Federal Decree Law No. (32) of 2021

on Commercial Companies

We, Khalifa Bin Zayed Al Nahyan, UAE President,

- Having reviewed the Constitution;
- Federal Law No. [1] of 1972 Concerning the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Decree Law No. [5] of 1975 on the Commercial Register;
- Law No. [5] of 1985 Promulgating the Civil Code of the United Arab Emirates, as amended;
- Law No. [3] of 1987 Promulgating the Penal Code, as amended;
- Federal Law No. [10] of 1992 Promulgating the Law of Evidence in Civil and Commercial Transactions, as amended;
- Federal Law No. [11] of 1992 Promulgating the Civil Procedure Law, as amended;
- Federal Law No. [35] of 1992 Promulgating the Criminal Procedure Law, as amended;
- Federal Law No. [18] of 1993 Promulgating the Commercial Code, as amended;
- Federal Law No. [29] of 1999 Establishing the General Authority of Islamic Affairs and Endowments, as amended;
- Federal Law No. [4] of 2000 Concerning the Emirates Securities and Commodities Authority and Market;
- Federal Law No. [7] of 2002 On Copyrights and Ancillary Rights, as amended;
- Federal Law No. [8] of 2004 on the Financial Free Zones;
- Federal Law No. [17] of 2004 on Anti-Commercial Concealment;
- Federal Law No. [1] of 2006 on Electronic Commerce and Transactions, as amended;
- Federal Decree Law No. [4] of 2007 Concerning the Establishment of Emirates Investment Authority [EIA], as amended;

- Federal Law No. [6] of 2007 On the Regulation of Insurance Business, as amended;
- Federal Law No. [4] of 2012 On the Regulation of Competition;
- Federal Law No. [4] of 2013 Regulating the Notary Public Profession, as amended;
- Federal Law No. [12] of 2014 on the Regulation of Auditing Profession, as amended;
- Federal Law No. [2] of 2015 on the Commercial Companies, as amended;
- Federal Decree Law No. [9] of 2016 on Bankruptcy, as amended;
- Federal Law No. [14] of 2016 on the Violations and Administrative Penalties in the Federal Government;
- Federal Law No. [17] 2016 Establishing the Mediation and Conciliation Centers for Civil and Commercial Disputes, as amended;
- Federal Law No. [19] of 2016 on Combatting Commercial Fraud;
- Federal Law No. [7] of 2017 on Tax Procedures;
- Federal Decree Law No. [8] of 2017 on Value Added Tax;
- Federal Law No. [6] of 2018 on Arbitration;
- Federal Decree Law No. [14] of 2018 Concerning the Central Bank and the Regulation of Financial Institutions and Activities; as amended;
- Federal Decree Law No. [20] of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and financing of Illegal Organizations, as amended; and
- Based on the Minister of Economy's proposal approved by the Cabinet,

Do hereby promulgate the following Decree Law:

Part One

General Provisions on Companies

Chapter One

The Concept of Company

Article (1)

Definitions

For the purpose of applying the provisions of this Decree Law, the following words and expressions shall denote the meanings assigned thereto respectively, unless the context requires otherwise:

The State	:	The Unites Arab Emirates.
Federal Government	:	The Government of the United Arab Emirates.
The State	:	The Unites Arab Emirates.
Federal Government	:	The Government of the United Arab Emirates.
Local Government	:	Any of the governments of the member Emirates of the Federation.
The Ministry	:	Ministry of Economy.
The Minister	:	Minister of Economy.
Central Bank	:	The Central Bank of the United Arab Emirates.
SCA	:	The Securities & Commodities Authority.
Competent Authority	:	The local authority concerned with the Company affairs in the relevant Emirate.
Company	:	The Commercial Company.
Special Purpose Acquisition Company [SPAC]	:	A public joint stock company, which the SCA has approved to classify as a Special Purpose Acquisition Company with no other purposes, in accordance with the SCA's relevant decision.
Special Purpose Vehicle [SPV]	:	A company incorporated with the aim of segregating the liabilities and assets associated with a particular financing transaction from the liabilities and assets of its founding person, and is used for the transactions involving credit,

borrowing, securitization, bond issuance and transfer of risks associated with insurance, reinsurance and derivatives transactions in accordance with the provisions of the decision of the SCA regulating such activities.

Governance : A set of controls, standards and procedures that aim to achieve corporate discipline for the management of the Company in accordance with the international standards and practices, through determining the duties and responsibilities of the Directors and the Executive Management of the Company, while ensuring that the interests of shareholders and stakeholders are safeguarded.

Business Day : The official business days of the ministries, government authorities and local departments.

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

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

Markets : Securities and commodities markets licensed by the SCA to operate in the State.

Securities : The shares issued by joint stock companies;
Derivatives and investment units approved by the SCA;
Bonds, Sukuk and bills issued by the Federal Government, local governments or public authorities or institutions in the State;
Bonds, Sukuk and any debt instruments issued by companies in accordance with the regulations to be issued by the SCA; and
Any other local or foreign securities acceptable to the Central Bank and the SCA.

Public Offering : The process of inviting any natural or legal person or a

		particular segment or segments of persons to purchase any Securities.
Book Building	:	The process by which the price of a security is determined upon issuance or sale on a Public Offering, in accordance with the provisions of the resolution to be issued by the SCA in this respect.
Strategic Partner	:	A partner whose contribution to the Company provides technical, operational or marketing support that is beneficial to the Company.
Share Register	:	A register that shows the shares held by shareholders in the joint stock companies and the rights associated with such shares.
Share Register Secretariat	:	An entity or entities licensed by the SCA to regulate the Share Register of private joint stock companies.
Director	:	Any member of the board of directors of the Company, including the chairman.

Article (2)

Objectives of the Decree Law

This Decree Law aims to contribute to the development of the business environment and the capacities of the State and its economic standing by way of regulating the companies in accordance with the global variables, especially those related to the regulation of governance rules, the protection of the interests of shareholders and partners, boosting foreign investment flow and the promotion of corporate social responsibility.

Article (3)

Companies Governed by the Provisions of this Decree Law

The provisions of this Decree Law and the rules, regulations, and resolutions issued in implementation hereof shall apply to the commercial companies established in the State.

The provisions on foreign companies set forth in this Decree Law and its implementing resolutions and regulations shall apply to foreign companies that have a headquarters in the State to carry on any activity therein or establish a branch or representative office in the State.

Article (4)

Companies Not Governed by the Provisions of this Decree Law

1. Except for registration and renewal of registration in the register of exempted companies kept at the Ministry, the SCA and the Competent Authority, within their respective areas of competence, the provisions of this Decree Law shall not apply to the following:
   a. The companies exempted under a Cabinet resolution, in respect of anything for which a special provision to that effect is contained in the company's Memorandum or Articles of Association, according to the controls to be issued under a Cabinet resolution.
   b. The companies fully owned by the federal or local government or any of their affiliated institutions, entities, bodies or subsidiaries, as well as any other companies fully owned by such entities or their subsidiaries, if a special provision to that effect is contained in their Memorandum or Articles of Association.
   c. The companies, in which the federal government or local government or any of their affiliated institutions, authorities, agencies or subsidiaries, or any other entity directly or indirectly owned by any of them, is holding at least [25%] of their capital, and which engage in the business activities of oil drilling, extraction, refining, manufacturing, marketing and transport, or engage in any energy-related activities of all types, electricity and gas production, or water desalination, transportation and distribution, if a special provision to that effect is contained in their Memorandum or Articles of Association.
   d. The companies that are granted exemption from the provisions of Federal Law No. [2] of 2015 on Commercial Companies, as amended, prior to the date of entry into force of the provisions of this Decree Law, if a special provision to this effect is

contained in the Memorandum or Articles of Association of such companies.

e. The companies exempted from the provisions of this Decree Law under special federal laws.

f. The SPACs; as provided for in the SCA's decision on such companies.

g. The SPV; if a special provision to that effect is included in the decision of the SCA on the regulation of such activity.

2. The companies mentioned in [1/B, C and D] of this Article shall adjust their affairs in conformity with the provisions of this Decree Law, in the event that such companies sell or offer any ratio of their capital at a public offering or list their shares on a financial market in the State.

3. The companies mentioned in [1/F] and [1/G] of this Article shall adjust their affairs in conformity with the provisions of this Decree Law and according to the regulations or decisions issued by the SCA on such companies.

Article (5)

Free Zone Companies

1. The provisions of this Decree Law shall not apply to the companies established in the free zones of the State if a special provision to this effect is contained in the laws or regulations of the relevant free zone. Notwithstanding the foregoing, such companies shall be governed by the provisions of this Decree Law if such laws or regulations allow the activities of such companies to be carried on outside the free zone in the State.

2. Subject to Clause [1] of this Article, the Cabinet shall issue a resolution setting out the applicable conditions for the registration of companies operating in the free zones of the State and which desire to carry on their activities in the State but outside the free zones.

Article (6)

Corporate Governance

1. Subject to the requirements of the Central Bank with regard to the financial institutions falling under its control and supervision, the Minister shall issue the resolution

regulating the governance of companies, except for public joint stock companies, as the Board of Directors of the SCA shall issue the resolution regulating their governance. The governance resolution shall include the rules, controls and provisions to be observed by the companies.

2. The board of directors of the company or its managers, as the case may be, shall be responsible for applying the rules and standards of governance.

Article (7)

Breach of the Rules of Governance

The governance-regulating resolutions provided for in Article [6.1] hereof shall include fines to be imposed by the Ministry or the SCA, within their respective areas of competence, on the companies and their chairpersons, directors, managers and auditors in the event that such resolutions are breached, so that the fine shall not exceed AED 10 million.

Article (8)

The Concept of Company

1. The Company is a contract whereby two or more persons agree to get involved in an economic profit-making venture by contributing a share in the form of capital or work, and to divide among themselves the profit or loss resulting from such venture.
2. The economic venture referred to in Clause [1] of this Article shall include every commercial, financial, industrial, agricultural or real estate activity or other kinds of economic activity.
3. Notwithstanding Clause [1] of this Article, the Company may be incorporated or owned by a single person in accordance with the provisions of this Decree Law.

Article (9)

Forms of Companies

1. The Company shall take one of the following forms:

a. General Partnership.
b. Limited Partnership.
c. Limited Liability Company.
d. Public Joint Stock Company.
e. Private Joint Stock Company.

2. Any Company that does not adopt any one of the forms referred to in the preceding Clause shall be considered null and void, and the persons concluding contracts in its name shall be jointly and severally liable for the obligations arising out of such contracts.
3. Every Company established in the State shall bear the nationality thereof, but this would not necessarily mean that the Company shall enjoy the rights exclusively conferred upon UAE nationals.

Chapter Two

Incorporation and Management of Company

Article (10)

Activities Having Strategic Impact

1. A committee, whose membership includes representatives from the competent authorities, and which is vested with the competence to propose activities with a strategic impact and the controls required to license the companies that engage in any of these activities, shall be formed by a resolution of the Cabinet based upon a proposal from the Minister.
2. The Cabinet shall, based upon a recommendation from the committee stipulated in Clause [1] of this Article, issue a resolution defining the activities with a strategic impact and the controls for licensing the companies that engage in any of these activities.
3. Subject to the competencies vested in the Cabinet as per Clause [2] of this Article, the Competent Authority shall have the following powers:
   a. Determine a particular ratio for the contribution of UAE nationals to the capital or the boards of directors of all companies that are incorporated within the scope of its competence.

b. Approve the applications for incorporation of companies and determine the fees as per the controls laid down by the Cabinet and mentioned in Clause [2] of this Article, subject to the provisions stipulated in this Decree Law with regard to joint-stock companies.

4. The Cabinet may, based upon a request from the Ministry, the body concerned or the Competent Authority, as the case may be, relieve any company whose activities are regulated by special legislation from any term or provision that stipulates the percentage of ownership of nationals or their involvement in the management of such company.

Article (11)

Business Practice

1. The company shall obtain all the approvals and licenses required to engage in the business activities in the State prior to the commencement of business practice.
2. The Cabinet shall issue a resolution determining the formation and credentials of the members of the internal Sharia Supervisory Committees and the Sharia controller of companies incorporated inside the State and which conduct their business in conformity with the rules of Islamic Sharia. The resolution shall determine the controls of operation of such committees. Such companies shall, following their incorporation and prior to the commencement of their activities, obtain the approval of the internal Sharia Supervisory Committees.
3. Only public joint stock companies may conduct banking and insurance activities, unless the laws regulating such activities or the resolutions issued thereunder stipulate otherwise.

Article (12)

Name of the Company

1. The Company shall have a trade name that does not conflict with the public order of the State. The name shall be followed by the legal form of the Company. No Company may be registered with a name previously registered in the State or a confusingly similar

name.

2. Under a special resolution of the General Assembly and the like, the Company may change its name to any other name approved by the Competent Authority and acceptable to the Registrar. The change of the name of the Company shall not prejudice its rights or obligations or any legal proceedings instituted by or against the Company. Any legal proceedings that have already been instituted by or against the Company shall also continue in the amended name of the Company.

Article (13)

Address and Communications of the Company

1. Every Company shall have a registered address in the State to which notices and communications shall be sent.
2. All contracts, documents, communications and application forms issued by the Company shall bear its name, legal form, registration number and address, and, if the share capital of the Company is added to such details, the amount of the paid up capital shall be stated.
3. If the Company is undergoing liquidation, its paperwork shall indicate such status.

Article (14)

Drafting the Memorandum of Association

1. The MOA of the company and each amendment thereto shall be written in Arabic and attested by the Competent Authority; otherwise, the MOA or the amendment thereto shall be null and void. If the Memorandum is written in a foreign language in addition to Arabic, the Arabic text shall be the prevailing and applicable text in the State. The attestation by the Competent Authority shall be made based on personal attendance or by electronic signature, as determined by the Competent Authority in this regard. Notwithstanding the above, the attestation shall be made before the Notary Public in the events determined by a decision issued by the Competent Authority.
2. The partners may invoke against each other the invalidity arising from failure to draft the

MOA or an amendment in writing or to attest the same. However, no invalidity may be invoked by the partners against third parties.

3. If a judgment is issued, at the request of a partner, establishing that the Company is invalid, such invalidity shall take effect only of the date on which the judgment becomes final.

Article (15)

Registration of MOA with the Competent Authority

1. The Company's MOA and any amendment thereto shall become effective after being registered in the commercial register with the Competent Authority.
2. If the MOA is not registered as required by Clause [1] of this Article, it shall have no legal effect vis-à-vis third parties. If non-registration is limited to one or more of the items required to be registered, only the non-registered items shall have no effect vis-à-vis third parties.
3. The companies shall notify both the Competent Authority and the Registrar in writing within fifteen [15] business days upon the occurrence of any amendment or change in the registered details of the Company, including its name, address, share capital, number of shareholders or legal form.
4. The managers or directors of the Company, as the case may be, shall be held jointly liable for indemnifying the damage sustained by the Company or its partners or third parties due to failure to have the MOA or any amendments thereto registered in the commercial register with the Competent Authority.

Article (16)

Invocation of MOA by Third Parties

1. Any third party may prove the existence of the MOA of the Company or any amendment thereto by all means of proof. Such third party may invoke the existence or invalidity of the Company vis-à-vis the partners.
2. If the Company is decided to be invalid upon the request of a third party, the Company

shall be deemed void ab initio in relation to such third party. Persons who have contracted with such third party in the name of the Company shall be jointly and severally liable for the obligations arising from the MOA.

3. In all cases where a Company is decided to be invalid, the terms of the MOA shall apply to the liquidation of the Company and the settlement of the rights of the shareholders against each other. The debtors of the Company may not request or invoke invalidity in order to avoid their debts to the Company.

Article (17)

Nature of Partner's Contribution

1. The capital of the Company shall consist of cash contribution and/or in-kind contributions of a known value.
2. The partner's capital contribution may neither be work, unless the same is a general partner, nor his reputation or influence.

Article (18)

Rules of Contributing to the Company's Capital

1. If the partner's contribution is a title to property or any other right in-rem transferred to the Company, such partner shall be liable in accordance with the provisions applicable to contracts of sale with regard to title transfer, guarantee of the contribution in case of depreciation or maturity or in the event of an apparent defect or shortcoming in the contribution, unless agreed otherwise.
2. If the contribution is based merely on the utilization of funds, the provisions applicable to lease agreements shall apply to the issues set out in Clause 1 of this Article, unless agreed otherwise.
3. If a partner's contribution represents debts payable by third parties or other incorporeal rights, such partner's liability vis-à-vis the company shall only be relieved when such debts are settled. Moreover, the partner shall be liable to indemnify the damage sustained by the Company if such debts are not settled when they become due.

4. Subject to the provisions of the law regulating copyrights and ancillary rights and the law regulation the protection of industrial property rights, if the partner's contribution in the Company is his work, then every revenue generated from such work shall be the property of the Company, provided that the partner has not obtained such revenue from the right to a patent, unless otherwise agreed.

Article (19)

Failure to Provide Contribution to the Company

1. If the partner undertakes to contribute to the company a sum of money, and such sum is not paid, or if the contribution consists of debts of third parties that are not settled, such partner shall be liable vis-a-vis the Company for any obligations in consideration of his contribution to the Company.
2. The partner shall be liable to the Company for the difference, if any, between the amount of money or value of the contribution actually provided to the Company and the amount of money or value of such other contribution recorded in the partners register, and which the partner should have provided in accordance with the provisions of this Decree Law.

Article (20)

Enforcement upon Anything in Lieu of Capital Contribution

1. The creditor of any partner may not satisfy his right from the contribution of his debtor to the capital of the Company, but rather, he may satisfy the same from his debtor's profit share. If the Company is dissolved, the creditor's right shall attach to his debtor's share upon liquidation of the Company.
2. If the partner's contribution to the Company is shares, then his creditor may, in addition to the rights as set out in Clause 1 of this Article, file a case with the competent court for the shares to be sold and the proceeds thereof be used to satisfy the creditor's right.

Article (21)

Legal Personality of the Company

1. The Company shall, as of the date of registration in the commercial register with the Competent Authority, acquire the legal personality in accordance with the provisions of this Decree Law and the resolutions issued in implementation hereof.
2. During the incorporation period, the Company shall have legal personality to the extent necessary for its incorporation. The Company shall be bound by the acts of the founders in connection with the incorporation procedures and requirements within such period, provided that such incorporation is completed in accordance with the provisions of this Decree Law.
3. Upon its dissolution, the Company shall undergo liquidation. During the liquidation period, the Company shall maintain its legal personality to the extent required for the liquidation process. The phrase "Under Liquidation" shall be added to the name of the Company in a clearly written manner.
4. Subsidiaries of a holding company shall have legal personality and financial liabilities independent of the holding company.

