capital by virtue of a decision of the general assembly.

Article (263)

A limited liability company that consists of one person shall be subject to all the provisions mentioned in this Chapter to the extent that they do not contradict its capital being owned by one person.

The company shall be managed by the owner of the capital, and he may assign one or more managers to represent it before third parties and the judiciary and shall be responsible for the management of the company before the owner.

If the owner of the company's capital, in bad faith, liquidates or suspends its business before the end of its term or before achieving the object of its incorporation, he shall be responsible in this private money for the company's obligations. The owner of the company shall be responsible in their personal money if they did not separate between their personal interest and the company's interest.

**Chapter (9)
Holding Companies**

Article (264)

A holding company is a shareholding company or a limited liability company that financially and administratively controls a company or other companies affiliated to it by owning at least (51%) of the shares or stocks of such companies, whether they are shareholding companies or a limited liability companies.

Article (265)

A holding company may not have shares in joint liability companies or both kinds of partnership companies [limited partnership and partnership limited by shares]. A holding company is prohibited from owning any shares in other holding companies.

Article (266)

The capital of a holding company shall not be less than ten million (10,000,000) Riyals.

Article (267)

The objects of a holding company shall be as follows:

- 1- Participating in the management of its affiliates or companies in which it participates.
- 2- Investing its money in shares, bonds and securities.
- 3- Providing the necessary support for its affiliates.
- 4- Owning intellectual property rights, including patent rights, trademarks, industrial models, royalties and other moral rights, and utilising and licensing them for the affiliates or third parties whether inside or outside the State.
- 5- Owning movables and real estate required for carrying out its business within the limits permitted by law.

Article (268)

The phrase “holding company” shall be added in all the papers, notices, correspondences and all other documents issued from the holding company in addition to its trade name.

Article (269)

A holding company shall take the necessary actions to ensure that its affiliates are maintaining the accounts that enable the members of the board of directors or the managers of the holding company to verify the financial statements and the profit and loss account have been completed in accordance with the provisions of this law.

The holding company shall, at the end of each financial year, set up a consolidated balance sheet, profit and loss account and cash flows for itself and all of its affiliates, and shall present them to the general assembly in addition to clarifications and details relating to them according to internationally accepted accounting and audit practices and standards.

Article (270)

Without prejudice to the provisions stipulated in this Chapter, the provisions relating to shareholding companies or limited liability companies in this law shall be applicable to holding companies as the case may be.

**Chapter (10)
Conversion, Merger, Division and Acquisition of Companies**

**Section (1)
Conversion of Companies**

Article (271)

A company may be converted to another type of company by virtue of a decision issued according to the requirements for amending the Company's Contract or its articles of association, provided that the incorporation conditions and declaration requirements for the type of company being converted to are fulfilled.

The conversion decision shall be accompanied with a statement of the company's assets and liabilities and the estimated value of the assets and liabilities.

The conversion of the company shall be reflected in the commercial registry.

If the conversion is to a shareholding company, it shall have been registered in the commercial registry for two (2) years.

The Department is entitled at any time to issue certain conditions to convert a special type of company to another if it deems it necessary.

Article (272)

The conversion of the company shall not result in the emergence of a new legal person, and the company shall maintain its rights and obligations prior to the conversion.

Article (273)

The conversion shall not result in the discharge of the joint partners from the obligations of the company prior to the conversion, unless the creditors approve the same. This approval shall be deemed granted if they did not object to the conversion within three (3) months from the date of notifying them officially of the decision to convert in accordance with the procedures issued by the Minister.

Article (274)

In case of conversion to a shareholding company, a partnership limited by shares, or a limited liability company, every partner is entitled to a number of shares equivalent to their share after evaluation.

Article (275)

The partners, shareholders, or shareowners who object to the conversion decision may request withdrawal from the company.

Section (2) Merger of Companies

Article (276)

Even if the company is under liquidation, it may merge into another company of the same or different type.

Article (277)

A merger may occur by merging one or more companies into another existing company, or by merging two or more companies into a new company that is under incorporation. The merger contract shall determine its conditions and in particular, the evaluation of the obligations of the merged company and the number of its shares in the capital of the company merged into or resulting from the merger.

The merger shall not be valid unless a decision is issued by each company involved in the merger according to the conditions determined for amending the Company's Contract and its articles of association.

This decision shall be declared according to the methods determined for declaration for changes to the merged Company's Contract and articles of association.

Article (278)

A merger by way of joining shall take place by the following procedures:

- 1- A resolution will be passed by the merged company to dissolve it.
- 2- The net assets of the merged company shall be evaluated according to the evaluation provisions of in-kind shares stipulated in this law.
- 3- The company in which the merger takes place will pass a resolution to increase its capital according to the result of the merged company's evaluation.
- 4- The increase of the capital will be distributed among the partners in the merged company in the proportion to their shares therein.

Article (279)

A merger by way of mixing will take place by every company in the merger passing a resolution to dissolve it. The new company is then established in accordance with the rules prescribed in this law. A number of shares will be allocated to each merging company equivalent to its share in the capital of the new company, and these shares shall be distributed among the partners or shareholders, as the case may be, in each merged company in the proportion of their shares therein.

Article (280)

The merger decision shall be published in two (2) daily local newspapers at least one of which is in the Arabic language, and on the website of the two companies, if available.

Article (281)

All the rights and obligations of the merged company shall transfer to the company merged into or the company arising from the merger after completing the merger process and registering the company in accordance with this law.

The company merged into or arising from the merger is deemed the legal successor for the merged companies, and will replace them with respect to their rights and obligations.

Section (3) Division of Companies

Article (282)

A company may be divided into two or more companies, either with the termination of the company being divided or its continuation. In this case, the procedures and rules for a merger shall be followed in relation to the valuation of the capital, and each company emerging from the division shall have an independent legal personality with all the effects arising from this.

The resolution passed to divide the company must specify the number and names of shareholders or partners, the share of each of them in the companies emerging from the division, the rights and obligations of each of these companies and the distribution of assets and liabilities between them.

Article (283)

The companies emerging from the division may assume any of the legal forms for companies, provided that these forms shall be completed in accordance with the rules legally prescribed.

Article (284)

A resolution for the division must be passed by an extraordinary general assembly of the company or the partners (as the case may be), by a majority of votes possessing three quarters of the capital. The companies emerging from the division will be successors to the divided company and legally replace it within the limits of what is passed to them from the divided company, in pursuance with the contents of the division resolution and without prejudice to the rights of creditors.

Article (285)

The shares of the companies emerging from the division may be traded upon their issuance, if the shares of the divided company are tradable at the time of the resolution for division was passed.

Article (286)

The partners, shareholders or shareowners who objected to the division decision are entitled to demand exiting the company.

Section (4) Acquisition of Companies

Article (287)

A company shall acquire another company in any of the following events:

- 1- If it acquires, either directly or indirectly, a part of the capital that gives it the majority of voting rights.
- 2- If it controls the majority of voting rights by virtue of an agreement with other partners or shareholders, not contrary to the interests and objects of the acquired company.
- 3- If it owns voting rights that gives it actual control over the decisions of the general assembly of the acquired company. Owning at least 40% of the shares is akin to any acquisition, if this is the highest percentage owned in the company.
- 4- If it has voting rights that gives it the authority to appoint and discharge the majority of the members of the board of directors, the supervisory board, or the managers, as the case may be.

Article (288)

For the acquisition to be valid, the following conditions must be met:

- 1- A resolution being passed by the extraordinary general assembly of both the acquired and acquiring company approving the acquisition, waiving the pre-emption rights of the shareholders, and the Department approving the resolutions of both companies.
- 2- The acquiring company passing a resolution to increase its capital and distribute the increase of capital among the partners or shareholders in proportion to their share in the company, in accordance with the Company's Contract and its articles of association of the company.
- 3- Completing the procedure for the transfer of the ownership of the shares subject of the acquisition. This transfer is only valid after registering the share, by virtue of the provisions of this law.
- 4- The acquiring company, in case of acquisition by means of purchase, pays the value of the shares subject of acquisition, to the acquired company, then depositing the same in an account to distribute it among the partners or shareholders who are registered on the date on which the extraordinary general assembly of the company approved the sale of shares.