Article (22)

Duties of the Person Authorized to Manage the Company

The person authorized to manage the Company shall preserve its rights and shall exercise due care and diligence for the benefit of the Company as expected from a Prudent Person. Such person shall perform all such acts that are consistent with the objective of the Company and the powers granted to such person under an authorization issued by the Company in this respect.

Article (23)

Liability of Company for Acts of its Authorized Manager

The Company shall be bound by any act or thing carried out by the person authorized to manage the Company in the ordinary course of such management. The Company shall also

be bound by any act of any of its employees or agents who are authorized to act on behalf of the Company, where such authority has been relied on by a third party dealing with the Company.

Article (24)

Relief from Liability

Subject to the provisions of this Decree Law, any provision of the MOA or AOA of the Company authorizing it or any of its subsidiaries to agree on relieving any person from any personal liability, which such person assumes as a current or former officer of the Company, shall be null and void.

Article (25)

Protection of Clients of the Company

1. The Company may not deny its liability vis-à-vis any client on the grounds that the authorized manager is not duly appointed in accordance with the provisions of this Decree Law or the AOA of the Company, as long as the acts of such manager fall within the usual limits in respect of persons of a similar position in companies that conduct the same type of activity as the Company.
2. Any client may only be protected if he is acting in good faith. A person shall not be deemed acting in good faith if he actually knows or could have known, based on his relationship with the Company, of the shortcomings in the act or thing to be invoked against the Company.

Article (26)

Accounting Records

1. Every Company shall keep accounting records of its transactions to give a clear picture of its financial position at any specific point in time, and to enable the partners or shareholders to verify that the Company's accounts are being properly kept in accordance with the provisions of this Decree Law.

2. Every Company shall keep its accounting records at its headquarters for a period of at least five [5] years of the end of the fiscal year of the Company.
3. The Company may keep an electronic copy of the original documents and papers saved and maintained by the Company in accordance with the guidelines contained in a resolution of the Minister.

Article (27)

Accounts of the Company

1. Every joint stock company and limited liability company shall have one or more auditors to carry out an annual audit of its accounts. Other companies may appoint an auditor in accordance with the provisions of this Decree Law.
2. The Company shall prepare annual financial accounts, including a balance sheet and a profit and loss account.
3. The Company shall apply international accounting standards and principles upon preparing its periodic and annual accounts, to give a clear and accurate picture of the profits and losses of the Company.
4. Every partner or shareholder in any Company may, based upon a written request, obtain a free copy of the last audited accounts and of the last report of its auditor and a copy of the accounts of the group if it is a holding company. The Company shall respond to such request within 10 [ten] days of the date of submission.

Article (28)

Fiscal Year of the Company

1. Every Company shall have a fiscal year to be specified in its Articles of Association, provided that the first fiscal year of the Company shall be between 6 [six] to 18 [eighteen] months, starting from the date on which the Company is registered in the commercial register maintained by the Competent Authority.
2. All fiscal years subsequent to the first one shall run for 12 months after the end of the preceding fiscal year.

Article (29)

Distribution of Profits and Losses

1. If the Company's MOA does not define a partner's share in the profits or losses, the latter's share shall be proportional to his capital contribution. If the MOA only specifies a partner's share in profits, his share of losses shall be equal to his profit share and vice versa.
2. If a partner's contribution is limited to his work, the Company's MOA shall specify his share of profits or losses. If the partner has provide a cash or in-kind capital contribution in addition to his work, he shall have a share of the profits or losses for his work contribution and another share for his capital contribution.
3. If it is agreed under the Company's MOA that any of the partners is to be denied profits or be relieved of losses or that any of the partners gets a fixed return for his contribution, such MOA shall be null and void.
4. It may be agreed to relieve a partner, who contributes only his work, from sharing in the loss, provided that no remuneration has been decided for such work.

Article (30)

Distribution of Profits

1. No fictitious profits may be distributed to the partners or shareholders. The board of directors or any similar body shall be liable vis-à-vis the partners or shareholders and the Company's creditors for any such arrangement.
2. If the Company distributes any profits in violation of the provisions of this Decree Law and the resolutions issued in implementation hereof, the partner or shareholder concerned shall pay back the profits received by him in violation of such provisions. Furthermore, the Company's creditors may request such partner or shareholder to return the profits received, even if he is acting in good faith.
3. Partners or shareholders shall not be denied actual profits picked up by them even if the Company incurs losses during the following years.

Article (31)

Issuance of Securities

Subject to the provisions of Article [4] of this Decree Law, only the joint stock company may issue negotiable shares, bonds or Sukuk.

Article (32)

Public Offering of Securities

No Company, other than the public joint stock company, may conduct a public offering of Securities. Under no circumstances may any Company, entity, natural or legal person incorporated or registered in the State or in a free zone or overseas, publish any notices in the State inviting the public to subscribe for Securities without first securing the approval of the SCA.

Chapter Three

Companies Registrar

Article (33)

Regulation of the Activities of the Registrar

The Minister shall, in coordination with the Competent Authority, issue regulations on the activities of the Registrar.

Article (34)

Notifying the Registrar of the Company's Details

The Competent Authority shall notify the Registrar of the details of the companies registered with it. Such notification shall include the company's name, business activities, capital, business license as well as any information, data or documents required by the Registrar.

Article (35)

Rules for Registration of Trade Names

The Competent Authorities shall establish the necessary rules for registration of trade names, shall ensure that the trade names of companies are not confusingly similar, and shall provide the Registrar with any updates or changes in the details of the registered companies.

Article (36)

Registrar's Duty to Keep Company's Documents

The Minister shall issue a resolution:

1. Designating the period of time for which the Registrar shall keep the documents, so that such documents may be destroyed after the expiration of such period.
2. Regulating the submission of documents to the Registrar by electronic means of communication and other means. The resolution shall include provisions to ensure effective consistency between the records kept by the Registrar and those kept by the Competent Authority.

Article (37)

Access to Records Kept by the Registrar

Subject to the provisions of this Decree Law, the stakeholders may request from the Registrar:

1. A copy of the details of the records kept by the Registrar.
2. A certificate from the Registrar or the Competent Authority indicating any of the details of those records.

Article (38)

Fees Payable to the Ministry and the SCA

Based upon the proposal of the Minister and in coordination with the Ministry of Finance, the Cabinet shall issue a resolution determining the fees payable by companies for the

services provided by the Ministry and the SCA in the course of implementation of the provisions of this Decree Law.

Part Two

Partnerships

Chapter One

General Partnership

Article (39)

Definition of the Company

A General Partnership is a Company which consists of two or more partners who are natural persons and are jointly and severally liable to the extent of all their property for the liabilities of the Company.

Article (40)

Capacity of the Partners

A general partner shall have the capacity of a trader. Such partner shall be deemed to conduct the business in person in the name of the Company. When a General Partnership becomes bankrupt, all the partners thereof shall also become bankrupt by operation of law.

Article (41)

Name of the Company

1. The name of a General Partnership shall consist of the name[s] of one or more partners in addition to the words "and partners" or words of similar meaning, provided that the name of the Company ends with the words "General Partnership". In addition, the Company may have its own trade name.
2. If the name of a General Partnership contains the name of a person who is not a partner in the Company and that person has knowledge of the same, the person in question shall be jointly liable for the Company's obligations vis-à-vis any person that deals with the

Company in good faith.

Article (42)

MOA of the General Partnership

1. The General Partnership's MOA shall, in particular, include the following details:
    a. The full name of each partner and his nationality, date of birth and place of residence;
    b. The name, address and trade name, if any, of the Company and the objects for which it was established;
    c. The headquarters of the Company and its branches, if any;
    d. The share capital of the Company, the shares of each partner, the estimated value of such shares, the means by which they are assessed and their due dates;
    e. The commencement date and expiry date of the Company's term, if any;
    f. The method by which the Company is to be managed and the names of the Company's authorized signatories and the extent of their powers;
    g. The start and expiry dates of the fiscal year;
    h. The profit and loss sharing ratios;
    i. The conditions for assignment of shares in the Company, if any.
2. If the MOA of the Company contains the name[s] of the manager[s], then the full name, nationality, place of residence and powers of each manager shall be stated.

Article (43)

Incorporation Procedures

The General Partnership shall be incorporated and registered as follows:

1. The Competent Authority shall determine the information and documents required for the incorporation of the Company, and shall create a standard application form for incorporation in accordance with the provisions of this Decree Law.
2. The application for incorporation, together with the supporting documents required for licensing and registration purposes, shall be submitted to the Competent Authority.

3. The Competent Authority shall require the applicant to complete the information and documents required or to make such amendments to the MOA of the Company as necessary to ensure compliance with the provisions of this Decree Law and the resolutions issued in implementation hereof.
4. The Competent Authority shall issue a decision on the incorporation application of the Company not later than five [5] business days of the date on which the application is filed or on which the information and documents required are provided or the required amendments are made. Rejection of the application shall be reasoned.
5. If the Competent Authority rejects the application or if the time limit mentioned in Clause [4] of this Article expires without a decision being made on the application, the applicant shall have fifteen [15] business days to file a grievance with the Director General of the Competent Authority or other officer acting in lieu of him. If the grievance is dismissed or not decided on within fifteen [15] business days of the date of being filed, the applicant may appeal against the same before the competent court within thirty [30] business days of the date of being notified of the dismissal decision or of the expiry of the above-mentioned time limit, as the case may be.
6. If the application for company incorporation is approved, the Competent Authority shall record the Company in the commercial register and shall issue a business license for the company.
7. The Company shall, within five [5] business days of the issuance date of its business license, provide the Registrar with a copy of the business license and MOA of the Company in order to be published in accordance with the guidelines laid down by the Minister in this respect.

Article (44)

Details and Documents Required to be Kept

The General Partnership shall keep the following items at its headquarters:

1. A register containing the names and addresses of the partners;
2. A copy of the MOA of the Company and any amendments thereto;
3. A statement of the cash amounts and the nature and value of any assets contributed by

each partner and the dates of such contributions; and.

4. Any details, documents or other records required to be kept under this Decree Law and its implementing resolutions.

Article (45)

Management of the General Partnership

1. The General Partnership shall be managed by all the partners. Every partner in a General Partnership shall act as an agent of both the Company and other partners in respect of the business of the Company, unless the management is delegated under the MOA of the Company or an independent contract to one or more partners or to a person who is not a partner.
2. Any partner, who is not a manager, may not be involved in the management affairs unless otherwise agreed. However, such partner may request access to the business activities of the Company and its books and records, and may give observations thereon to the manager of the Company.
3. Resolutions relating to the business of the Company shall be unanimously adopted by all the partners, unless the MOA of the Company provides otherwise.

Article (46)

Business Competing with the Company's Business

1. The general partner may not, without the written consent of the other partners, carry on for his own benefit or for the benefit of third parties any activity which competes with the business of the Company, nor be a general partner in any other General Partnership.
2. If a partner in the General Partnership carries on, without the consent of the other partners, any similar activity which competes with the business of the Company, such partner shall pay to the Company all such profits generated by him from such activity.

Article (47)

Removal of Manager

1. Where the manager is a partner appointed under the MOA of the Company, he may only be removed with the unanimous consent of the other partners or pursuant to a judgment by the competent court.
2. If the manager is a partner appointed under a contract that is independent of the company's MOA, or if he is not a partner, whether appointed under the MOA or under a separate contract, he may be removed by resolution of the majority of the partners or pursuant to a judgment by the competent court.
3. The removal of the manager in the two instances described in the above two Clauses shall not give rise to the dissolution of the Company, unless the MOA provides otherwise.

Article (48)

Resignation of the Manager

The manager, whether a partner or not, may resign from the management, provided that he serves upon the partners a 60-day prior notice of resignation, unless his appointment contract provides otherwise, failing which, he shall be liable for compensation. The manager's resignation shall not bring Company to dissolution unless the MOA indicates otherwise.

Article (49)

Prohibited Acts of the Manager

The manager shall not act beyond the scope of regular management duties except with the consent all the partners or by virtue of an explicit provision in the MOA. This prohibition shall apply to the following acts in particular:

1. Making donations other than routine minimal donations governed by commercial norms;
2. Sale of the company's property, unless such transaction falls within the company's objectives;

3. Mortgaging the company property or assets, even if the manager is authorized to sell the company's property under the Company's MOA;
4. Guaranteeing the liabilities of third parties; or
5. The sale, mortgage or lease of the Company's business premises.

Article (50)

Manager Entering into Contracts for his Own Benefit

1. The manager may not enter into any contracts for his own benefit or for the benefit of any of his relatives up to the second degree with the Company without the written permission of all the partners to be granted on a case by case basis.
2. The manager may not carry on any activity of the same kind as that of the Company except with the written permission of all the partners, to be renewed annually.

Article (51)

Liability of the Manager

The manager shall be liable for the damage sustained by the Company, the partners or third parties due to any breach of the provisions of the MOA of the Company or of the appointment contract of the manager, or any negligence or error committed by the manager in the course of performance of his duties, or due to his failure to exercise due care as expected from a prudent person. Any condition to the contrary shall be null and void.

Article (52)

Liability of Co-Managers

1. Where there is more than one manager and each of whom is assigned particular responsibilities, each manager shall be liable vis-à-vis the partners only for those acts which fall within his areas of responsibility. Where there is more than one manager and it is stipulated that they perform the management affairs jointly, their resolutions shall only be valid if passed unanimously or by the majority specified in the MOA. However,

the MOA may provide that each manager is authorized to individually handle the urgent matters whose postponement would entail a substantial loss for the Company or a loss of considerable profits.

2. Where there is more than one manager and each of whom is not assigned particular responsibilities under the MOA and they have no duty to act jointly, each of them may individually perform any management duties, and, in which case, the other managers shall have the right to object to any action before taken by him it is completed. In such case, the majority votes of the managers shall prevail and in the event of a tie; the matter shall be referred to the partners whose decision shall be final.
3. Co-managers shall exercise the degree of care expected from a prudent person in the course of performing their duties.

Article (53)

Liability of the Company

The General Partnership shall be liable vis-à-vis third parties to indemnify the damage arising from the acts of any partner carried out with the consent of the other partners or in the normal course of business of the Company.

Article (54)

The Joining Partner

Where a partner joins the Company, he shall be jointly liable with the other partners to the extent of all his own property for all of the Company's existing obligations, provided that the Company has already disclosed such obligations to that partner. Further, he shall also be jointly liable with the other partners to the extent of all his own property for all the Company's obligations subsequent to his joining the Company. Any agreement between the partners to the contrary may not be invoked vis-à-vis third parties.

Article (55)

The Withdrawing Partner

1. Unless the MOA of the Company stipulates otherwise, any partner may withdraw from a General Partnership under a written agreement with the other partners. In the absence of such agreement, the partner may file a case with the competent court to obtain a withdrawal judgment, provided that the other partners are served with a prior notice of not less than 60 days by registered mail before the proposed date of withdrawal. The Company shall be entitled to claim from the withdrawing partner pay any compensation, as applicable.
2. The withdrawing partner shall remain jointly liable with the other partners of the Company for the debts and obligations of the Company prior to his withdrawal, and shall be liable for the same to the extent of his own assets, together with the other partners.
3. Any partner withdrawing from the Company shall not be relieved of any obligations assumed the Company after his withdrawal, unless such withdrawal is recorded in the commercial register and announced in two daily local newspapers; one of which is published in Arabic, and 30 days have lapsed of the date of the completion of the latter action.
4. If the Company consists of two partners and one of them withdraws, the other partner may, within six [6] months of the date of recording the withdrawal in the commercial register, bring into the Company one or more new partners in place of the withdrawing partner; otherwise, the Company shall be deemed dissolved ipso facto.

Article (56)

Assignment of Equity Stakes

1. Equity stakes may only be transferred in a General Partnership with the consent of all the partners, subject to the conditions set out in the MOA of the Company. The assignee shall become a partner in the Company after the assignment is registered with the Competent Authority and the Registrar is notified of the same.

2. Any agreement that permits an unrestricted assignment of equity stakes shall be null and void. However, a partner may assign to any third party the rights relating to his equity stake in the Company. Such agreement shall legal effect only between the contracting parties.

Article (57)

Rights of the Deceased Partner

Unless the partners agree otherwise, the amount payable by the remaining partners in respect of the equity stake of the deceased partner shall be a debt payable of the date of dissolution of the General Partnership or of the date of death of the partner; whichever comes first.

Article (58)

Transactions of the Company upon Expiry of its Term or Fulfillment of its Objects

1. The rights and obligations of the partners in a General Partnership shall survive if the Company continues to operate upon the expiry of its term or the fulfillment of the objects for which it is established.
2. If a bona fide third party continues to deal with one or more General Partners after the Company's MOA has been amended or after a resolution is issued to dissolve it, on the assumption that the Company is a going concern, such partner[s] shall be held liable vis-à-vis third parties prior to the amendment of the Company's MOA or the resolution approving its dissolution. Publication of a notice in at least two daily local newspapers, one of which is published in Arabic, shall be sufficient notice to persons who dealt with the General Partnership prior to the date of its dissolution or prior to the announcement of amendment of its MOA.

Article (59)

Mutual Obligations Between The Company and Partners

Without prejudice to the provisions of the MOA of the General Partnership, the following obligations shall be observed:

1. The Company shall pay any amounts the partner has personally paid on behalf of the Company to enable the Company to conduct business as usual or to maintain the assets and activities of the Company.
2. The partner shall indemnify the Company for any benefit gain by him upon performing any work in connection with the Company or due to his use of its property, name or trademarks without the consent of the Company.

Article (60)

Enforcement upon the Partner's Property

Liabilities of the Company may only be enforced against the property of its partner after obtaining a Writ of Execution against the Company when the debt has not been satisfied after giving the Company notice to pay. The Writ of Execution against the Company shall serve as evidence against the partner.

Article (61)

Profits and Losses

1. The profits, losses and the partner's shares therein shall be determined at the end of the Company's fiscal year in light of the balance sheet and the profit and loss account.
2. Each partner shall be considered a creditor of the Company to the extent of his share in the profits once such share is determined. Any capital reduction as a result of losses shall be replenished from the profits of the subsequent years, unless there is agreement to the contrary and. Other than that, any partner may not be required to replenish his contribution to the company's capital resulting from losses except with his own consent.