In case of an acquisition by giving shares or bonds, the acquiring company shall give these shares or bonds to the acquired company to distribute to its partners or shareholders registered on the date on which the extraordinary general assembly approved the acquisition.

- 5- The acquired company shall take the necessary actions to amend its memorandum of association and articles of association and elect a new board of directors in accordance with the Company's Contract and articles of association.
- 6- The acquiring company takes the necessary actions to protect the minority rights, including presenting purchase proposals of not less than (30) days to buy the rest of the shares for an amount not less than the value of the shares subject of the acquisition, or the value determined by the appointed expert, in accordance with Article (158) of this law.

Article (289)

The resolutions of the extraordinary general assembly approving the acquisition shall be published in two daily local newspapers at least one of which shall be in the Arabic language at the expense of the acquiring company, and on the website of both companies, if available.

Article (290)

The provisions of the law regulating the Authority and the rules and regulations issued shall be applicable to acquisitions in respect of companies listed on the Financial Market.

Chapter (11)

Termination of companies

Section (1)

Dissolution of the Company

Article (291)

While observing the grounds for termination related to every type of company stipulated in this Chapter, a company will be dissolved for the following reasons:

- 1- The termination of the term set out in the Company's Contract or its articles of association unless the term is renewed according to the rules stipulated in either of them.
- 2- The object for which the company was established has ended or has become impossible to achieve.
- 3- The shares are transferred to a number of shareholders or partners less than the minimum number legally prescribed, unless the company converts to another type of company within six (6) months from the date of the transfer, or increases the number of partners or shareholders to the minimum.
- 4- Destruction of all or most of the company's property in a way that the remainder cannot be utilised effectively.
- 5- The partners unanimously agree to dissolve the company before the end of its term, unless the Company's Contract states its dissolution by a certain majority.
- 6- The company merges into another company.
- 7- A judicial ruling is issued to dissolve the company or declare its bankruptcy.

Article (292)

The court may rule to dissolve any joint liability company, limited partnership, or joint venture company upon the request of one of the partners, if there were serious grounds to justify this. Any condition denying the partner from exercising this right is deemed void.

If the grounds justifying the dissolution result from the actions of one of the partners, the court may rule to remove him from the company. In such case, the company can continue between the other partners.

The share of the partner who it is ruled to remove from the company is estimated according to its value on the day of the ruling for removal. This share shall be paid to the partner in cash, and he may not have any further share in the rights of the company thereafter, unless these rights result from operations prior to the reasons for his removal.

The court may also rule to dissolve the company upon the request of one of the partners due to the non-fulfilment of a partner of his obligations.

Article (293)

A joint liability company, limited partnership, or joint venture company terminates by the death of one of the partners, his interdiction, the declaration of his bankruptcy or insolvency or his withdrawal from the company. However, the Company's Contract may provide that if one of the partners dies, the company shall survive with his heirs even if they were minors.

If the withdrawal of the partner was in bad faith or at an inconvenient time, it may be ruled to keep the partner in the company; in addition to the payment of compensation when necessary.

Article (294)

If the Company's Contract of a joint liability company, limited partnership, or joint venture company did not stipulate its survival in case of withdrawal, death, interdiction, bankruptcy, or insolvency of one of the partners, the partners may, within sixty (60) days from one of the above mentioned circumstances occurring, unanimously resolve for the company to continue. This

agreement will only become effective against third parties from the date of registration in the commercial registry in relation to joint – liability and limited partnerships.

In all cases in which the company continues with the remaining partners, the share of the partner removed is estimated according to the last inventory, unless the Company's Contract states a different way of estimation. Neither this partner nor his heirs shall have any share in any new rights of the company, unless these rights result from operations prior to his removal from the company.

Article (295)

If the losses of a shareholding company reaches half the capital, the members of the board of directors shall invite the extraordinary general assembly to convene to discuss the continuity or dissolution of the company before the term set in its articles of association.

If the board of directors did not invite the extraordinary general assembly, or it was not possible to take a decision regarding the said matter, any stakeholder may request the competent court to dissolve the company.

Article (296)

If the number of shareholders in a shareholding company is less than the minimum required, it may be converted into a limited liability company in which the remaining shareholders are responsible for the debts of the company within the limits of its assets.

If a full year has passed since the number of shareholders fell below the minimum, any stakeholder may request the court to dissolve the company.

Article (297)

A limited liability company will not be dissolved by the withdrawal of one of its partners, his death, interdiction, declaration of his bankruptcy, or insolvency, unless the Company's Contract states otherwise.

Article (298)

If the losses of a limited liability company reach half its capital, the managers shall within thirty (30) days of the loss reaching this amount suggest to the general assembly the matter of covering the capital or dissolving the company. For the dissolution resolution, the required majority for amending the Company's Contract shall be met.

If the managers fail to invite the partners, or if the partners fail to reach a decision regarding this matter, the managers or partners, as the case may be, are jointly responsible for the obligations of the company resulting from their negligence.

Article (299)

A partnership limited by shares is dissolved by the withdrawal, death, interdiction, declaration of bankruptcy, or insolvency of one of the active partners, unless the articles of association of the company states otherwise.

If the articles of association of the company have no provision in respect of this matter, the extraordinary general assembly may decide for the company to continue, and follows the procedures of amending the articles of association of the company.

Article (300)

If the withdrawal, death, interdiction, bankruptcy, or insolvency involves all the active partners in a partnership limited by shares, the company shall be dissolved, unless its articles of association permits for its conversion into another type of company.

Article (301)

A partnership limited by shares shall terminate with the grounds of termination of a shareholding company, while observing that if the reason of termination is the transfer of all the shares to one of the partners and this partner is an active partner, he shall be liable for all the company's debts in all of his property.

Article (302)

A limited liability company consisting of one person will terminate by the death of its capital owner, unless the shares of the heirs are gathered in one person or the heirs choose its continuity in another legal form within six (6) months from the date of death.

Moreover, the company shall terminate with the termination of the legal person owning the capital.

Article (303)

Save for joint venture companies, the dissolution decision must be declared by being registered in the commercial registry and published in two daily local newspapers at least one of which shall be in the Arabic language. This decision will only be effective against third parties from the date of its declaration. The managers of the company or the chairman of the board of directors, as the case may be, shall follow up the execution of this procedure.

Section (2)

Liquidation

Article (304)

The company shall enter liquidation as soon as it is dissolved. During the period of liquidation it shall maintain its legal identity to the extent required for the liquidation. The expression "under liquidation" shall be added to the name of the company during this period and shall be clearly written.

Article (305)

The authority of the managers or the board of directors terminates with the dissolution of the company. However, they shall remain responsible for the management of the company and considered in relation to third parties as liquidators until the appointment of a liquidator.

The company structures shall remain in place during the liquidation period, and their authority will be restricted to the liquidation works that are not included in the responsibility of the liquidators.

Article (306)

The liquidation of the company shall be done in accordance with the provisions mentioned in the company's memorandum of association and articles of association, or pursuant to the agreement

of the partners at the time of dissolution. If there is no stipulation or agreement regarding this matter, the following provisions in this Section shall apply.

Article (307)

The liquidation process is done by one or more liquidators appointed by the partners or the general assembly by the normal majority upon which the company's decisions are issued.

If the liquidation is a result of a ruling, the competent court shall state the method of liquidation and appoint a liquidator.

In all cases, the liquidator's work will not end by the death, declaration of bankruptcy, insolvency, or interdiction of the partners, even if he was appointed by them. The liquidator shall have a wage determined in his appointment contract, otherwise the competent court will determine it.

Article (308)

The liquidator shall declare the decision appointing him as well as the limitations on his authority, the agreement of the partners or the general assembly regarding the method of liquidation, or the ruling issued regarding this matter, according to the method of declaring amendments to the Company's Contract or its articles of association.