Chapter Two

Limited Partnership

Article (62)

Definition of the Company

A Limited Partnership is a Company which consists of one or more General Partners who are jointly and severally liable for the obligations of the Company and act in the capacity of a trader, in addition to one or more Limited Partners who are held liable for the obligations of the Company only to the extent of their respective capital contributions, and do not act in the capacity of a trader.

Article (63)

Capacity of the Limited Partner

Any natural person or legal person may be a Limited Partner in a Limited Partnership.

Article (64)

Name of the Company

1. The name of a Limited Partnership shall consist of the name of one or more of the General Partners in addition to the legal form of the Company. In addition, the Company may have its own trade name.
2. The name of a Limited Partner may not be included in the name of the Company. If, however, such a name is added with his consent, the Limited Partner shall be deemed a general partner vis-à-vis the bona fide third parties.

Article (65)

MOA of Limited Partnership

1. The provisions relating to General Partnerships shall also apply to Limited Partnerships, subject to the provisions of this Chapter in respect of the Limited Partner.
2. The MOA of a Limited Partnership shall include the names of the General Partners and

Limited Partners. If the capacity of such partners are not mentioned in the MOA, the Company shall be deemed a General Partnership and, accordingly, all the partners thereof shall be deemed General Partners.

3. The Limited Partner's capital contribution may not be work.

Article (66)

Management of the Company

The Company shall be managed only by the General Partners. Resolutions shall be passed unanimously by the General Partners, unless the Company's MOA provides for a majority. No change in the nature of the business of the Company or any amendment to its MOA shall be valid without the consent of all the General and Limited Partners.

Article (67)

Borrowing Funds by the Company

1. The General Partner of a Limited Partnership shall have all the rights and powers of any partner of a General Partnership, and shall be subject to all the conditions, restrictions and obligations imposed on the partner of a General Partnership.
2. A loan or any other obligation entered into by a General Partner in the name or for the benefit of the Company shall be deemed an obligation of the Company itself.

Article (68)

Rights of the Limited Partner

1. A Limited Partner shall have the same rights of a General Partner in relation to:
    a. Lending money to, and entering into transactions with, the Company, subject to the consent of all General Partners;
    b. Getting access to and obtaining copies or extracts of the books and records of the Company at all times during the business hours of the Company;
    c. Obtaining full and accurate information about the Company's activities and a formal

statement in respect thereof;

d. A Limited Partner may perform any of the acts mentioned in Clause [1/A] of this Article either in person or through other partners or third parties, provided that no damage to the Company occurs as a result of the same.

2. For the purposes of this Article, a Limited Partner shall not be deemed involved in the management of a Limited Partnership upon conducting any internal control activities of the Company, and shall not be jointly liable for the liabilities of the Company vis-à-vis bona fide third parties.

Article (69)

Management Activities

1. A Limited Partner may not get involved in the management activities related to third parties, but may demand a copy of the profit and loss account and the balance sheet, and may verify, either in person or by a proxy who is a partner or non-partner, their contents by way of reviewing the Company's books and records, provided that no damage to the Company occurs as a result of the same.
2. If a Limited Partner violates the prohibition provided for in Clause [1] above, he shall be liable to the extent of all his own property for the obligations arising from his acts.
3. A Limited Partner may be held liable to the extent of all his own property for all the obligations of the Company, if his management activities cause third parties to believe that he is a General Partner. In which case, the provisions concerning General Partners shall also apply to the Limited Partner.
4. If a Limited Partner conducts any prohibited management activities under an explicit or implicit authorization from the General Partners, such partners shall be held jointly liable for the obligations that may arise from such acts.

Article (70)

Assignment of Equity Stake

A Limited Partner may only assign his share in the Company to a third party, in whole or in

part, with the consent of all the partners or as provided for in the MOA of the Company. The assignee shall become a partner of the Company only after the assignment is duly registered with the Competent Authority and the Registrar is notified thereof.

Part Three

Limited Liability Company

Chapter One

Incorporation of Limited Liability Company

Article (71)

Definition of the Company

1. A limited liability company is a company whose number of partners is at least two and does not exceed fifty [50]. Any partner thereof shall be liable only to the extent of his capital contribution.
2. Any single natural or legal person may incorporate and own a limited liability company. The capital owner of the company shall be liable for the obligations of the company only to the extent of the capital set out in its MOA. The provisions of the limited liability company contained in this Decree Law shall apply to such a person, without contradicting the nature of the company.

Article (72)

Name of the Company

1. A limited liability company shall have a name derived from its objective or from the name of one or more of its partners, provided that the name of the company shall be followed by the expression "Limited Liability Company" or in short "LLC". In the case of One Person Company (OPC), the name of the company shall be followed by the expression "Limited Liability One Person Company (OPC)". The Cabinet may - based upon the proposal of the Minister - issue a resolution on the procedures for incorporating and managing the "limited liability" One Person Company (OPC) in light of its nature.
2. If the manager[s] violate the provision of Clause [1] of this Article, they shall be held

jointly liable in their private property for the obligations of the company, and, where applicable, for the damages.

Article (73)

MOA and Incorporation Procedures

1. The limited liability company shall be incorporated as set forth in Articles [42] and [43] of this Decree Law.
2. The MOA shall include the methods for settling the disputes that arise out of the business affairs of the company, whether between the company and any of its managers or among the partners of the company.

Article (74)

Partners Register of the Company

1. The Company shall keep at its headquarters a special register of partners, which shall include the following details:
   a. Full name, nationality, date of birth and place of residence of every partner, and, if the partner is a legal person, the address of its headquarters;
   b. Transactions affecting the equity stakes and the dates of such transactions.
2. The managers of the Company shall be responsible for both such register and the accuracy of its details. The partners and any stakeholder may review such register.
3. The Company shall furnish to both the Competent Authority and the Registrar, in January every year, with the details recorded in the Partners Register along with all changes in such details during the previous fiscal year.

Article (75)

Increase of Partners

1. If, at any time after the incorporation of the Company, the number of partners increases above the limit set in Article [71] of this Decree Law, the manager or managers, as the case may be, shall notify the Competent Authority within thirty [30] days of the date of

such increase.

2. Except for the transfer of title to the equity stake of a partner by way of inheritance or under a final court order, the Company shall adjust its status within [3] months of being notified, and the Competent Authority may extend such time limit for extra [3] months; otherwise the Company shall be deemed terminated. The partners shall be held jointly and severally liable to the extent of their own property for the debts and obligations of the Company as of the date of increase of partners.
3. The provisions of Clause [2] of this Article shall not apply to partners who are proven to have been unaware of such increase or who have opposed it.

Article (76)

Capital of the Company

1. The Company shall have an adequate capital to achieve the purpose of its incorporation consisting of stakes of equal value. Upon the proposal of the Minister in coordination with the relevant authorities, the Cabinet may issue a resolution specifying a minimum capital of the Company.
2. Capital contributions shall be cash and/or in kind and shall be fully settled at the time of incorporation.
3. Cash contributions shall be deposited with a bank operating in the State. The bank may deliver such contributions only to the managers of the Company upon furnishing a proof that the Company has been registered with the Competent Authority and within the limits specified in the appointment contract of such managers.

Article (77)

Indivisibility of Partner's Stake

A partner's stake shall be indivisible. If such stake is held by several persons and none of whom has been appointed to act as their designated representative before the Company, the person whose name appears first in the MOA shall represent such partners. The Company may give the owners of the stake a time limit to make such choice, so that once the time limit

has expired, it may sell the stake for the benefit of its owners. In which case, the partners shall have a preemption right to acquire such stake. If the preemption right is exercised by more than one partner, the available-for-sale stake shall be divided among them in proportion to their respective capital contributions, unless agreed otherwise.

Article (78)

Valuation of In-kind Contributions

1. Partners of the Limited Liability Company may provide in-kind contributions against their equity stakes.
2. The in-kind contributions shall be valuated at the expense of the contributing partners, by one or more financial advisors approved by the SCA to be selected by the Competent Authority, failing which, the valuation shall be null and void.
3. The Competent Authority may discuss and object to the valuation report and may appoint a substitute valuator, as required, at the expense of the contributing partners.
4. Notwithstanding the provisions of Clause [2] of this Article, the partners may agree on the value of the in-kind contribution, and, in which case, its value shall be approved by the Competent Authority. The contributing partner shall be liable vis-à-vis third parties for the accurate valuation of such in-kind contribution stated in the MOA. If the in-kind contributions are found to have been valuated in an amount higher than their real value, the contributing partner shall pay the difference in cash to the Company.

Article (79)

Assignment or Pledge of Partner's Equity Stake

1. Any partner may assign or pledge his stake in the Company to any other partner or to a third party. Such assignment or pledge shall be made in accordance with the terms of the MOA of the Company under a formal instrument duly attested in accordance with the provisions of this Decree Law. Such assignment or pledge shall be valid vis-à-vis the Company or third parties only as of the date of being recorded in the commercial register with the Competent Authority.

2. The Company may not decline to record such assignment or pledge in the register unless the same violates the provisions of the MOA or this Decree Law.

Article (80)

Procedures for Assignment of Partner's Stake in the Company

1. If a partner wishes to assign his stake to a non-partner of the company, with or without compensation, such partner shall notify the other partners through the manager of the Company of the assignee or purchaser and the terms of the assignment or sale. The manager shall then notify the partners as soon as he receives the notice.
2. Each partner may request redemption of the stake mentioned in Clause [1] of this Article within thirty [30] days of the date on which the manager is notified of the agreed price. In case the price is a matter of disagreement, the stake price shall be assessed by one or more experts having technical and financial experience in the subject of the stake and nominated by the Competent Authority, based upon a request of the applicant for redemption and at the latter's expense.
3. If the right of redemption is exercised by more than one partner, the stake[s] offered for sale shall be divided among such partners in proportion to their respective capital contributions, subject to the provisions of Article [76] of this Decree Law.
4. If the time limit mentioned in Clause [2] of this Article expires without any partner exercising the right of redemption, the partner concerned shall be entitled to freely dispose of his stake.

Article (81)

Enforcement Against Partner's Stake in the Company

If the creditor of a partners institutes enforcement proceedings against the equity stake of his debtor, he may agree with both the debtor and the Company on the method and terms of sale. Otherwise, the stake shall be offered for sale at an open auction based on an application to be submitted to the competent court. One or more partners may redeem the sold stake under the same terms of auction award, within [15] days of the date of award.

These provisions shall apply in the event of bankruptcy of a partner.

Article (82)

Partner's Liability for any Profit or Benefit to the Company

The partner of a limited liability company shall be held liable vis-à-vis the company for any of the latter's property held by such partner in a fiduciary capacity, or for any profits or benefit gained by him through the business or activities of the Company, or due to his use of the property, name or business relationships of the Company.

Chapter Two

Management of the Company

Article (83)

Managers of the Company

1. The management of a limited liability Company shall be entrusted to one or more managers as determined by the partners in the MOA. Such managers shall be selected from among the partners or from third parties. If managers are not appointed in the MOA of the Company or under a separate contract, the General Assembly of Partners shall appoint the managers. If there is more than one manager, the partners may appoint a board of directors and vest in it such powers and functions as set out in the MOA.
2. Unless the appointment contract of the manager of the Company or its MOA or AOA restricts the powers conferred upon the manager, the latter shall have full powers to manage the Company, and his actions shall be binding upon the company, provided that the capacity in which he acts is explicitly stated.

Article (84)

Liability of Company's Managers

1. Every manager of the Limited Liability Company shall be held liable vis-à-vis the Company, the partners and third parties for any fraudulent acts committed by such

manager. He shall also be liable for any losses or expenses incurred by the company due to improper exercise of the powers or violation of the provisions of any law in force, the MOA of the Company or the appointment contract of the manager or for any gross error committed by the manager. Any provision in the MOA or the appointment contract of the manager in conflict with the provisions of this Clause shall be null and void.

2. Subject to the provisions on Limited Liability Companies set out in this Decree Law, the provisions that apply to the Directors of Joint Stock Companies as set forth in this Decree Law shall also apply to the managers of Limited Liability Companies.

Article (85)

Vacant Position of Manager

1. Unless the MOA of the Company or the appointment contract of the manager provides otherwise, the manager shall be removed by a resolution of the General Assembly, whether the manager is a partner or not. The court may also order that the manager be removed based upon the request of one or more partners of the Company, if the court is convinced that such removal is well-justified.
2. The manager may submit a written resignation to the General Assembly, with a copy thereof to be sent to the Competent Authority. The General Assembly shall decide whether to approve or reject the resignation within [30] days of its submission date; otherwise, the resignation shall become approved once such time limit expires, unless the MOA of the Company or the appointment contract of the manager provides otherwise.
3. The Company shall notify the Competent Authority of the expiration of the term of the manager's appointment contract, not later than [30] days of the expiry date thereof without being renewed . The Company shall appoint a substitute manager during such period.
4. If the term of office of the Board of directors of the company expires and the same is not reconstituted, the Board of directors shall continue to conduct the business of the company for a period not exceeding [6] six months of the date of expiration of the said

term of office. Upon expiration of the [6] six-month period, the General Assembly shall compose the Board of directors. Otherwise, the Competent Authority may, in coordination with the authorities concerned with the activity, if any, after the expiration of that period, appoint a Board of directors from among the partners for a term of office not exceeding one year, during which a General Assembly meeting shall be called to elect the directors.

Article (86)

Manager's Engagement in Competing Activities

The manager may not, without the consent of the General Assembly of the Company, manage a competing company or a company with objects similar to those of the Company or make, for his own benefit or for the benefit of third parties, deals in any business that competes with or is similar to the business of the Company, otherwise, the manager may be dismissed and required to pay compensation.

Article (87)

Responsibility for Preparing Accounts

The manager of the Company shall prepare the annual balance sheet and profit and loss account, shall also prepare an annual report on the activities and financial position of the Company, and shall provide his recommendations on the distribution of the profits to the General Assembly, within [3] months of the end of the fiscal year.

Article (88)

Appointment of Supervisory Board

1. If the number of the partners exceeds fifteen [15], the partners shall appoint a supervisory board consisting of at least three partners. They shall be appointed for a [3] three-year term of office beginning on the issuance date of the appointment decision. The General Assembly may reappoint such partners when their term of office expires or may appoint

other partners in their place. Members of the supervisory board may be removed at any time for good cause by the General Assembly.

2. Non-partner managers may not vote on the appointment or removal of members of the supervisory board.

Article (89)

Powers of the Supervisory Board

The supervisory board shall be authorized to scrutinize and examine the books and records of the Company and to require the managers at any time to provide a report on their management activities. The supervisory board shall monitor the balance sheet, the annual report and the distribution of the profits, and shall present a report on the same to the General Assembly of the Company at least five [5] days before its convention date.

Article (90)

Liability of Members of the Supervisory Board

Members of the supervisory board shall only be held liable for the acts of the managers if such members are aware of the errors committed and fail to mention them in their report submitted to the General Assembly of Partners.

Article (91)

Rights of Non-Managing Partners

Partners who are not managers of a Limited Liability Company with no supervisory board shall have all the rights associated with the description of the partners provided for in this Decree Law or in the MOA. Any agreement to the contrary shall become null and void.

Chapter Three

General Assembly

Article (92)

Formation and Convention of General Assembly

1. The limited liability company shall have a General Assembly made up of all the partners. The General Assembly shall be convened by a call of the manager or the board of directors at least once in the year during the four months following the end of the company's fiscal year. The General Assembly shall be convened at the time and place described in the Notice of Meeting.
2. The manager, or the person authorized by the managers, shall call a General Assembly Meeting upon the request of one or more partners who hold at least [10%] of the shares of the company's capital.

Article (93)

Service of Notice of General Assembly Meeting

1. With exception of the General Assembly Meeting being postponed due to the lack of quorum in accordance with the provisions of Article [96] of this Decree Law, a call for the General Assembly meeting shall be served according to the controls and terms to be issued under a relevant resolution of the Minister, subject to the following:
   a. The notice of General Assembly Meeting shall be sent at least twenty-one [21] days prior to the scheduled date of meeting.
   b. The notice of General Assembly Meeting shall be sent in accordance with the notification method to be issued under a relevant resolution of the Minister.
   c. The partners shall be notified by registered letters or through modern means of technology described in the company's MOA.
   d. The Competent Authority shall be served, before the notification, with a copy of the notice of General Assembly Meeting.
2. The notice of meeting shall include the agenda, venue, date and time of the first meeting and the second meeting [in the event of lack of quorum for the first meeting], details of

the persons entitled to attend the General Assembly Meeting and the permissibility of delegating whoever they select from among the partners [other than the managing partners] or from third parties under a special written power of attorney and their eligibility to discuss the matters listed in the General Assembly's agenda, and to pose questions to the manager or the board of directors, the auditor, the quorum required for each of the meetings of the General Assembly and the resolutions issued thereat.

3. It shall be permissible for meetings of the General Assembly to be held and for the partner to participate in its deliberations and vote on its resolutions through modern means of technology for telepresence according to the controls set forth by the Minister in this regard.

Article (94)

Competences of Annual General Assembly

The General Assembly of a Limited Liability Company shall, at its annual meeting, consider and decide on the following issues:

1. The managers' report on the activities and financial position of the Company during the previous fiscal year, the auditor's report, and the supervisory board's report;
2. The balance sheet and profit and loss account and their approval;
3. The dividends to be distributed to the partners;
4. The appointment and remuneration of managers;
5. The appointment of directors [if any;[
6. The appointment of members of the supervisory board [if any];
7. The appointment of members of the Internal Sharia Supervisory Committee and the Sharia Controller if the Company conducts its business in compliance with the rules of Islamic Sharia;
8. The appointment and remuneration of an auditor[s]; and
9. Any other matters falling within the competence of the General Assembly under the provisions of this Decree Law or the MOA of the Company.

Article (95)

Attendance of General Assembly Meetings

Irrespective of the number of shares held by him, each partner shall have the right to attend the General Assembly Meeting either in person or through delegating under special authorization any other non-managing partner to represent the partner at the General Assembly Meeting. Each partner shall have a number of votes equal to the number of shares held or represented by such partner.