The appointment of the liquidator or the method of liquidation may only be used as an argument against third parties from the date of its declaration.

Article (309)

If there is more than one liquidator, they shall work together, unless the entity appointing them states for them to work individually. They shall be jointly responsible for compensating the damage to the company, the partners and third parties as a result of breaching the limits of their authorities or the errors committed in their performance of their work.

Article (310)

The liquidator shall perform all the work required for liquidation, and in particular the following:

1. Collecting the rights of the company from third parties.
2. Settlement of the debts of the company.
3. Sale of the company's property be it movables or real estate in a public auction or by any other way that ensures the highest price, unless the appointment contract of the liquidator specifies for the sale to take place in a particular way.
4. Taking all the necessary actions to maintain the assets of the company and its rights.
5. Representing the company before the judiciary and accepting reconciliation and arbitration.

Article (311)

The liquidator may not commence any new business unless it is necessary for completing previous work. If the liquidator carries out new work not required by the liquidation process, he shall be responsible in all his property for this work. If there is more than one liquidator, they shall all be jointly liable.

Article (312)

The due dates of all the debts payable by the company will lapse as soon as it is dissolved. The liquidator will notify all the creditors via registered letters that the liquidation process has started and inviting them to submit their demands. The notification may be in the form of publication in two daily local newspapers at least one of which shall be in the Arabic language if the creditors or their addresses were unknown. In all cases, the notification shall include a period for the creditors to present their demands not less than seventy five (75) days from the date of notification, provided that the notification is republished after one (1) month. If some of the creditors do not present their demands, the amount of their debts shall be deposited in the treasury of the competent court until their rightful owners appear or the debts lapse.

Article (313)

The liquidator shall pay the debts of the company after deducting the liquidation costs, including the liquidator's expenses, in the following order:

1. The amounts payable to the employees of the company.
2. The amounts payable to the State.
3. The rent due to the landlord of any rented premises of the company.
4. Other amounts due according to their priority pursuant to the applicable laws.

Article (314)

The liquidator shall , when paying the debts of the company, set aside the amounts required for paying disputed debts. The debts resulting from the liquidation shall have priority over the other debts.

Article (315)

The company will be bound by the actions of the liquidator that are required by the liquidation process as long as they are within the limits of his authority. The liquidator assumes no liability arising from his performance of this work.

Article (316)

The liquidator shall, within three (3) months from commencing his work, together with the auditor of the company, if any, prepare an inventory for all the assets and liabilities of the company. The managers or the members of the board of directors shall give the liquidator the books, documents, clarifications and information required by the liquidator. The liquidator shall give the clarification or information required by the partners regarding the liquidation process.

If the liquidation lasts for more than one (1) year, the liquidator shall prepare a balance sheet, a profit and loss account and a report of the liquidation works. These documents shall be submitted to the partners, general assembly, or the competent court, as the case may be, in order to be approved in accordance with the Company's Contract and its articles of association.

In all cases, the liquidation period of the company shall not exceed three (3) years without a decision from the competent court or the Minister.

Article (317)

The liquidator shall, after paying the debts of the company, repay to the partners their cash shares of the capital, and distribute the excess amount according to their share in the profits.

The in-kind assets of the company shall be divided among the partners by partition. In this respect the rules prescribed for the division of property in common ownership will be followed unless the Company's Contract states otherwise.

Article (318)

If the net funds of the company are not enough to fulfil all the shares of the partners, the loss is divided between them according to the percentage determined for the distribution of losses.

Article (319)

At the end of the liquidation process, the liquidator shall submit a final statement to the partners, the general assembly or the competent court of the liquidation work. The liquidation will not be over unless the partners, the general assembly or the competent court, as the case may be, approves the final report. The liquidator shall declare the completion of the liquidation and the termination of the liquidation will only be effective against third parties from the date of the declaration. The liquidator shall, after the liquidation is completed, cancel the register of the company from the commercial registry.

Article (320)

The dismissal of the liquidator shall be in the same way of his appointment. Any decision or ruling to dismiss the liquidator shall include appointing a new liquidator.

The dismissal of the liquidator shall be declared and will only be effective against third parties from the date of the declaration.

Article (321)

Without prejudice to the provisions of Article (339) of this law relating to creditors' rights, a claim against the liquidator in relation to the liquidation works cannot be heard after three (3) years from completion of the liquidation. The claim may not be heard after the said period against the partners due to the business of the company, or against the managers, members of board of directors, or the auditors because of their work.

Chapter (12)

Control over Companies

Article (322)

The Ministry undertakes control of public and private shareholding companies, partnerships limited by shares, and limited liability companies to ensure the execution of the provisions stipulated in this law, its executive regulations and their articles of association.

Article (323)

The Authority shall, according to its legislation, have the following competencies in respect of shareholding companies listed or to be listed on the Financial Market:

1. Approving the subscription prospectus issued by the company and approved by the Department whether at incorporation or at a capital increase.

2. Setting the dates during which shares are to be offered for public subscription and follow up the subscription process during that period.
3. Follow up on the implementation of the decisions issued by the general assembly of the company after its approval by the Ministry in what relates to the increase or decrease in capital or dividing the value of the share of the company or the procedure for issuing other securities by the company or any other decision relating to the Authority's competencies.
4. Putting in place procedures regulating the trading of subscription rights to which shareholders are entitled upon the increase in the share capital of the company.
5. Putting in place the conditions and control for the disclosure of financial statements, the company's status and Governance reports issued by the company during the financial year and supervise its implementation, make observations (if any) and approve their publication.
6. Put in place controls for dominance, acquisition, merger and division of a company and controls for the conversion to a public shareholding company.
7. Put in place procedures for the valuation of in-kind shares to the company whether at incorporation, at a capital increase or at conversion to a public shareholding company listed on the Financial Market.

Appealing the decisions of the Authority in this regard shall be in accordance with the procedures followed at the Authority.

Article (324)

In case any company violates the provisions of this law or its executive regulations, the Department may take all or some of the following actions, after notifying the violator and investigating with them:

1. Notification.
2. Reprimand.
3. Prevent the violator from working as a member of the board of directors or a manager for any companies permanently or for a specific period.
4. Imposing a financial fine not more than ten thousand (10,000) Riyals daily for the continuous violation;
5. Imposing a financial fine not more than one million (1,000,000) Riyals.

The Department undertakes to notify the violating company with the decision of the fine, and it may publish the decision using the method it deems appropriate.

The decision issued by the Department imposing a fine may be appealed to the Minister or to whom he may delegate within thirty (30) days of the company being notified by any means confirming receipt. The appeal shall be considered within thirty (30) days from submission. If the appeal is rejected the applicant will be informed by any means confirming receipt. If this time passes without a response, a rejection shall be implied and the decision of the appeal shall be final.

The Department may reconcile with the violating company according to the procedures and measures issued by a decision of the Minister.

Article (325)

The employees of the Department who are appointed as judicial officers by a decision of the attorney general together with the Minister, shall control and prove violations committed in breach of the provisions of this law or its executive regulations.

Article (326)

In case a crime stated in this law is committed, the judicial officers referred to in the previous Article shall issue a memorandum in the form issued by the Minister.

A copy of this memorandum shall be given to the competent police station to take the necessary actions according to the law.

Article (327)

The employees of the Department who are granted the capacity of judicial officers in accordance with Article (325) of this law are entitled to inspect the companies as referred to in Article (322) of this law and inspect their accounts.

For this purpose, they may review and inspect the books, registers, documents and other papers at the head office of the company or any other location. The members of the board of directors, the auditors, the managers, and all employees shall give the details, extracts, and copies required for this purpose.

The reports that derive from the supervision and monitoring procedures shall be submitted to the Minister to take the necessary actions he considers appropriate.