Article (96)

Quorum for General Assembly Meeting and Voting on its Resolutions

1. Unless the company's MOA determines a higher percentage, the quorum for a valid meeting of the General Assembly shall be the attendance of partners who hold at least [50%] of the shares of the company's capital, subject to the provision of Article [95] of this Decree Law.
2. If the quorum described in Clause [1] of this Article is not reached at the first meeting, the General Assembly shall be called for a second meeting to be held within at least five [5] days or a maximum of fifteen [15] days of the date of the first meeting. The second meeting shall be deemed valid regardless of the number of attendees.
3. Subject to the provisions of this Decree Law, the resolutions of the General Assembly shall only be valid if issued by a majority of the shares represented at the meeting, unless the MOA stipulates a greater majority.

Article (97)

Listing a New Issue in the General Assembly's Agenda

The General Assembly may not deliberate on issues that are not listed in the agenda, unless serious issues that require consideration arise during the meeting. If, at the start of the meeting, a partner requests that a certain issue be listed in the agenda, the managers shall respond to the request, failing which, such partner may resort to the General Assembly.

Article (98)

Deliberations on Issues Listed in the General Assembly's Agenda

Each partner shall have the right to discuss the issues listed in the agenda. The managers shall be required to respond to the queries of partners to the extent that no harm is likely to be occur to the interests of the Company. If a partner is convinced that the response to his query is inadequate, he may resort to the General Assembly whose decision on the matter shall be enforceable.

Article (99)

Voting to Discharge the Managing Partner

A managing partner may not vote on resolutions to discharge himself from liability for management.

Article (100)

Register of General Assembly Meetings

A minutes adequately summarizing all deliberations of the General Assembly shall be drafted, and the minutes and resolutions of the General Assembly shall be recorded in a special register to be kept at the headquarters of the Company. Any partner may access to the minutes either in person or through a proxy, and may also inspect the balance sheet, the profit and loss account and the annual report.

Article (101)

MOA Amendment, Capital Increase or Reduction

1. Notwithstanding the provision of Article [85] of this Decree Law, the company's MOA may not be amended and its capital may not be increased or reduced unless approved by a number of partners holding at least three quarters of the shares represented at the meeting of the General Assembly. The ratio of increase or reduction shall be according to the equity stakes of the company's partners. In all cases, the financial obligations of the

partners may only be increased based on their unanimous consent.

2. If the increase in the company's capital is necessary to save the company from liquidation or to settle debts owed thereby to a third party, based on a report of the company's chief financial officer or his delegate, and the company does not have sufficient liquidity to settle such debts or to achieve the ratio stipulated in Clause [1] of this Article, any partner may recourse to the courts seeking a summary judgement to increase the capital as necessary to save the company or settle the debts. In the event that any partner fails to settle the obligations resulting from the increase, any other partner may settle the same on his behalf. In such a case, a number of shares of the company equal to the amount paid for both himself and the defaulting partner shall be granted to the paying partner.

Article (102)

Auditors of the Company

The Limited Liability Company shall have one or more auditors to be appointed each year by the General Assembly of Partners and, notwithstanding the provisions of Article [246] of this Decree Law, the provisions on auditors of public joint stock companies shall also apply to the auditor of the Limited Liability Company. The words "Competent Authority" shall replace the term "Authority" wherever it appears.

Article (103)

Statutory Reserve

The Limited Liability Company shall set aside every year [5%] of its net profits to form a statutory reserve. The partners may resolve to stop such allocation if the reserve reaches 50% of the capital amount.

Article (104)

Applicability of the Provisions of Joint Stock Companies

1. Unless otherwise provided for in this Decree Law, the provisions concerning joint stock

companies shall also apply to the limited liability company, and which are consistent with its nature. The Competent Authority shall replace the SCA wherever mentioned.

2. The Cabinet shall issue, based upon a proposal of the Minister, a resolution containing the provisions to be applied to limited liability companies in cases where the provisions of the joint stock company are not compatible with the nature of the limited liability company, without violating or conflicting with the provisions of this Decree Law. Such resolution shall determine the meaning of the related parties and the deals with regard to limited liability companies.

Part Four

Public Joint Stock Companies

Chapter One

Definition and Incorporation of the Public Joint Company and its

Article (105)

Definition of the Company

The Public Joint Stock Company is a Company whose capital is divided into negotiable shares of equal value. The founders shall subscribe for part of such shares, while the rest shall be offered to the public through a Public Offering. A shareholder shall be liable only to the extent of his capital contribution of the Company. The Cabinet may, based on the Minister's proposal and in coordination with the local authority, issue a resolution determining the minimum and maximum value of the founders' subscription for the capital.

Article (106)

Name of the Company

Every Public Joint Stock Company shall have a trade name, which may not be the name of a natural person, unless the object of the Company is to exploit a patent registered in the name of such person or if the Company owns a trade name or acquires the right to use such a name. In all cases, the words "Public Joint Stock Company" shall be suffixed to the name of

the Company.

Article (107)

Number of Founders

1. Five or more persons may form a Joint Stock Company.
2. The Federal Government, the Local Government and any Company or entity wholly owned by either may hold an equity stake in a Public Joint Stock Company or incorporate by itself a Public Joint Stock Company, and may also join, in contribution to the share capital, a number less than that provided for in Clause [1] of this Article.
3. The conversion of any Company into a Public Joint Stock Company shall not be governed by the minimum number mentioned in Clause [1] of this Article.

Article (108)

Term of the Company

The term of the Company shall be determined in its MOA and AOA. Under a special resolution, such term may be extended or shortened if the object of the Company so requires.

Article (109)

Founders

1. The founder is every person who signs the MOA of the Company and holds a ratio of its share capital in cash or provides in-kind contributions at the time of incorporation, subject to the provisions of this Decree Law.
2. The founder shall be liable for any damage suffered by the Company or third parties due to any breach of the incorporation rules and procedures. The founders shall be jointly liable for their obligations. Any person delegated by any other person for the incorporation of the company shall be held personally liable if he fails to state the name of the principal or if the instrument of delegation is proven to be invalid.

Article (110)

MOA and AOA of the Company

1. The founders shall draft the MOA and AOA of the Company, which shall include the following particulars:
   a. The name and headquarters of the Company;
   b. The object for which the Company is incorporated;
   c. The full name, nationality, date of birth, place of residence and address of each shareholder;
   d. The amount of capital and the number of the capital shares, the nominal value per share and the paid-up amount of the value of each share;
   e. An undertaking by the founders to procure the completion of the incorporation procedures;
   f. An estimate of the amount of expenses, charges and costs expected for the incorporation process, and which are required to be paid by the Company due to its incorporation.
   g. Details of the in-kind contributions, the name of the contributor[s], the initial value of such contribution[s], the terms of such contributions and the rights of pledge and lien attached to such contributions, if any.
2. The MOA and AOA of the Company shall be compliant with both this Decree Law and its implementing resolutions thereof, and shall include the provisions, competencies and powers of the board of directors and the General Assembly of the Company. The SCA shall issue standard MOA and AOA forms which the companies shall adopt.

Article (111)

Shareholder's Compliance with the AOA

1. Subject to the provisions of this Decree Law, the AOA of the Company shall, once the latter is registered in the commercial register maintained by the Competent Authority, be binding upon all its shareholders.
2. Any amount payable by a shareholder to the Company under the provisions of the AOA

shall be deemed a debt owed by such shareholder to the Company.

Article (112)

Founders Committee

1. The founders shall choose from among themselves a committee to be called the "Founders Committee", consisting of at least three members. The Founders Committee shall manage the procedures of incorporating the company and shall be responsible for the accuracy, validity and completeness of all the documents, studies and reports provided to the relevant entities.
2. It shall be permissible for the Founders Committee to delegate one of its members or a third party to pursue and complete the incorporation procedures with the SCA and the Competent Authority according to the controls established by the SCA in this respect.
3. The Founders Committee shall appoint a financial consultant, a legal consultant and an auditor for managing the underwriting process.

Article (113)

Incorporation Procedure before the Competent Authority

1. The Founders Committee shall submit an incorporation application to the Competent Authority, together with the MOA and AOA of the Company, an economic feasibility study for the business venture to be established by the Company and the proposed timetable for its implementation, and such other documents as the Competent Authority may require.

2 .The Competent Authority shall consider the incorporation application and shall furnish to the SCA the incorporation application and the documents annexed thereto.

Article (114)

Incorporation Procedures before the SCA

1 . The SCA shall review the MOA and AOA of the company, the economic feasibility of the venture to be established by the company and the proposed schedule for its

implementation, the Prospectus and any approvals by the competent authorities in relation to the application in accordance with the applicable requirements of the SCA.

2. The SCA shall consider the incorporation application and shall notify the Founders Committee of its observations on the incorporation application and its supporting documents within 10 [ten] business days of the date of filing a complete application or of the date on which the valuator appointed by the SCA presents his final report on the valuation of the in-kind contributions, if any. The Founders Committee shall complete any deficiencies or make such amendments as the SCA may deem necessary to complete the incorporation application, within fifteen [15] business days of the notification date, failing which, the SCA may consider the same as waiver of the incorporation application.
3. The SCA shall send a copy of the application and its supporting documents to the Competent Authority within 10 [ten] business days of the date of filing a complete application, in order to be considered. A Joint Committee comprising members from both the SCA and the Competent Authority and formed under an administrative resolution issued by the SCA, shall convene within 10 [ten] business days of the date of sending the application to the Competent Authority. If the Competent Authority has any observations, the SCA shall notify the Founders Committee of the same, and the latter shall have 10 [ten] business days to complete any deficiencies or to make such amendments as the Competent Authority may require for completing the incorporation application, within ten [10] business days of the date of notification of the Founders Committee. Failing which, the SCA may consider the same as waiver of the incorporation application. After verifying that all the documents are complete and that all observations have been rectified, the SCA shall send an amended copy to the Competent Authority.
4. If the Joint Commission rejects the incorporation application or if the time limit referred to in Clause [3] of this Article expires without a decision, the Founders Committee may appeal against the rejection decision before the competent Federal Court within thirty [30] days of the date on which it is notified of the rejection decision, or of the date on which such time limit expires in the absence of a decision approving the incorporation of the company.

Article (115)

Attestation of the MOA

The Founders Committee shall have the MOA duly attested in accordance with the provisions of this Decree Law and provide to the SCA a copy of the MOA and a copy of the Competent Authority's initial decision approving the license as well as a certificate from a bank licensed to operate in the State confirming that the founders have paid their respective capital contributions, prior to the approval of the Prospectus by the SCA.

Article (116)

Amendment of Incorporation Application's Information

The information of the incorporation application may not be amended, at any stage of the incorporation process, once it has been submitted to the Competent Authority, whether such information pertains to the capital or objects of the Company, the names of the founders or otherwise. If this occurs, the matter shall be referred to the Competent Authority for necessary action.

Article (117)

Founders' Contribution to the Company's Capital

1 .The Founders shall subscribe for shares of the company's issued capital to the extent of the ratio described in the Prospectus, before offering the remaining shares of the company at a public offering, subject to the requirements of the SCA in this regard.

2. The founders may not subscribe for shares offered for sale at a public offering.

Article (118)

Valuation of In-kind contributions

1. Founders of the company may provide in-kind contributions in consideration of their shares in the company, and the valuation of such contribution shall take place at the expense of their contributors.

2. The in-kind contributions shall be valuated according to the controls and procedures to be issued under a resolution of the SCA in this regard.
3. The valuator may review any information or documents deemed necessary to carry out the required valuation and to prepare the valuation report efficiently. The Founders Committee or the Board of Directors, as applicable, shall take the necessary actions to provide the valuator with the information, papers and documents required as soon as practically possible of the date of the application.
4. The Founders Committee and the Board of Directors, if applicable, shall both be fully liable for the accuracy, adequacy and completeness of the data and information. The valuator shall exercise due diligence upon carrying out his duties.
5. The SCA may discuss and object to the valuation report. It may also appoint a substitute valuator, if required, at the expense of the under-incorporation company.
6. It shall be permissible for the contribution or in-kind contributions provided by a public person to be a concession or a right to use any public property.

Article (119)

Subsequent Valuation of In-kind contributions

The valuation of in-kind contributions following the incorporation process of the Company shall be subject to the same valuation provisions set forth in this Decree Law.

Article (120)

Overvaluation of In-kind contributions

1. If the SCA is convinced that there is any overvaluation or negligence in the valuation of in-kind contributions by the valuator, the SCA may:
   a. Prevent the valuator from carrying out valuation activities for the SCA for a period of at least two years.
   b. Permanently prevent the valuator from carrying out valuation activities for the SCA in case of repeated violation.
2. The valuator may file a grievance against the SCA's decision with the chairman of the SCA

within fifteen [15] business days of receiving notice of either of the two decisions mentioned in Clause [1] of this Article. If the chairman of the SCA dismisses the grievance or fails to make a decision thereon within fifteen [15] business days after being filed, the valuator may appeal the same before the competent court within thirty [30] business days of the date on which the grievance is dismissed or of the expiry date of the time limit set for issuing a decision on the grievance, as the case may be.

Article (121)

Invitation to Public Offering

1. The prospectus shall be signed by the Founders Committee and the board of directors, if applicable, and they shall be responsible for the validity of the data and information set out in the prospectus. The consultants and parties involved in the public offering process and their representatives shall exercise due diligence as expected from a prudent person and each of them shall be responsible for fulfilling his duties.
2. Invitation to public offering shall be made by a prospectus to be published in two daily local newspapers; one of which to be issued in Arabic, at least five business days prior to the start date of the offering.
3. Subscription for the shares shall be made in accordance with an application the details of which to be determined by the SCA. The application shall include, in particular, the name, objects and capital of the company, the conditions of subscription, the subscriber's name, address in the State, profession and nationality, the number of the shares subscribed for by the subscriber, and the latter's undertaking to accept the provisions of the MOA and AOA of the company.

Article (122)

Entities Authorized to Receive Subscription Applications

1. Subscription applications shall be submitted to a duly licensed entity/ entities in the State, as specified by the Founders Committee in the Prospectus. Subscription applications may also be submitted electronically as determined by the SCA in this respect.

2. The entity / entities receiving the subscription applications shall keep the money paid by the subscribers and the subscription proceeds for the benefit of the under-incorporation Company. Such money shall only be paid to the board of directors of the Company after the SCA issues a certificate of incorporation of the Company and the latter is registered in the commercial register maintained by the Competent Authority.

Article (123)

Underwriter

1. Without prejudice to the provisions of Article [10] of this Decree Law, the company may have, upon incorporation or upon increase of its capital, one or more underwriters to be approved by the SCA in accordance with the conditions, controls and procedures issued under a resolution of the SCA.
2. A resolution shall be issued by the board of directors of the SCA indicating the controls and conditions for the practice of underwriting activities in the State.

Article (124)

Subscription Controls and Procedures

1. Subscription shall remain open throughout the duration described in the Prospectus, which may not exceed thirty [30] business days.
2. If all shares offered for subscription are not fully underwritten within the specified duration, the Founders Committee may apply to the SCA for approval to extend the period of subscription for an additional period not exceeding the duration specified in the Prospectus.
3. If the additional period expires without all shares offered for public subscription are underwritten, the founders may underwrite the remaining shares subject to the requirements of the SCA in this regard.

Article (125)

Distribution of Shares to Subscribers

If the shares offered for subscription are oversubscribed, the available shares shall be distributed to the subscribers in proportion to their respective subscriptions or as determined in the Prospectus and approved by the SCA. The shares distributed shall be rounded to the nearest whole number.

Article (126)

Allotment of Shares and Return of Excess Amounts

The entities licensed to receive subscription applications shall, upon closure of subscription, take the following actions:

1. Allot the shares to the subscribers within not more than five [5] business days of the date of closure of subscription.
2. Refund the excess amounts paid by the subscribers and the proceeds for which no shares have been allotted, not later than five [5] business days of the date of allotment of shares to subscribers.

Article (127)

Subscription by Emirates Investment Authority

Emirates Investment Authority may subscribe for the shares of any Public Joint Stock Company incorporated in the State and which offers its own shares for public subscription, at a ratio not exceeding 5% of the shares offered for public subscription, provided that the value of such shares is paid prior to subscription deadline and that the SCA is provided with a proof of such payment.

Article (128)

Announcement of Non-Incorporation of the Company

If the Company is not incorporated, the SCA shall announce such situation to the public.

Such announcement shall entail the following:

1. Subscribers shall be entitled to recover the amounts paid by them within 10 [ten] Business days of the date of the announcement, together with their interests. The founders shall be jointly liable for the refund of such amounts and, if applicable, compensation.
2. The founders shall bear the expenses incurred in the course of incorporating the Company and shall be jointly liable vis-à-vis third parties for their own acts and conduct during the incorporation period.

Article (129)

Book Building

Subject to the provisions of Articles [117 and 279] of this Decree Law, the SCA may issue a resolution regulating the mechanism of subscription on the basis of Book Building. Entities wishing to follow such method shall comply with the provisions and procedures contained in the resolution to be issued by the SCA in this respect.

Article (130)

Incorporation Expenses

The Company shall bear all the expenses incurred by the Founders Committee in the course of incorporating the Company and issuing its Securities. A detailed statement of such expenses shall be submitted to the Constituent General Assembly of the Company for consideration and approval.

Article (131)

Constituent General Assembly

1. The Prospectus of offering the Company's shares at a Public Offering shall include a call to the shareholders to hold a Constituent General Assembly of the Company, the financial market's approval on the listing of the Company's shares and the date of

commencement of trading on the Company's shares in the financial market.

2. Unless the AOA of the Company stipulates a higher percentage, the quorum of the Constituent General Assembly shall require the attendance of shareholders holding in person or by proxy at least [50%] of the capital of the Company. If the quorum is not reached, the meeting shall be postponed for a period between five [5] days and fifteen [15] days of the date of the first meeting. The postponed meeting shall be valid irrespective of the number of shareholders present.
3. The meeting shall be chaired by whoever is elected by the Constituent General Assembly for such purpose from among the founders.
4. Resolutions of the Constituent General Assembly shall be passed by a majority of shareholders holding at least three quarters of the shares represented at the meeting.

Article (132)

Competences of the Constituent General Assembly

The Constituent General Assembly shall, in particular, consider and decide on the following issues:

1. The founders' report on the procedures and costs of incorporating the Company.
2. Company-related actions of the founders during the incorporation period.
3. Approving the incorporation of the Company.
4. Appointing the first board of directors if not already appointed by the founders.
5. Appointing the auditors if not already appointed by the founders.
6. Appointing the members of Internal Sharia Supervisory Committee and the Sharia Controller if the Company is carrying on its business in compliance with the rules of Islamic Sharia, if not already appointed by the founders.