Article (328)

The Minister deputises the judicial officers to attend the general assembly meetings of the companies without any responsibility to the government against the shareholders or any party of interest in the company. Those charged with issuing the minutes of meeting of the general assembly shall record the attendance of the deputised Ministry employees. These employees are not entitled to vote or give any opinion, and their mission is limited to recording the occurrences during the meeting in a report written after the meeting.

Article (329)

Every shareholder and partner in the companies registered according to the provision of this law may view the published information and documents relating to the company and kept at the Department, and may obtain a certified copy thereof with its approval. He may obtain any unpublished information by virtue of a request from the competent court against the fees stipulated in the relevant laws.

Article (330)

The shareholders or partners possessing (20%) of the capital of a shareholding company, a limited liability company, or a partnership limited by shares may request the Minister to order inspecting the company due to gross violations by the members of the board of directors and auditors in their duties stated by the law or the articles of association whenever there is a reason to suggest the violations probable.

The application shall include evidence from which it is deduced that the applicants have serious grounds to justify the action being taken. The shares owned by the partners making the application must be deposited with the application being submitted and will remain deposited until the matter is settled.

The Minister will refer the application to the Department which hears the statements of the applicants, the members of the board of directors, auditors and other required persons. It shall then prepare a report of the result including its opinion and present it to the Minister.

Article (331)

The Minister, having reviewed the report referred to in the previous Article, shall be entitled to appoint by a decision and at the expense of the inspection applicants an auditor from the auditors registered in the auditors' register in order to inspect the company's activities and books.

The members of the board of directors of the company and its employees shall provide the auditor assigned to conduct the inspection with access to all the matters related to the company, including books, documents and papers kept by them or which they have a right to obtain.

The auditor assigned to conduct the inspection shall present a detailed report about the task thereof to the Minister within the period specified in the decision appointing him.

Article (332)

If the Minister discovers that the violations attributed by the inspection applicants to the members of the board of directors or auditors are false, the Minister may order the publication of the whole or part of the report or its result in two daily local newspapers at least one of which shall be in the Arabic language and on the company's website if available. The inspection applicants shall bear the expenses of such publication without any prejudice to their responsibility for indemnification, if applicable.

If it becomes apparent to the Minister that the violations attributed to the members of the board of directors or auditors are correct, the Minister orders the necessary measures to be taken and immediately invites the general assembly to hold a meeting to be chaired in this case by the representative of the Department chosen by the Minister.

Article (333)

The general assembly may decide whether to dismiss the members of the board of directors or auditors and file a liability action against them. Such decision shall be correct if approved by the shareholders or partners holding 50% of the capital after excluding the shares held by the members of the board of directors subject to the considered dismissal.

The dismissed members of the board of directors may not be re-elected to the board of directors except after five (5) years have passed from the date of issuing the resolution of the dismissal.

Chapter (13)

Penalties and Closing Provisions

Article (334)

Without prejudice to any more severe penalty provided for in any other law, the following will be punishable by imprisonment for a period not exceeding two (2) years and by a fine not exceeding one million (1,000,000) Riyals or by one of these penalties:

1. Anyone who deliberately records in a prospectus for the issue of shares, bonds or other securities false information or information violating the provisions of this law and anyone who signs such prospectus knowing the violations therein.
2. Any founder who knowingly includes within the establishment document of a limited liability company false declarations relating to the distribution of capital shares among shareholders or the payment of the full value thereof.
3. Anyone who fraudulently values in kind shares at more than their true value.
4. Any founder or manager inviting the public for subscription in securities of any type whatsoever for any company other than shareholding companies or partnerships limited by shares and anyone who offers such securities for subscription for the company's account.
5. Anyone who reports or distributes in bad faith any profits, benefits or proceeds in violation of the provisions of this law or the company's articles of association and any auditor endorsing the same in bad faith.
6. Any auditor or employee thereof deliberately preparing a false report about the result of its audit, or who deliberately conceals or ignores significant facts in the report submitted to the general assembly according to the provisions of this law or speculates or discloses any secrets of the company which it audits.
7. Any member of the board of directors, manager or liquidator participating in the preparation of a balance sheet, financial status or details issued about the company with the knowledge that this is contrary to the truth with the aim of concealing the company's real financial position, or who deliberately ignores material facts with the aim of concealing the company's real financial position or directly or indirectly exploits, in bad faith, the company's funds or shares to achieve personal benefits, whether directly or indirectly, to himself or for third parties.
8. Any liquidator deliberately causing harm to the company, the partners or the creditors.
9. Any public employee disclosing a secret relating to a commercial company obtained by virtue of his work, or who deliberately records in his reports incorrect facts or deliberately ignores in such reports facts affecting the outcome thereof.
10. Any person falsifying the company's records, or who deliberately records incorrect facts therein or prepares or presents reports to the general assembly containing false or incorrect statements that would impact the decisions of the assembly.
11. Any chairman or member of the board of directors or one of its employees who discloses any of the company's secrets, or who deliberately tries to cause damage to its activities, or has direct or indirect interest with any authority undertaking operations that aim at affecting the prices of the securities issued by the company.