Article (133)

Application for Incorporation Certificate

The board of directors of the Company shall, within 10 [ten] business days of the meeting date of the Constituent General Assembly, submit an application to the SCA to have a

certificate of incorporation issued for the company. The application shall be accompanied by the following items:

1. A report by the entity that audited the subscription accounts.
2. A declaration by the Founders Committee confirming that the capital has been fully subscribed, and indicating the amounts paid by the subscribers from the value of the shares, the names and nationalities of the subscribers and the number of shares subscribed for by each subscriber.
3. A bank certificate confirming that the paid-up capital of the Company has been deposited.
4. A statement showing the names of the Directors of the Company and a declaration by them confirming that their membership does not conflict with the provisions of this Decree Law and the resolutions issued in implementation hereof.
5. A statement showing the names of members of the Internal Sharia Supervisory Committee and the Sharia Controller, if the Company is conducting its business in compliance with the rules of Islamic Sharia.
6. Minutes of meeting of the Constituent General Assembly.
7. Any other documents required by the SCA.

Article (134)

Issuance of Incorporation Certificate

Once the documents listed in Article [133] of this Decree Law are completed, the SCA shall issue a certificate of incorporation of the Company within five [5] business days of the date of filing a complete application by the board of directors of the Company.

Article (135)

Registration of the Company with the Competent Authority

1. The board of directors of the Company shall, within 10 [ten] business days of the date of issuance of an incorporation certificate by the SCA, commence the process of registering the Company with the Competent Authority.

2. The Competent Authority shall record the Company in the commercial register and shall issue a business license for the Company within five [5] business days of the date of completion of the documents and payment of the prescribed fees, and shall provide the SCA with a copy of the business license.

Article (136)

Notice to The Registrar

The chairman of the Company's board of directors shall, within five [5] business days of the date of issuance by the Competent Authority of the company's business license, furnish to the Registrar the certificate of incorporation, MOA, AOA and business license of the company, in order to have the company recorded in the companies register, and shall publish such documents at the Company's expense according to the controls laid down by the Minister in this respect.

Article (137)

Listing the Company's Shares on the Financial Market

1. The board of directors of the Company that offers its shares at a public offering shall, within fifteen [15] business days of the date of recording the company in the commercial register with the Competent Authority, list the Company's shares on a financial market licensed in the State according to the applicable listing rules and regulations of the SCA and the financial market on which the Company's shares are to be listed.
2. Companies listed on a financial market in the State shall comply with the laws and regulations of the financial market.

Article (138)

Acts of the Founders

Once the Company is recorded in the commercial register with the Competent Authority, the effects of all acts performed by the founders for the Company's for the latter's benefit prior

to its registration, shall be transferred to the Company. The Company shall bear all the expenses incurred by the founders in this respect.

Article (139)

Amendment of MOA or AOA

Subject to the provisions of this Decree Law, the company may, subject to prior consent of the SCA, issue a special resolution to amend its MOA or AOA. The company shall provide the Competent Authority with a copy of this resolution.

Article (140)

Access to Information and Data

1. The Company shall provide on its website a copy of its MOA, AOA and any documents or other information as determined by the SCA. 2. The Company shall send a copy of its MOA and AOA to any shareholder who so requests, at the latter's expense.

Article (141)

Shareholder Register and Company Records

1. Each Company shall keep a register of its shareholders in accordance with the guidelines laid down by the SCA.
2. The SCA may review the shareholder register and the books, documents and records of the Company.

Article (142)

Purchase of Assets during the First Fiscal Year

If, prior to the General Assembly's approval of the company's accounts for the first fiscal year, the Company purchases assets, companies or corporate bodies for an amount in excess of [20%] of its capital, the board of directors shall notify the SCA of the same. The SCA may subject such assets, companies or corporate bodies to valuation in accordance with the provisions of this Decree Law.

Chapter Two

Management of the Public Joint Stock Company

Article (143)

Formation of the Board of Directors

1. The management of the Company shall be undertaken by a board of directors. The AOA of the Company shall regulate the formation of the board of directors, the number of directors and their term of office, provided that their number is odd not less than 3 and not exceeding 11, and their term of office may not exceed 3 calendar years starting from the date of election or appointment. Directors may be re-elected for consecutive terms.
2. The board of directors shall elect, from among its members, by secret ballot a chairman and a deputy chairman who shall act on behalf of the chairman if the latter is absent or has any situation impeding the performance of his duties. A Managing Director may be elected for the Company. The Managing Director may not be the CEO or Director General of any other Company.
3. The board of directors shall notify the SCA of the resolutions electing the chairman, the deputy chairman and the managing Director. The Central Bank's approval of such resolutions shall be obtained if the Company is licensed by the Central Bank.
4. The Company shall appoint a secretary for the board of directors. The secretary shall not be a Director.
5. The board of directors of the SCA shall issue a resolution setting out the conditions and guidelines which the companies are required to abide by for appointing the board of directors and nominating the Directors. The Central Bank shall issue an appropriate decision in this respect if the Company is licensed thereby.

Article (144)

Electing the Directors

1. Subject to the provisions of Article [143] of this Decree Law, the General Assembly shall elect the directors by way of cumulative secret voting. Notwithstanding this, it shall be permissible for the founders to appoint the members of the first board of directors under

the company's AOA.

2. Cumulative voting shall mean that each shareholder is entitled to a number of votes equivalent to the number of the shares held by him, so that he may either cast all votes in favor of one candidate for the membership of the board or distribute the votes among the nominated candidates, provided that the number of votes granted to the candidates does not exceed the number of votes to which the shareholder is entitled.
3. Subject to the provisions of this Decree Law and the company's AOA, directors may be persons with expertise other than the shareholders.
4. Every company shall keep a register of the members and the secretary of the board of directors at its headquarters. The SCA shall determine the details to be included in such register.
5. The register of members and secretary of the board of directors of the company referred to in Clause [3] of this Article shall be made available for review by any shareholder or director of the company, free of charge during the working hours, subject to any reasonable restrictions as may be imposed by the company under the AOA.

Article (145)

Vacant Position of Director

1. If the position of any Director becomes vacant, the board of directors shall, subject to the provisions of Article [143] of this Decree Law, appoint a new Director to fill in the vacancy within thirty [30] days, provided that such appointment is referred to the General Assembly at its first meeting for approval of the appointment or the appointment of a substitute Director. The new Director shall complete the term of office of his predecessor. If no new director is appointed to fill in the vacant position within such time limit, the board shall invite candidates to fill in the vacant position at the first General Assembly meeting, and the new director shall complete the term of office of his predecessor.
2. If the number of vacancies reaches one fourth of the number of Directors, the remaining Directors shall call the General Assembly to convene within thirty [30] days of the date

of the last vacancy, in order to elect new Directors to fill in such vacancies.

Article (146)

Voting Mechanism for Directors Election

Each shareholder of the Company shall be entitled to a number of votes equal to the number of shares he holds. The SCA shall issue a resolution determining the voting mechanism to be used at the general assemblies for the election of Directors.

Article (147)

Nomination of Directors

No person may be appointed or elected as a Director of the Company unless and until such a person declares in writing his acceptance of the nomination. The declaration shall state any activity that competes with the business of the Company and is conducted directly or indirectly by the nominee, together with the names of the companies and establishments in which such person works or holds the position of a Director.

Article (148)

Government's Representation in the Board of Directors

Notwithstanding the provisions of Article [143] hereof, the Federal or Local Government may, if it holds [5%] or more of the capital of the Company, appoint representatives in the board of directors at the same ratio of the number of directors, or at least one Director if the ratio required to appoint the Director exceeds the above-mentioned ratio. The Government shall waive its voting rights for the ratio of directors in respect of which the appointment is made. If the Government holds any remaining ratio that does not make it eligible for appointing any other Director, the Government may use such ratio for voting.

Article (149)

Membership of the Boards of Directors of Several Joint Stock Companies

1. No person, in his personal capacity or in his capacity as the representative of a legal person, may serve as a Director of more than five joint stock companies headquartered in the State, or a chairman or deputy chairman of more than two companies headquartered in the State, nor be a Managing Director of more than one Company headquartered in the State.
2. The position of any Director who violates the provisions of Clause [1] of this Article shall be null and void in respect of the boards of directors of companies exceeding the legal limit, taking into consideration the recent appointment. A Director whose position is invalidated shall pay back all amounts received from the Company.

Article (150)

Director's Duty to Disclose Conflict of Interest

1. Every Director of the Company, who may have a common interest or a conflicting interest in respect of any transaction that is submitted to the board of directors for approval, shall notify the board of directors of such interest and his declaration shall be recorded in the minutes of the meeting. Such Director may not vote on any resolution concerning such transaction.
2. If a Director fails to notify the board in accordance with the provisions of Clause [1] of this Article, the Company or any of its shareholders may apply to the competent court to invalidate the contract of the underlying transaction or to require the violating Director to pay back to the Company any profit or benefit earned as a result of such contract.

Article (151)

Nationality of Directors

Subject to the provision of Article [10] of this Decree Law, any requirements laid down by the Cabinet or Competent Authority shall be observed on the formation of the board of directors. If the ratio of UAE nationals in the board of directors falls below the limit set forth

in such Article, the deficit shall be rectified not later than three months. Otherwise, the resolutions of the board of directors shall be null and void.

Article (152)

Prohibited Acts of Related Parties

1. Related parties shall be prohibited from taking advantage of any information that comes to their possession by virtue of their membership or position in the company for the sake of achieving any personal interest for themselves or for third parties, as a result of dealing in the securities of the company and any other transactions. In addition, it shall not be permitted for any of these parties to knowingly have any direct or indirect interest with any entity that carries out transactions intended to influence the rates of the securities issued by the company.
2. The company may not enter into any deals with a related party for a value not exceeding [5%] of its capital without the prior consent of the board of directors. In addition, approval of the company's General Assembly shall be deemed a prerequisite for any value in excess of such percentage after the deals have been valuated in accordance with the controls and conditions laid down a resolution of the SCA.
3. It shall not be permitted for a director – without the consent of the General Assembly of the company [to be renewed every year] – to participate in any business which is in competition with the company, or to trade for their own benefit or for the benefit of third parties in any branch of the activity conducted by the company. In addition, it shall not be permitted for a board member to disclose any information or data related to the company, otherwise the company may demand compensation or the resulting profits the member has earned as a result.
4. Prior to entering into any deal with the company, the related party is required to disclose to the board of directors the nature and terms of the deal and all essential information concerning their stake or contribution to the two companies involved in the deal, and the extent of their relevant interest or benefit.
5. When the Company enters into deals with the related parties, the Chairman of the board

of directors of the company shall furnish to the SCA a statement containing the information about the related party, details of the deal, and the nature and extent of the related party's potential benefit from the deal, in addition to any further data, information or documents requested by the SCA, along with a written confirmation by the related party acknowledging that the terms of the deal are fair, reasonable and in favor of the company's shareholders.

6. The related parties, transactions associated with the interest conflict, duties of the party relevant to the company, as well as the deals, shall be defined according to the resolutions and regulations to be issued by the SCA.

Article (153)

Prohibition of Loans to Directors

1. Except for the financial institutions that are subject to the control and supervision of the Central Bank, it shall not be permitted for a joint stock company to provide any loans to any of its directors, nor to enter into guarantees or provide any collaterals in connection with any loans granted to them. Any loan granted to the director's spouse, children or relatives up to the second degree shall be deemed a loan granted in accordance with the provisions of this Decree Law.
2. No loan may be granted to a company in case any of its directors or his spouse, children or relative up to the second degree holds over 20% of its capital.
3. Any agreement that conflicts with the provisions of this Article shall be null and void. The auditor shall refer, in their report submitted to the General Assembly of the company, to such loans and credits granted to the directors and the extent to which the company complies with the provisions of this Article.

Article (154)

Powers of the Board of Directors

The board of directors shall have all the powers specified in the AOA of the Company except those powers exclusively conferred upon the General Assembly under this Decree Law or

the AOA of the Company. However, the board of directors may not enter into loan agreements for terms exceeding three years, sell the Company's property or business premises, mortgage the movable and immovable property of the Company, discharge debtors of the Company from their obligations, enter into amicable conciliation or agree on arbitration, unless such acts are authorized under the AOA of the Company or fall within the objects of the Company by nature. Other than those two cases, such acts shall require a Special Resolution of the General Assembly.

Article (155)

Representation of the Company

1. The chairman shall legally represent the Company before the courts and in respect of its relationships with third parties, unless the AOA of the Company provides that its Director General shall act as its representative before the courts and on its relationships with third parties.
2. The chairman may delegate any of his powers to any Director.
3. The board of directors may not confer upon the chairman an absolute delegation of its responsibilities.

Article (156)

Board Meetings

1. The board of directors shall meet at least four [4] times a year at a call by the chairman, unless the AOA of the Company provides for more meetings, in accordance with the procedures specified in the AOA. However, the chairman shall call the board of directors to upon the request of at least two directors, unless the AOA of the Company provides otherwise.
2. Meetings of the board of directors shall be held at the headquarters of the Company, unless the board resolves otherwise. Board meetings shall be valid only if all the Directors are called to the meeting and the majority of the Directors are present in person, unless the AOA of the Company permits attendance through means of modern

technology approved by the SCA.

Article (157)

Board Resolutions

1. Board resolutions shall be passed by a majority of votes; in the event of equal votes, the chairman shall have the casting vote.
2. Notwithstanding the provision of Article [156.2] of this Decree Law, the board of directors may pass any resolutions by way of circulation, in accordance with the conditions and procedures to be established under a decision of the SCA.

Article (158)

Director's Absence

If any Director fails to attend three [3] consecutive or five [5] intermittent board meetings during the term of office of the board of directors, without an excuse acceptable to the board, such Director shall be deemed to have resigned.

Article (159)

Minutes of Board Meetings

The secretary of the board of directors shall prepare the minutes of meetings, which shall be signed by the secretary himself together with the directors attending the meeting. The Director who opposes any resolution passed by the board may record his opposing opinion in the minutes of the meeting. The signatories to such minutes shall assume responsibility for the accuracy of the details contained therein. The SCA shall lay down the applicable guidelines in this respect.

Article (160)

Appointment of Director as Proxy at Board Meetings

1. The Director may not appoint any other Director as his proxy to attend a board meeting

unless so permitted by the AOA of the Company. Each Director may act as a proxy for only one Director, but at least 50% of the Directors shall be present in person.

2. No voting may take place by correspondence. The Director acting as a proxy shall vote on behalf of the absent Director as determined in the deed of proxy.

Article (161)

Liability of the Company for Acts of Board of Directors

The Company shall be bound by the acts duly carried out by the board of directors and shall be liable for any damage caused by the unlawful acts of the chairman and directors of the Company.

Article (162)

Liability of Board of Directors and Executive Management

1. The directors and executive management officer shall be liable vis-à-vis the company, shareholders and third parties for all acts of fraud, abuse of power and violation of the provisions of this Decree Law and the AOA of the company. Every condition to the contrary shall be null and void. The executive management shall be represented by the Director General, Managing Director or CEO of the company, their deputies, everyone in senior executive positions, executive management officers and those employees appointed personally by the board of directors.
2. The scope of liability provided for in Clause [1] of this Article shall apply to all directors if the error in question arises from a resolution passed unanimously by them. However, if the resolution in question is passed by majority, the members who oppose this resolution shall not be held liable, provided they express their opposition in writing in the minutes of the meeting. If a member fails to attend the meeting at which the resolution is passed, they shall not be relieved of the liability unless it is proven that the absent member either is not aware of the resolution or is aware of it but unable to object thereto. The liability cited in Clause [1] of this Article shall fall upon the executive management if the error in question arises from a resolution passed by it.

3. Without prejudice to any penalty stipulated in this Decree Law or any other law, any chairman or a director of the company or of its executive management shall be deemed dismissed from their position by force of law if a final judgement is issued establishing that they have committed any act of fraud or abuse of power or if they have entered into transactions or deals involving conflict of interest and in violation of the provisions of this Decree Law or its implementing resolutions. Such a person shall not be accepted to run as a candidate for membership of a board of directors of any joint stock company in the State, nor to undertake any executive management duties for the company until at least three years have passed of the date of their dismissal. The provisions of Article [145] of this Decree Law on occupying the new membership position in the company's board of directors shall apply. If all members of the company's board of directors are dismissed, the SCA shall convoke the General Assembly to elect a new board of directors.

Article (163)

Acts of Directors

The Company shall be bound by the acts of any of its Director vis-à-vis bona fide third parties, even if it subsequently appears that his election or appointment has been invalid or that the applicable conditions for such election or appointment are not satisfied.

Article (164)

Acts Detrimental to the Company's Interests

1. If one or more shareholders holding at least [5%] of the shares of the Company are convinced that the affairs of the Company are being or have been conducted to the detriment of the interests of all or any of the shareholders, or that the Company intends to make an act or omission that may prejudice any shareholder[s], such shareholder[s] shall have the right to submit an application to the SCA, together with supporting documents, to issue appropriate decisions at its own discretion.
2. If the SCA rejects the application or the if application is not decided on within thirty [30] business days, the shareholder[s] shall be entitled to resort to the competent court

within ten [10] days of the date on which the application is rejected or when the time limit expires, as the case may be.

3. The SCA may resort to the competent court if it is convinced that the affairs of the Company are being or have been conducted to the detriment of the interests of all or any of the shareholders, or that the Company intends to make an act or omission that may prejudice the shareholders.
4. The competent court shall hear the case filed by the shareholder or the SCA as a matter of urgency in the two instances described in Clauses [2] and [3] of this Article. The court may appoint one or more experts to provide a report on one or more aspects of management. The court may issue a judgment invalidating the act or omission in question or requiring the Company to resume any act which the Company has ceased to perform.

Article (165)

Lawsuit by the Company against Board of Directors

The Company may file a liability lawsuit against its board of directors on the grounds of its errors that may result in damage to all the shareholders, under a resolution to be adopted by the General Assembly for nominating a representative of the Company to institute the lawsuit in the name of the Company.

Article (166)

Shareholder's Lawsuits

1. Any shareholder may file with the competent court a lawsuit against the company and its board of directors and executive management, if any damage is inflicted upon the shareholder as the result of an act by the company or its board or executive management in violation of the provisions of this Decree Law.
2. The shareholder shall have the right to recover from the company all the legal expenses actually incurred as judicial and attorney fees for the lawsuit, in the event that a final and conclusive judgement is issued on the lawsuit, whether the judgement issued by the

competent court is in favor of or against the shareholder [Plaintiff], subject to the following requirements:

a. Submission of the documents supporting such legal expenses.
b. The lawsuit of the shareholder [the plaintiff] is not based on malicious grounds aimed at inflicting harm upon, defaming or blackmailing the defendant or the company and its shareholders, or affecting the share price in the financial market.

Article (167)

Lawsuit against the Related Party

1. Any single shareholder, or all shareholders acting collectively, may file a lawsuit with the competent court under their name and on behalf of the company against any related party of the company for the damage incurred by the company as a result of the related party's breach of duties vis-à-vis the company according to this Decree Law or any other law. For this purpose, the following requirements shall be satisfied:
   a. That the damage or violation to duty has been caused to the company;
   b. That the plaintiff is a shareholder of the company at the time when the acts involved in the lawsuit have been committed, or has acquired such capacity as a result of the transfer the interest or shares of such a person from a person who has had such capacity at that time.
   c. That the plaintiff or plaintiffs collectively have shares which represent at least 10% of the company's capital.
   d. That the plaintiff has earlier submitted to the board of directors of the company a written application for filing the lawsuit and stating its grounds, but such application has either been rejected or not responded to by the board within thirty [30] days.
   e. That the lawsuit documents include a copy of the application referred to in the previous paragraph of this Article, and details of all other efforts made to urge the company to file the complaint by itself.
2. Subject to the provisions of Clause [1] of this Article, the plaintiff or plaintiffs may not enter into amicable conciliation or settlement with the defendant in such case without

the approval of the court following the full disclosure of the details of the proposed conciliation or settlement.

3. If a judgement is issued in favor of the plaintiff or plaintiffs according to the provisions of this Article, the ownership of amounts ordered by the court to be refunded and the compensation for damage shall be conferred upon the company, with the exception of the legal expenses and attorney fees which shall be paid back to the plaintiff or plaintiffs who had actually paid them. The competent court shall approve the value of such legal expenses if it is convinced that the lawsuit is based on malicious grounds with the aim of inflicting damage upon the defendant, the company and its shareholders, or of defaming or affecting the price of the share in the financial market.

Article (168)

Direct Legal Proceedings

Any single shareholder, or all shareholders acting collectively, may file a lawsuit with the competent court under their name against any related party of the company on the grounds of the damage caused to them as a result of any breach of the provisions of this Decree Law or any other law.

Article (169)

Lapse of Liability Lawsuit

Any resolution passed by the General Assembly to discharge the board of directors from liability shall not give rise to lapse of the liability lawsuit against the Directors due to the errors committed by them in the course of performing their duties. If the act giving rise to liability has been presented to and approved by a General Assembly, the liability lawsuit shall lapse upon the expiry of one year of the date of such General Assembly Meeting. However, if the act ascribed to the Directors is a criminal offence, the lawsuit shall only lapse when the criminal case lapses.

Article (170)

Removal of Directors

1. The General Assembly may remove all or any of the Directors, even if the AOA of the Company provides otherwise. In such case, new Directors shall be elected instead of the directors so removed, subject to the provisions of Articles [143 and 144] of this Decree Law. The SCA and the Competent Authority shall be notified of such election.
2. If a Director is removed, he shall not be eligible for re-nomination to the board before the lapse of three [3] years of the date of the resolution approving his removal.

Article (171)

Remuneration of Directors

1. The AOA shall determine the way in which the remuneration of Directors is to be calculated, provided that it does not exceed [10 %] of the net profit for the fiscal year then ended, after the deduction of depreciation and reserves.
2. Notwithstanding clause [1] of this Article, and subject to the controls to be issued by the SCA in this regard, any director may be paid a lump sum remuneration not exceeding [AED 200,000] two hundred thousand dirhams at the end of the fiscal year, provided that the Company's AOA so permits and that the General Assembly has approved the payment of such remuneration in the following cases:
   a. If the company fails to make any profit;
   b. If the company makes a profit and the director's share of those profits is less than [AED 200,000] two hundred thousand dirhams, in which case, the remuneration and fees may not both be paid to a single director.
3. The fines imposed on the Company due to violations by the board of directors of the Law or the AOA of the Company during the fiscal year ended shall be deducted from the remunerations of the board of directors. The General Assembly may decide to not deduct such fines if it is convinced that they are not due to any negligence or error on the part of the board of directors.

Article (172)

Invalidity of Resolutions

1. Without prejudice to the rights of bona fide third parties, any resolution issued in violation of the provisions of this Decree Law or the MOA or AOA of the Company or for or against a certain class of shareholders or to bring a special benefit to the Related Parties or Third Parties without consideration of the interests of the Company shall be invalid.
2. The judgment establishing such invalidity shall render the resolution void ab initio in respect of all the shareholders.
3. The board of directors shall publish the judgment in two daily local newspapers; at least one of which is published in Arabic.
4. The invalidity lawsuit shall be time barred after the passage of sixty [60] days of the issuance date of the contested resolution. Filing the lawsuit shall not give rise to stay of execution of the resolution in question, unless the competent court orders otherwise.

Chapter Three

General Assemblies of Public Joint Stock Company

Article (173)

Convening the General Assembly

1. The General Assembly of shareholders shall convene, subject to prior approval of the SCA, at the call of the board of directors at least once a year, within the four [4] months following the end of the fiscal year, at such time and venue as determined in the notice of meeting. The board may call the General Assembly to convene as necessary.
2. If the board of directors fails to send a call for General Assembly meeting under the circumstances where this is required hereunder, the auditor shall send out such a call. This shall also apply whenever necessary. In this case, the auditor shall prepare and publish the agenda.

Article (174)

Notice of General Assembly Meeting

1. Except for the meeting of the General Assembly being postponed due to the lack of quorum, in accordance with the provisions of Article [185] of this Decree Law, the call to General Assembly Meeting shall be served based upon the approval of the SCA to all shareholders according to the controls and conditions to be included in a resolution of the SCA, subject to the following:
   a. The notice of General Assembly Meeting shall be sent at least twenty-one [21] days prior to the scheduled date of meeting.
   b. The notice of meeting shall be sent in accordance with the notification method issued by a resolution of the SCA.
   c. The shareholders shall be notified by registered letter or through the modern means of technology as stipulated in the AOA of the company.
   d. The company shall serve upon both the SCA and the Competent Authority a copy of the notice of meeting on the date of the notification of the call for meeting.
2. The notice of meeting shall include the agenda, venue, date and time of the first meeting and the second meeting [in the event of the lack of quorum for the first meeting]. In addition, it shall also indicate the persons eligible to attend the General Assembly and their right to delegate whoever they select from outside the directors under a special written power of attorney as determined by the SCA in this regard, the shareholder's eligibility to discuss the matters listed in the General Assembly's agenda, and to pose questions to the board of directors, the auditor, the quorum required for the meetings of the General Assembly and the resolutions issued thereat. It shall also indicate the names of persons eligible to the receive dividends, if any.
3. It shall be permissible for meetings of the General Assembly to be held and for the shareholder to participate in their deliberations and vote on their resolutions through modern means of technology of telepresence according to the controls set forth by the SCA in this regard.

Article (175)

Valid Notice to Shareholders

If the notice of meeting of the General Assembly is sent prior to the date of the meeting within a period less than the period specified in Article [174] of this Decree Law, then the notice to General Assembly Meeting shall be valid if approved by shareholders representing [95%] of the capital of the Company.

Article (176)

Shareholders' Request to Call the General Assembly Meeting

1. The board of directors of the company shall call the General Assembly to convene whenever one or more shareholders holding shares that represent at least [10%] of the company's shares requests so, so that the call to General Assembly is sent within five [5] days of the date of the request. The General Assembly shall convene within thirty [30] days of the date of call for the meeting.
2. The request referred to in Clause [1] of this Article shall be submitted to the headquarters of the company and shall indicate the purpose of the meeting and the matters to be discussed. The party calling for the meeting shall provide a certificate from the financial market on which the shares of the company are listed, indicating that the disposition of its own shares is prohibited upon its request until the meeting of the General Assembly is held.

Article (177)

General Assembly Meeting Convoked by Auditor

1 .The board of directors shall call the General Assembly to convene upon the request of the auditor. If the board fails to send out a notice of meeting within five [5] days of the date of the request, the auditor shall send it out.

2 .The General Assembly shall convene not less than fifteen [15] days and not more than thirty [30] days of the date of the notice of the meeting.

Article (178)

General Assembly Meeting Convoked by SCA

1. The SCA may instruct the chairman of the board of directors of the company or his representative to call a General Assembly Meeting in any of the following cases:
   a. Upon the expiry of thirty days of the date described in Article [173] of this Decree Law without the General Assembly being called to convene.
   b. If the number of directors goes below the minimum limit required for the board meeting to be valid.
   c. If the SCA is convinced, at any point of time, of the occurrence of any violations of the Law or of the company's AOA, or that there is any defects in the company's management.
   d. If the board of directors of the company fails to respond to the request of the shareholder [s] in accordance with the provision of Article [176] of this Decree Law.
2. If the chairman of the board of directors of the company, or the person acting in lieu of him, fails to call the General Assembly Meeting in any of the above cases within five [5] days of the date of the SCA's request, the SCA shall call the meeting at the expense of the company.

Article (179)

Competences of Annual General Assembly

In particular, the annual General Assembly of the Company shall consider and decide on the following issues:

1. Consideration and approval of the board of directors' report on the activities and financial position of the Company during the year and the auditor's report and, if the Company conducts its activity in compliance with the rules of Islamic Sharia, the report of the Internal Sharia Supervisory Committee;
2. The balance sheet and profit and loss account;
3. The election of Directors if necessary;
4. The appointment of members of the Internal Sharia Supervisory Committee if the

Company conducts its activity in compliance with the rules of Islamic Sharia;

5. The appointment and remuneration of auditors;
6. Consideration of proposals by the board of directors for the distribution of profits, whether in cash or as bonus shares;
7. Consideration of proposals by the board of directors for the remuneration of the Directors and the determination of their remuneration;
8. Exonerating or dismissing Directors and filing liability lawsuits against them, as the case may be; and
9. Exonerating or dismissing auditors and filing liability lawsuits against them, as the case may be.

Article (180)

Right to Attend the General Assembly

1. Every shareholder shall have the right to attend the General Assembly and shall have a number of votes equal to his number of shares. Any shareholder that has the right to attend the General Assembly may appoint a proxy other than a Director, under a special written proxy. A proxy holder acting on behalf of several shareholders shall not hold in this capacity over 5% of the share capital of the Company. Shareholders who are minors or legally incompetent shall be represented by their legal representatives.
2. The legal person may appoint any of its representatives or those in charge of its management under a resolution to be passed by its board of directors or any similar entity to represent it at any General Assembly of the Company. The proxy shall have the powers defined in the proxy resolution.

Article (181)

Supervision of General Assembly Meetings

1. The SCA and the Competent Authority may send one or more controllers on their behalf to attend meetings of the General Assembly of companies without having the right to vote. The presence of such controllers shall be recorded in the minutes of meeting of the

General Assembly.

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

Article (182)

Powers of the General Assembly

1. Subject to the provisions of this Decree Law and the resolutions issued in implementation hereof and the AOA of the company, the General Assembly shall be competent to consider all the issues in connection with the company. The General Assembly is not permitted to consider matters other than those listed in the agenda.
2. Notwithstanding the provisions of Clause [1] of this Article, the General Assembly shall have the right to consider the serious incidents revealed during the meeting. If the SCA or a shareholder or a number of shareholders holding at least 5% of the share capital of the company request, before commencing the discussion of the General Assembly's agenda, to list an additional item or items in the agenda, the chairman of the meeting shall list such item or items. The SCA will issue a resolution determining the conditions to be observed for listing a new item on the General Assembly's agenda.

Article (183)

Record of General Assembly Meetings

The shareholders shall record their names for the attendance of the meeting of the company's General Assembly in accordance with the controls, terms and procedures to be issued by a resolution of the SCA in this regard.

Article (184)

Chairmanship of the General Assembly

The chairman of the board of directors of the company or, in his absence, the deputy chairman or, if both the chairman and the deputy chairman are absent, any director so selected, shall assume chairmanship of the General Assembly. If the board of directors fails to select a member to chair it, it shall be chaired by any person selected by the General Assembly. The General Assembly shall also appoint a secretary for the meeting. If the General Assembly discusses a matter related to the chairman of the meeting, the General Assembly shall select from the shareholders a chairman for the meeting during the discussion of this issue.

Article (185)

Quorum for General Assembly Meetings

Unless the AOA states a higher percentage, the quorum for meetings of the General Assembly shall be fulfilled if the shareholders holding or representing by proxy at least 50% of the share capital of the Company are present at the meeting. If a quorum is not present at the first meeting, the General Assembly shall be postponed to another future date at least five [5] days, but not more than fifteen [15] days after the date of the first meeting. The quorum for the postponed meeting shall be fulfilled irrespective of the number of shareholders present.

Article (186)

Withdrawal from the Meeting of the General Assembly

If any of the shareholders or their representatives withdraws from the meeting of the General Assembly after the quorum has been fulfilled, such withdrawal shall not affect the validity of the General Assembly, provided that the resolutions shall be passed by the majority described in this Decree Law for the remaining shares represented at the meeting.

Article (187)

Discussion of the General Assembly's agenda

1. Every shareholder attending the General Assembly shall be entitled to discuss the matters listed on the General Assembly's agenda and to address questions to the Directors and the auditor. The Directors and the auditor shall reply to the questions to the extent that the interests of the Company are not compromised.
2. A shareholder may resort to the General Assembly if the shareholder feels that the answer to his question is unsatisfactory. The General Assembly's decision shall be enforceable and every provision in the AOA of the Company to the contrary shall be invalid.

Article (188)

Voting on General Assembly's Resolutions

1. Subject to the provision of Article [146] of this Decree Law, voting on the General Assembly's resolutions shall be conducted via the method as determined by the AOA of the company. However, voting shall be secret if related to the election, dismissal or accountability of the directors. It shall be permissible for voting on meetings of the General Assembly to be conducted using the online voting mechanism, provided that the controls and terms issued by the SCA in this regard are adhered to.
2. Subject to the provision of Article [180] of this Decree Law, it shall not be permitted for directors to participate in voting on resolutions of the General Assembly related to being discharged from the liability for their management, or in connection with a special benefit for them, or resolutions that are related to a conflict of interests or an existing dispute between them and the company.

Article (189)

Minutes of General Assembly Meeting

1. Minutes shall be drafted for all meetings of the General Assembly. The minutes of every meeting shall include the names of the shareholders present in person or by proxy, the number of shares held by them in person or by proxy, the number of votes per share, the

resolutions passed, the number of votes for or against such resolutions, and an adequate summary of the deliberations of the meeting.

2. Minutes of General Assembly meetings shall be duly recorded after each meeting in a special register, to be kept in accordance with the guidelines laid down in a resolution of the SCA. The minutes shall be signed by the chairman and the secretary of the meeting, the vote counter and the auditor. The persons who sign the minutes of meeting shall be responsible for the accuracy of their contents.

Article (190)

Resolutions of General Assembly

1. Resolutions of the General Assembly shall be passed by a majority vote of the shares represented at the meeting, or such higher majority as specified by the AOA of the Company.
2. Resolutions passed by the General Assembly in accordance with the provisions of this Decree Law and the AOA of the Company shall be binding on all the shareholders, whether present at or absent from the meeting at which the resolution is passed and whether they assent or dissent to the resolution in question.

Article (191)

Implementation of Resolutions of the General Assembly

The chairman of the Company shall implement the resolutions of the General Assembly and shall send a copy thereof to the SCA, the financial market on which the shares of the Company are listed as well as to the Competent Authority, in accordance with the guidelines laid down by the SCA.

Article (192)

Review of Minutes of General Assembly Meetings

1. The minutes of meetings of the General Assembly of shareholders shall be kept at the

headquarters of the Company. Any shareholder may review such minutes without consideration during ordinary working hours.

2. If the Company rejects or fails to comply with the provisions of this Article, the SCA may issue an order to scrutinize the contents of the minutes on the deliberations of the General Assembly. The SCA may also issue an order instructing the Company to deliver the required copies to the person or persons who request such copies.

Article (193)

Suspension of General Assembly's Resolution

1. Upon the request of shareholders holding not less than [5%] of the Company's capital, the SCA may issue a resolution to suspend the enforcement of resolutions passed by the General Assembly of the Company if they are detrimental to the shareholders, in favor of a certain class of the shareholders or bring a special benefit to the Directors or to Third Parties, whenever such request is considered well grounded.
2. Any request to suspend the implementation of resolutions of the General Assembly shall not be admitted after three [3] business days of the issue date of such resolutions.
3. The stakeholders may file a lawsuit to invalidate such resolutions with the competent court and shall forward a copy thereof to the SCA within five [5] days of the issuance date of the resolution suspending the enforcement of the resolutions of the General Assembly; otherwise, the suspension shall be void ab initio.
4. The court shall hear the lawsuit that claims invalidity of the resolutions of the General Assembly, and may order, as a matter of urgency, that the enforcement of the SCA's resolution be suspended upon the request of the opponent until a decision has been rendered on the merits of the lawsuit.

Article (194)

No Election of Board of Directors or Appointment of Auditor

1. Subject to the provisions of Article 143 of this Decree Law, if the General Assembly of the Company fails to pass a resolution on the election of Directors at two consecutive

meetings where the quorum is fulfilled, the SCA shall refer the matter to the chairman of its board of directors, after consulting the Competent Authority and the entities responsible for supervising the Company's activities in the State, for an interim board of directors to be appointed for the Company for a term not exceeding one fiscal year. At the end of the fiscal year, the interim board of directors shall call the General Assembly of the Company to elect Directors. If the General Assembly fails to elect Directors, the SCA shall refer the matter to the chairman of its board of directors, after consulting the Competent Authority and the entities responsible for supervising the Company's activities in the State, for an appropriate resolution to be passed for, inter alia, the dissolution of the Company.

2. If the General Assembly of the Company fails to pass a resolution on the appointment of its auditor at its annual meeting in accordance with the provisions of Articles [246] and [245] of this Decree Law despite the presence of a quorum, the SCA may appoint an auditor for the Company for one fiscal year and determine his fees.