Article (335)

Without prejudice to any more severe penalty provided for in any other law, the following will be punishable by a fine not exceeding five hundred thousand (500,000) Riyal:

1. Anyone disposing of the incorporation shares in violation of the prescribed rules in this law.

2. Anyone who accepts his appointment as a member of the board of directors of a shareholding company or managing director, or who continues to enjoy the membership or who accepts appointment as a controller in the company in violation of the bans provided for in the law, in addition any managing director of a company in which any of such violations are committed with his knowledge.
3. Any member of the board of directors who does not provide the shares allocated to ensure his membership as stipulated in the company's articles of association within sixty (60) days from the date of notification of the resolution of their appointment, or who fails to submit the declarations to be submitted thereby, or who submits false details or deliberately ignores any of the details on which the board shall prepare a report about and any member of the board of directors who records incorrect details in the company's reports or deliberately ignores any details.
4. Anyone who deliberately prevents the Department's employees, auditor, member of supervisory board or liquidator from reviewing the company's books and documents that they are entitled to review in accordance with the provisions of this law and anyone who refuses to submit the information, documents and clarifications required thereby in this regard.
5. Any member of the board of directors who deliberately prevents the convening or holding of the general assembly meeting.
6. Any member of the board of directors obtaining a loan or guarantee from the company in violation of the provisions of this law and any person approving such loan or guarantee.

Article (336)

In case of repeating or refraining to remove the violation for which a final judgment of conviction is issued, the penalties provided for in the two preceding Articles shall be doubled.

Article (337)

Without prejudice to the right to claim indemnification when applicable, any act, transaction or decision issued in violation of the provisions of this law shall be void without prejudice to the rights of third parties acting in good faith.

If invalidity is attributed to more than one party, they shall be jointly responsible for indemnification.

The action for invalidity shall not be accepted if filed after one (1) year from the time of the concerned person's knowledge of the violating act.

Article (338)

No resolution passed by the general assembly shall result in the elimination of civil liability action against the members of the board of directors for the mistakes committed by them in carrying out their duties.

If the act resulting in liability was presented to the general assembly per the report of the board of directors or auditor, such action shall lapse after three (3) years from the date of the general assembly resolution ratifying the report of the board being passed. However, if the act attributed to the members of the board of directors is deemed to be a felony or misdemeanour, the actions shall only lapse by the lapse of the criminal action.

The Department and each shareholder shall be entitled to commence this action and any provision in the company's article of association providing for the waiver of the action or requiring the prior permission from the general assembly or any other procedure to be taken shall be void.

Article (339)

Except for joint venture companies, the creditors' right to file the actions arising from the company's works shall lapse after three (3) years from the company termination and such period starts for the liquidators' from the completion of the liquidation works.

Article (340)

In all commercial companies, actions of the company's creditors shall prescribe after three (3) years from the company's termination or the exit of the shareholder against whom the action is instituted.

The limitation period starts from the date of registration in the commercial register in all cases where registration is necessary, and from the date of announcement of liquidation in the actions emanating from liquidation.

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