Chapter Four

Capital of Public Joint Stock Company"

Article (195)

Capital of Public Joint Stock Company

The minimum issued capital of a public joint stock company shall be at least thirty million dirhams AED [30,000,000]. This limit may be amended under a resolution by the Cabinet based upon the proposal of the chairman of the SCA's board of directors.

Article (196)

Capital Increase

1. Subject to the provisions of this Decree Law, the shareholders are required to approve – under a special resolution – the issuance of every new shares for increasing the issued capital.
2. Upon satisfying its full issued capital, the company may increase its issued capital under a

special resolution. The company's board of directors shall implement such a special resolution within three [3] years of its issuance date; otherwise, the resolution shall be deemed void ab initio with regard to the amount of increase not implemented during the aforementioned period.

3. The resolution increasing the issued capital shall state the amount of increase and the price of the new shares issued.
4. If the increase of the issued capital of the company includes in-kind contributions, the provisions related to the valuation of in-kind contributions as contained in this Decree Law shall apply.
5. The SCA shall issue a resolution determining the terms and controls for increasing the issued capital of the company.

Article (197)

Methods of Capital Increase

The share capital of the Company may be increased by any of the following means:

1. Issue of new shares;
2. Capitalization of the reserve; or
3. Conversion of Company-issued bonds or Sukuk into shares.

Article (198)

Share Premium and Share Discount

1. Shares of capital increase of the company shall be issued at a nominal value equivalent to that of the original shares. However, the company may, under a special resolution and based upon the approval by the SCA, decide:
   a. To add the value of a share premium to the nominal value of the share and determine its value, if the market value exceeds the nominal value of the share, while the share premium shall be added to the statutory reserve, even if it exceeds half of the capital.
   a. Grant and a share discount on the nominal value of the share and determine its value

in the event that the market value is lower than the nominal value of the share. Against the share discount, a negative reserve in equity in the balance sheet shall be created and deducted from the future profits of the company before any dividends are approved.

2. The Board shall be provided with a report from an independent financial adviser approved by the SCA, in which it determines how to calculate the share premium or share discount.

Article (199)

Rights Issue

1. Without prejudice to the provisions of Articles [225], [226], [227], [228], [231], [285] and [299] of this Decree Law, the shareholders shall have priority to subscribe for newly issued shares. Any provision to the contrary in the company's AOA or the resolution increasing the issued capital shall be null and void.
2. The shareholder may sell the rights issue to any other shareholder or to a third party against a financial consideration. The SCA's board of directors shall issue the resolution regulating the conditions and procedures for selling the rights issue.

Article (200)

Subscription For New Shares

1. Subscriptions for newly issued shares shall be governed by the same rules of subscription for the original shares.
2. The board of directors shall publish a summary of the prospectus of the shares of rights issue as approved by the SCA, in two local daily newspapers; one of which is published in Arabic, to give the shareholders notice of their priority to subscribe for newly issued shares.

Article (201)

Distribution of New Shares

1. New shares shall be distributed to the shareholders applying for subscription in proportion to the shares held by them, provided that this proportion shall not exceed the new shares they have applied for.
2. Subject to Article [199.2] hereof, the remaining shares shall be distributed to the shareholders who have applied for shares more than the number of shares held by them. Any remaining shares shall be offered for public subscription if so included in the capital increase resolution, subject to the requirements of the SCA.

Article (202)

Capitalization of the Reserve

Under a special resolution, the reserve may be converted into capital through the issuance of bonus shares to be distributed to the shareholders in proportion to their respective shareholdings, or through an increase in the nominal value of the shares in proportion to the increase in share capital. This, however, may not give rise to any financial burden on the shareholders.

Article (203)

Conversion of Sukuk or Bonds into Shares

The Bonds or Sukuk shall be converted into shares according to the terms of the prospectus as approved by the SCA. The approval of the Central Bank shall be obtained if the Company is licensed thereby.

Article (204)

Capital Reduction

The Capital of the Company may not be reduced without the prior consent of the SCA and the issuance of a Special Resolution after hearing the report of the auditor. The Capital may

be reduced in either of the following cases:

1. If it exceeds the needs of the Company;
7. If the Company has incurred a loss that cannot be recouped through future profits.

Article (205)

Methods of Capital Reduction

The Capital may be reduced by any of the following methods:

1. Reducing the nominal value of the shares, through either partially refunding their value to the shareholders or relieving the shareholders of all or part of the outstanding share price owed by them;
2. Reducing share value by writing off a part thereof equal to the loss incurred by the Company;
3. Writing off a number of the shares equal to the proposed reduction; or
4. The purchase and subsequent cancelation of a number of shares equivalent to the proposed reduction.

Article (206)

Capital Reduction Procedures

1. Upon reducing its capital by any method according to the provisions of this Decree Law, the company shall adhere to the following:
   a. The controls, conditions and procedures to be issued under a resolution of the SCA.
   b. Publish the capital reduction resolution in accordance with the controls and procedures determined by the SCA, so that the announcement includes the amount of capital before and after the reduction, the value of each share and effective date of the reduction. The creditors shall provide the company with the documents that support their debts within thirty [30] days of the publication date of the announcement of the capital reduction resolution.
2. If the capital is reduced through refunding part of the nominal value of the shares to the shareholders or relieving them of the unpaid amount of the value of the shares or any

part thereof, such reduction may only be invoked vis-à-vis the creditors who submitted their claims on the date described in Clause [1/B] of this Article if such creditors have picked up their due debts or obtained the securities necessary for the repayment of the debts not yet due.

Article (207)

Capital Increase or Reduction Resolution

The board of directors of the Company shall, within five [5] business days of the effective date of the resolution to increase or reduce its capital, have such resolution registered with the SCA, the Competent Authority and the Registrar.

Chapter Five

Shares, Bonds and Sukuk

Article (208)

Shares-Related Rights

1. Unless otherwise provided for in this Decree Law, the rights attached to all shareholder shares shall rank pari passu and the Company may not issue different classes of shares.
2. Notwithstanding the provision of Clause [1] of this Article, the Cabinet may, based upon the proposal of the chairman of the SCA, issue a resolution specifying other classes of shares and the conditions of their issuance, the rights and obligations attached to the shares and the governing rules and procedures.
3. No shareholder may claim redemption of his capital contribution.

Article (209)

Nominal Value of Shares

1. Each share shall have a nominal value as specified in the AOA of the Company.
2. Shares may be issued against the payment of at least one quarter of their nominal value, so that the remaining value balance thereof shall be paid not later than three [3] years of

the date on which the company is registered with the competent authority.

3. Subject to Clause [1] of this Article, the company may, under a special resolution and subject to prior approval of the SCA, split the nominal value of share.

Article (210)

Nature of Shares

Shares shall be of a registered type, and no bearer shares may be issued. Shares shall also be negotiable.

Article (211)

Disposition of Shares

The method and conditions for disposition of shares shall be determined in accordance with the provisions of this Decree Law, the regulations and resolutions of the SCA and the AOA of the Company. Disposition of shares may not reduce the shareholding percentage of UAE nationals below the minimum limit described hereunder.

Article (212)

Pledge of Shares

Shares may be pledged by being delivered to the creditor or his representative after the applicable procedures have been satisfied. The pledgee shall be entitled to pick up the profits and to exercise the rights attached to the share, unless otherwise agreed under the pledge agreement.

Article (213)

Transfer of Title to Listed Shares

Title to Company's shares listed on any of the financial markets licensed in the State shall be transferred in accordance with the applicable procedures of the SCA and the financial market on which such shares are listed.

Article (214)

Transfer of Title to Unlisted Shares

1. Title to Company's shares that are not listed on the financial markets shall be transferred by recording the transfer in a register held by the Company, and the same shall be annotated on the share certificate. The transfer shall become effective vis-à-vis the Company and third parties only of the date of being recorded in such register.
2. However, the Company may refrain from recording any share transfer transaction in the following cases:
   A. If such transfer is made in violation of the provisions of this Decree Law or its implementing resolutions or the AOA of the Company;
   B. If the shares are pledged or attached by a court order;
   C. If the share certificate has been lost and no shares have been issued by the company;
   D. If the Company has any outstanding debt on the shares, the Company may suspend the registration of share transfer unless its debt has been settled; and
   E. If any of the contracting parties is lacking legal capacity, is incapacitated or has been declared bankrupt or insolvent.

Article (215)

Transfer of Title to Shares by Inheritance, Will or Court Order

1. If title to a share is transferred by way of inheritance or will, the heir or legatee shall request that the title transfer be recorded in the share register.
2. If the title transfer is effected under an enforceable court order, it shall be recorded in the Share Register pursuant to such order. The transferee shall be able to exercise the rights resulting from the transfer as of the date of registration.

Article (216)

Indivisibility of Shares

Every share shall be indivisible. However, if the title to a share is conferred upon several

heirs or if the share has multiple holders, they shall choose from among themselves a representative vis-à-vis the Company. The holders shall be jointly liable for the obligations arising from share title. If the holders fail to agree on a representative, any of them shall be entitled to recourse to the competent court for the appointment of such a representative.

Article (217)

Restrictions on Trading Founders' Shares

1. Founders' shares, whether in cash or in kind, may not be traded prior to the publication of the balance sheet and the profit and loss account for at least two fiscal years of the date of listing the Company on the financial market in the State or of the date of registration of the Company in the commercial register maintained by the Competent Authority, in the case of companies exempted from listing. Such shares shall bear an annotation indicating that they are founders' shares. The provisions of this Article shall apply to shares subscribed for by founders in connection with a capital increase prior to the end of the restriction period.
2. During the restriction period, such shares may be pledged or transferred by way of sale by a founder to another founder or by the heirs of a founder [if deceased] to a third party or by the bankruptcy trustee of a founder to a third party or under a final judgment.
3. The board of directors of the SCA may issue a resolution to extend the restriction period mentioned in Clause [1] of this Article for up to [3] further years.

Article (218)

Attachment of Shares

The company's property may not be attached on account of a shareholder's debt. However, any shareholder's creditors may attach the shareholder's shares and their resulting profits, so that the attachment shall be annotated in the Share Register and in the financial market on which the Company's shares are listed.

Article (219)

Shareholder's Failure to Pay Outstanding Share Value

1. If a shareholder in a Joint Stock Company fails to pay any installment on his subscription when it becomes due, the board of directors may notify the shareholder to pay the outstanding installment by registered letter. If the shareholder fails to make payment within [30] days, the Company may then sell the share at an open auction or according to the resolutions of the SCA.
2. The Company shall satisfy from the sale proceeds the balance of overdue installments and expenses as compensation for the delay, and shall pay the remaining amount to the holder of the share. The Company shall have a right of recourse against the assets of the shareholder insofar as the Company's claims remain unsatisfied, and the shares shall be recorded in the Share Register in the name of the purchaser.

Article (220)

Discharge of Shareholder

1. The Company may not relieve the shareholder from his obligation to pay the value of a share, and such obligation may not be set off against any of the shareholder's rights owed by the Company.
2. Any creditors of the Company may file a lawsuit against the shareholder to compel payment of the value of the share.

Article (221)

Treasury Shares

1. The company may not pledge its own shares or purchase such shares unless the purchase is intended to reduce the issued capital or for the amortization of the shares. in which case, such shares shall not have a vote in the deliberations of the General Assembly nor a profit share.
2. Notwithstanding the provision of Clause [1] of this Article, it shall be permissible for the company that has been incorporated for at least two fiscal years to purchase – subject to

prior approval of the General Assembly – a percentage not exceeding [10%] of its shares for the purpose of disposing of the same in any way, including transfer of ownership, in accordance with the conditions, controls and procedures to be decided by the SCA. The treasury shares may not be included in the quorum for meetings of the General Assembly, nor may they have a vote in deliberations of the General Assembly or a share in the profit, unless they have been transferred or cancelled. In case such shares are cancelled, the company capital shall be reduced by the number of cancelled shares. In this case, the reduction process shall not be subject to the provisions of Articles [206] and [204] of this Decree Law.

Article (222)

Failure to Record Details in the Share Register

If the name of any person or the number of the shares held by such person is not entered in the Company's shareholder register, or in case of any unjustified failure or delay to record the fact that a person is no longer a shareholder, the aggrieved person or any shareholder of the Company may request that the Company amend the particulars of the register, and the Company may reject the request for amendment. In such case, the aggrieved person shall then be entitled to resort to the courts.

Article (223)

Shareholder's Rights

1. A shareholder in a Joint Stock Company shall have:
   A. All rights attaching to the share, particularly the right to a share of the profits and assets of the Company upon liquidation and to attend meetings of the General Assembly and vote on its resolutions, all in accordance with the terms and conditions provided by this Decree Law and the AOA of the Company.
   B. A right of access to the books and records of the Company and any documents pertaining to any of the Company's deals made with a Related Party with permission from the board of directors or pursuant to a resolution of the General Assembly or as

provided by the AOA of the Company.

2. The court may require the Company to provide specific information to a shareholder as long as this does not conflict with the interests of the Company.
3. Any resolution of the board of directors or the General Assembly of the Company that would prejudice a shareholder's rights under this Decree Law or the AOA of the Company or increase his obligations shall be invalid.

Article (224)

Financial Aid

1. It shall not be permitted for the company or any of its subsidiaries to provide financial aid to any person to enable them to hold any securities issued by the company. Financial aid shall, in particular, include the following:

a. Providing loans.
b. Providing gifts or donations.
c. Providing the assets of the company as a security.
d. Providing a security or guarantee for the obligations of a Third Party.
e. Using any of the company's reserves, funds or profits for settling any of the obligations of such a person.

2. Financial aid shall not include any securities, undertakings or compensations provided by the company to any underwriter during any offering of or subscription for the company's shares.
3. Notwithstanding the provisions of Clause [1] of this Article, it shall be permissible for companies, which are licensed by the Central Bank to engage in financing business, to provide loans to any person to enable them to hold any securities issued by such companies. This shall be on condition that the loans it grants do not contain any preferential conditions not granted to its other clients, and without contradicting the Central Bank's applicable legislation and regulations.

Article (225)

Strategic Partner's Contribution

1. Notwithstanding the provisions of Articles [197, 199, 200 and 201] of this Decree Law, the Company may, under a special resolution, increase its Capital by bringing in a Strategic Partner. The board of directors of the SCA shall pass a resolution setting out the conditions and procedures for adding the Strategic Partner as a shareholder of the Company.
2. The board of directors of the Company shall present to the General Assembly a study on how the Company would stand to benefit by bringing in the Strategic Partner as a shareholder in the Company.
3. The SCA and the Competent Authority shall reject the Strategic Partner's contribution to the Company if such contribution would contravene the laws or regulations of the State or adversely affect the public interest.

Article (226)

Conditions of Strategic Partner's Contribution

1. Within three months of the date of the resolution to include a strategic partner as a shareholder of the company, the company's board of directors shall offer the shares to the strategic partner, subject to any conditions or controls set forth by the SCA in this regard.

2. If the board of directors fails to offer the new shares to the strategic partner within the three-month period as set forth in Clause [1] of this Article or if the strategic partner fails to subscribe to such shares within a period not exceeding thirty [30] days of the date such shares were offered to the partner, the resolution by the General Assembly to increase the capital of the company to enter a strategic partner shall be deemed void ab initio.

Article (227)

Capitalization of Cash Debts

1. Notwithstanding the provisions of Articles [197, 199, 200 and 201] of this Decree Law, the Company may, under a special resolution, increase its Capital through the capitalization of its cash debit.
2. The board of directors of the Company shall present to the General Assembly a study on the necessity to capitalize on such cash debits.
3. Cash debits under this Decree Law are debits payable to the Federal Government, Local Governments, public authorities and corporations in the State, and banks and finance companies.
4. The board of directors of the SCA shall issue a resolution on the procedure and the conditions of capitalization of cash debits.

Article (228)

Share Incentive Schemes for Company Employees

1. Notwithstanding the provisions of Articles [201, 200, 199 and 197] of this Decree Law, the Company may by Special Resolution increase its Capital in order to implement a share incentive scheme for its employees.
2. The board of directors of the Company shall present the employee share incentive scheme to the General Assembly.
3. Company Directors are not allowed to participate in the employee share incentive scheme.
4. The board of directors of the SCA shall issue a resolution on the mechanism and the conditions of implementation of the employee share incentive scheme.

Article (229)

Share Certificates

1. Unless, after its incorporation, the company has listed its shares on any of the financial markets in the State, the board of directors shall, within three months of the date of

registration of the company in the Commercial Register with the Competent Authority, issue share certificates instead of notifications of share allotment.

2. Share certificates shall be signed by at least two directors, stating the name of the shareholder, the number of the shares subscribed to them, the method of payment for the shares' value, the amount paid of such value, the date of payment, the serial number of the certificate, the numbers of the shares held by the shareholder, the issued capital of the company, the headquarters and the term of the company and the date of the resolution authorizing the incorporation of the company. Such certificates shall substitute the shares. The share certificates may be issued, signed and kept electronically in accordance with the controls issued by the SCA in this regard.
3. If the value of the share is to be paid in instalments, the obligation of the company to deliver the share certificate shall be deferred until the value of the shares has been paid in full. It shall not be permitted for shares that represent the in-kind contributions to be delivered until the ownership of such in-kind contributions has been transferred to the company.

Article (230)

Loss or Destruction of Shares, Bonds or Sukuk Certificates

1. If a share, bond or Sukuk certificate is lost or destroyed, the holder of the certificate in whose name the shares, bonds, or Sukuk are registered may request a new certificate in lieu of the lost or destroyed certificate. The owner shall publish the reference numbers of the lost or destroyed certificates and their quantity in two daily local newspapers, one of which is published in Arabic.
2. If no opposition is filed with the Company within 30 days after publication, the Company shall issue to the holder of the former certificate a new certificate stating that it is in lieu of the lost or destroyed certificate. The new certificate shall grant its holder all rights and impose on him all obligations as were associated with the lost or destroyed certificate.

Article (231)

Issuance of Bonds or Sukuk

1. It shall be permissible for the company – based upon prior approval of the SCA – to issue negotiable bonds or Sukuk that are either convertible or non-convertible into shares in the company with equivalent values per each issue.
2. The bond or Sukuk shall remain of a registered type until its value is paid in full.
3. It shall not be permitted for bonds or Sukuk to be converted into shares unless the prospectus or issuance terms so provide. If conversion is decided for bonds or Sukuk which are not obliged to be converted into shares, the holder of the bond or Sukuk alone shall have the right to accept the conversion or to collect the nominal value of the bond or Sukuk.
4. Notwithstanding the provisions of Articles [196], [199], [200] and [201] of this Decree Law, it shall be permissible for the company – subject to the special resolution approving the issuing of bonds or Sukuk that are convertible into shares – to increase its capital by converting such bonds or Sukuk into capital shares.

Article (232)

Bonds / Sukuk Issuance Conditions

1. The bonds or Sukuk or any other debt instruments shall be issued only based upon a special resolution by the General Assembly of the company. The company may delegate the board of directors to determine the date of issuing the bonds or Sukuk.
2. The SCA shall issue a resolution to determine the conditions, controls and procedures of issuing the bonds, Sukuk or any other debt instruments.

Article (233)

Capital Increase or Reduction after Issuance of Bonds or Sukuk

Once a Special Resolution to issue convertible bonds or Sukuk has been passed, the Company may not, before the bonds or Sukuk are converted or paid for, reduce its Capital or increase the minimum dividends decided to paid to shareholders. Where a capital reduction

is done on account of loss through the cancellation of shares or reduction of their nominal value, the Capital shall be reduced, as if the bondholders were shareholders.

Article (234)

Profits of Bonds or Sukuk upon Conversion into Shares

Shares received by the holders of bonds or Sukuk that have been converted into shares in the capital of the company shall have a share in the profits to be distributed for the fiscal year during which the conversion took place, unless the prospectus or issuance terms of such bonds or Sukuk provide otherwise.

Article (235)

Maturity Date of Bonds and Sukuk

The Company may not advance or defer the maturity date of bonds or Sukuk unless otherwise provided for in the resolution to issue the bonds or Sukuk and the prospectus. However, if the Company is dissolved for any reason other than merger, the holders of bonds and Sukuk may request to redeem their bonds or Sukuk before their maturity date. The Company may also give them this option. Either way, once they are redeemed, interest shall not be payable over the remaining period of the loan.

Article (236)

Rights of Bond and Sukuk Holders

The rights of holders of Company-issued bonds and Sukuk, which are not offered for public subscription, shall be set out in the agreement creating such bonds and Sukuk. Such agreement shall also include the procedure to be followed by the holders of bonds and Sukuk when holding meetings and appointing committees, voting rights and all the other related issues as well as the rules of their conversion into shares of Company stock if they are convertible .The SCA may issue a resolution governing the rights of the holders of bonds and Sukuk.

Chapter Six

Finance of Public Joint Stock Company

Article (237)

Preparation of Fiscal Year's Accounts

1. The board of directors of each Joint Stock Company shall prepare accounts for each fiscal year that include a balance sheet as at the data of the last day of the fiscal year and a profit and loss account.
2. The accounts of the Company shall be prepared in accordance with the international accounting practices and standards. The accounts shall give a true and fair view of the profits or losses of the Company for the fiscal year and its affairs as at the end of the fiscal year and shall comply with any other requirements in this Decree Law and the relevant resolutions of the SCA.
3. Financial statements shall be approved by being signed by the Directors or by the chairman and the auditor.

Article (238)

Auditing of Fiscal Year's Accounts

1. The auditor shall audit and prepare a report on the accounts for the fiscal year of the Company. The accounts shall be approved by the board of directors and presented to the General Assembly together with the auditor's report, within four [4] months of the end of each fiscal year of the Company.
2. The Company shall provide the SCA and the Competent Authority with a copy of the accounts and the auditor's report within 7 days of the date of convening the General Assembly in which the accounts and the auditor's report were submitted.

Article (239)

Accounting Practices and Standards

The companies shall apply international accounting practices and standards when preparing

their periodic and annual accounts and determining dividends.

Article (240)

Publication of Annual Financial Statements

The annual financial statements of the company shall be published according to the controls determined by the SCA and a copy thereof shall be deposited with both the SCA and Competent Authority.

Article (241)

Statutory Reserve

1. [10%] of the net profits of the Company shall be deducted each year and set aside to form a statutory reserve, unless the AOA of the Company provides for a higher percentage.
2. The General Assembly may stop such deductions when the statutory reserve reaches 50% of the paid up capital of the Company, unless its AOA provides for a higher percentage.
3. The statutory reserve may not be disbursed as dividends to the shareholders. However, reserves that exceed 50% of the Capital may be distributed as dividends in years in which the Company does not have sufficient net profits available for distribution at the percentage stated in the AOA.

Article (242)

Voluntary Reserve

The AOA of a Joint Stock Company may provide for the allocation of a certain percentage of net profits to create a voluntary reserve to be allocated for the purposes provided in the AOA. The voluntary reserve may not be used for other purposes except pursuant to a resolution of the General Assembly of the Company.

Article (243)

Distribution of Profits

1. The General Assembly of the Company shall determine the percentage of net profits to be distributed to the shareholders after deducting the statutory reserve and the voluntary reserve.
2. A shareholder shall be entitled to his share of the profits in accordance with the guidelines laid down in a resolution of the SCA.
3. Subject to Clause [1] of this Article, the AOA of the Company may provide for the distribution of annual, semiannual or quarterly profits.

Article 244 Corporate Social Responsibility

1. Subject to prior approval of the SCA, the company may, under a special resolution, decide to allocate a portion of its annual profits or cumulative profits for CSR purposes.
2. The company shall disclose, on its website at the end of the fiscal year, whether or not it has performed its CSR duties.
3. The auditor's report as well as annual financial statements of the company shall indicate the entity or entities benefitting from its CSR contributions.

Chapter Seven

Auditors of Public Joint Stock Companies

Article (245)

Appointment of the Company's Auditor

1. Every public joint stock company shall have one or more auditors to be nominated by the board of directors and approved by the General Assembly.
2. The General Assembly shall appoint an auditing firm for a renewable one-year term, and it shall not be permitted for the board of directors of the company to be delegated in this respect. This shall be on condition that the auditing firm does not carry out the auditing in the company for more than six [6] consecutive fiscal years of the date it took over the auditing in the company. In this case, the partner responsible for the auditing in the

company is required to be changed at the end of three [3] fiscal years. It shall be permissible for this auditing firm to be reappointed after the passage of at least two [2] fiscal years from the expiry date of its term of appointment. The founders of the company may, at the time of incorporation, appoint one or more auditing firms as approved by the SCA to perform its duties until the General Assembly's duties for the first fiscal year are completed.

3. The General Assembly shall determine the remuneration of the auditor, and it shall not be permitted for the board of directors to be delegated in this respect, so that such fees are indicated in the company's accounts.

Article (246)

Conditions Applicable to Auditors

The board of directors of the SCA shall pass a resolution determining the controls for approving auditors for Public Joint Stock Companies. In particular, the auditor shall meet the following criteria:

1. He shall be licensed to practice auditing in the State and shall have at least 5 years of experience in auditing Joint Stock Companies;
2. He shall be a certified auditor registered with the SCA;
3. He shall not be serving as both auditor and a partner of the company, nor may serve as a Director or in any technical, administrative or executive capacity with the Company;
4. He shall not be a partner, agent, or second degree relative of any of the founders or Directors of the Company.
5. He shall be an accredited auditor listed with the Central Bank if the Company is licensed thereby.
6. He shall provide to the SCA a professional security if required by the SCA.

Article (247)

Issuance of Auditor's Report

1. Subject to the provisions of the federal law regulating the audit profession, as amended,

the auditor shall issue a report on the accounts audited by him. If the Company has more than one auditor, they shall assign the duties among themselves in order that each may submit a separate report based on his specific duties. The auditors shall then submit a common report for which they shall be jointly liable. Each auditor shall state his name on the report and shall sign it.

2. The report shall indicate whether the accounts have been prepared in accordance with the provisions of this Decree Law and whether they give a fair view of the financial position of the Company.

Article (248)

Duties of Company's Auditor

1. The auditor shall audit the accounts of the Company, inspect the balance sheet and the profit and loss account, review the Company's transactions with the Concerned Parties, and ensure the application of the provisions of this Decree Law and the AOA of the Company. The auditor shall submit a report on the result of such inspection to the General Assembly and forward a copy to the SCA and the Competent Authority.
2. When preparing his report, the auditor shall verify the following:
   A. The accuracy of the accounting records kept by the Company.
   B. The extent of conformity of Company records with accounting records.
3. The auditor may review all the records, paperwork and other documents of the Company. The auditor may require clarifications as he may deem necessary to perform his duties. The auditor may also verify the assets, rights and obligations of the Company.
4. If no facilities are extended to the auditor to enable him to fulfill his responsibilities, the auditor shall note this in his report to the board of directors. If the board of directors fails to facilitate the auditing process, the auditor shall send a copy of the report to the SCA.
5. A subsidiary and its auditor shall provide such information and clarifications as requested by the auditor of the holding company for the purposes of the audit.

Article (249)

Confidentiality of Company's Information

The auditor shall keep confidential all Company information that comes to his possession in the course of performing his responsibilities for the Company. The auditor shall not disclose such information to third parties or to the shareholders other than during the General Assembly, failing which, the auditor shall be dismissed, without prejudice to any civil or criminal liability.

Article (250)

Securities Trading Prohibition Applicable to Auditor

The auditor and his staff may not purchase Securities of the Company which he audits, sell such Securities directly or indirectly, or provide consultation to any person on such Securities, failing which, the auditor shall be dismissed, without prejudice to any civil or criminal liability.

Article (251)

Notice of Offences and Violations

1. The auditor shall notify the SCA of any violations of the provisions of this Decree Law or any violations which constitute a criminal offence, detected in the course of performing his duties for the Company, within 10 [ten] days of detecting the violation.
2. If the auditor fails to comply with Clause [1] of this Article, the SCA may suspend the auditor from auditing Public Joint Stock Companies for up to a year or revoke his registration with the SCA, or refer him to the Public Prosecution if necessary. In all cases, the Ministry and the Competent Authority shall be notified accordingly.

Article (251)

Contents of the Auditor's Report

The auditor shall read out his report at the General Assembly Meeting in which the

Company's balance sheet is considered. The report shall state whether the auditor has reviewed the information he deems necessary for the satisfactory performance of his duties and that the accounts were prepared in accordance with this Decree Law and reflect, in particular, the following:

9. The position of the Company at the end of the fiscal year, particularly its balance sheet;
9. The profit and loss account;
9. The fact that the Company keeps regular accounts;
9. Whether the Company has purchased any stake or shares during the fiscal year;
9. The fact that the information contained in the board of Director's report is identical to the books and records of the Company;
9. Deals giving rise to conflicts of interest and the Company's financial transactions with any of the Concerned Parties and the procedures taken in that respect;
9. Whether, to extent of the information made available to the auditor, there were any violations of this Decree Law or the AOA during the fiscal year that would impact the activity or financial position of the Company, whether those violations still exist, and whether the Company was subject to any penalties as a result;
9. Whether the Company was subject to any penalties due to violations of this Decree Law or the AOA of the Company during the fiscal year just ended and whether such violations still exist; and
9. With respect to the accounts of a group, the financial position shall be described by the auditor at the end of the fiscal year and the profit and loss account of the holding company and its subsidiaries, including the consolidated statements as a whole as they relate to the related parties in the holding company.

Article (253)

Removal of Auditor

1. The Company may, under a resolution of the General Assembly, remove the auditor.
2. The chairman shall notify the SCA of the resolution dismissing the auditor and the reasons for such dismissal, within 7 [seven] days of the resolution to dismiss.

Article (254)

Resignation of Auditor

1. The auditor may resign during his term of office by serving a written notice upon the Company and the SCA. Such notice shall terminate his audit mandate with the Company as of the date when the notice is given or any later date stated in the notice.
2. An auditor that resigns for any reason shall file with the Company and the SCA a statement giving reasons for his resignation. The Company's board of directors shall call the General Assembly to convene within 10 [ten] days of the date of resignation to consider the reasons for resignation and to appoint another auditor and determine his fees.

Article (255)

Liability of Auditor

The auditor shall be liable vis-à-vis the Company for his audit and the accuracy of the information in his report and for damages suffered by the Company due to acts performed by the auditor during the course of his duties. If there is more than one auditor, each of them shall be liable for his own fault that caused the damage.

Article (256)

Liability Lawsuit against Auditor

A liability lawsuit instituted against the Company's auditor shall be time barred upon the lapse of one year of the date of the General Assembly Meeting at which the auditor's report was read. However, if the act attributed to the auditor is a criminal offence, the liability lawsuit shall lapse only when the criminal case lapses.

Part Five

Private Joint Stock Companies

Article (257)

Incorporation of Private Joint Stock Company

1. A private joint stock company is a company where the number of the shareholders is at least two. The capital of the company shall be divided into shares with the same nominal value, to be paid in full without offering any shares for public offering. This shall be by signing the MOA and complying with the provisions of this Decree Law in connection with registration and incorporation. A shareholder in the company shall be liable only to the extent of their share in the company's capital.
2. Notwithstanding the minimum limit of the number of shareholders as set forth in Clause [1] of this Article, it shall be permissible for a legal person to incorporate and hold a private joint stock company. The holder of the company's capital shall only be liable for its obligations to the extent of the capital of the company as set out in its MOA. The name of the company shall be followed by the phrase "Private Joint Stock – One Person Company (OPC)". The provisions of the private joint stock company as set forth in this Decree Law shall apply to this legal person, to the extent that does not conflict with the nature of such company. The Minister shall issue a resolution on the procedures of incorporation and management of the One Person Company (OPC) private joint stock company consistent with its nature.

Article (258)

Capital

1. The issued Capital of the Company shall not be less than [AED 5,000,000] five million dirhams and shall be paid in full. Such limit may be amended by a resolution of the Cabinet based upon the proposal of the Minister.
2. Private Joint Stock Companies existing and registered with the Ministry prior to the date of entry into force of this Decree Law shall be excluded from the minimum Capital set out under Clause [1] of this Article.

Article (259)

Founders Committee

1. The founders shall choose from among themselves a committee consisting of at least two members to complete the company incorporation procedures and registration with the competent bodies. It shall be fully liable for the accuracy, validity and completion of all the documents, studies and reports provided to the relevant authorities in connection with the incorporation, licensing, registration and recording process of the company. In the event of One Person Company (OPC), the founder shall act as the committee.
2. It shall be permissible for the Founders Committee to delegate one of its members or a third party to monitor and complete the incorporation procedures with the Ministry and the Competent Authority according to the controls established by the Ministry in this respect.

Article (260)

Submission of Incorporation Application to the Competent Authority

1. The Founders Committee shall submit the incorporation application to the Competent Authority, together with the MOA and AOA of the Company, the economic feasibility study for the venture to be set up by the Company and the proposed timetable for execution.
2. The Competent Authority shall consider the incorporation application and issue an initial approval or rejection of the application. The Competent Authority shall notify the Founders Committee within 10 [ten] Business days after filing a complete application or filing the required documents or particulars. If the Competent Authority does not issue an initial approval by the above deadline, then the incorporation application shall be deemed rejected.
3. The Founders Committee may appeal, before the competent court, against the Competent Authority's decision rejecting the application, within thirty [30] business days of the date of being notified of the rejection decision or, if no decision has been issued, of the expiry date of the deadline under Clause [2] of this Article.

Article (261)

Submission of Incorporation Application to the Ministry

1. An incorporation application shall be filed with the Ministry, together with the Competent Authority's initial approval and the Company's MOA and AOA, the economic feasibility study for the venture to be set up by the Company, the proposed timetable for execution, and any approvals of the relevant authorities in relation to the application, according to the applicable requirements of the Ministry.
2. The Ministry shall consider the incorporation application and notify the Founders Committee of its observations on the application and its supporting documents within 10 [ten] business days of the date of filing the application or of the date of filing an assessment of the in-kind contributions, if any. The Founders Committee shall complete any deficiencies or make such amendments as the SCA may deem necessary to complete the incorporation application, within 10 [ten] Business days of the date of the notice, failing which the Ministry shall consider this as a waiver of the incorporation application.
3. The Ministry shall send a copy of the application and its supporting documents to the Competent Authority within five [5] Business days of the date of filing a complete submission in order to be considered. The Ministry shall meet with the Competent Authority within five [5] Business days after sending a copy of the application to the Competent Authority. If the Competent Authority has any observations, the Ministry shall notify the Founders Committee which then has five [5] Business days to complete any deficiencies or make such amendments as the Competent Authority may require to complete the incorporation application, failing which the Ministry may consider this as a waiver of the incorporation application.
4. Following the Ministry's approval, the Competent Authority shall issue a resolution to grant the license.

Article (262)

Share Register Secretariat

1. Private Joint Stock Companies shall maintain a register showing the names of the

shareholders, number of shares held by each shareholder and any transactions on the shares. The register shall be delivered to the Share Register Secretariat.

2. The SCA shall, in coordination with the Ministry, issue a resolution to regulate, supervise and monitor the work of the Share Register Secretariat.

Article (263)

Certificate of Incorporation

1. The Founders Committee, or its representative, shall apply to the Ministry for an incorporation certificate to be issued to the Company. The application shall be accompanied by the following documents:
   A. A bank certificate confirming that the issued Capital of the Company has been deposited;
   B. The attested MOA and AOA of the Company;
   C. A copy of the resolution of the Competent Authority granting initial approval for a license;
   D. A statement listing the names of the Directors of the Company and a written declaration on their part attesting to the fact that their membership does not conflict with the provisions of this Decree Law and the resolutions issued in implementation hereof;
   E. A statement listing the names of the members of the Internal Sharia Supervisory Committee and the Sharia Controller if the Company conducts its business in compliance with the rules of Islamic Sharia;
   F. A certificate confirming that the register of shareholders has been delivered to the Share Register Secretariat; and
   G. Any other documents as required by the Ministry.
2. Once all the documents listed in Clause 1 of this Article have been provided, the Ministry shall issue a certificate of incorporation for the Company within 2 [two] Business days of the date of filing a complete submission.
3. The Company's registration with the Ministry shall be published in accordance with the

guidelines laid down by the Minister, at the Company's expense.

Article (264)

Business License of the Company

1. The board of directors of the Company shall, within five [5] business days of the date of an incorporation certificate being issued by the Ministry, commence the process of registering the company with the Competent Authority.
2. The Competent Authority shall record the Company in the commercial register and issue a business license for the Company within 3 [three] business days of the date of completion of the documents and payment of the fees.

Article (265)

Transfer of Shares

1. Title to shares shall be transferred by recording the transfer with the Share Register Secretariat. Such transfer shall be invoked vis-à-vis the Company or third parties only of the date of such registration with the Share Register Secretariat.
2. A private joint stock Company may not register any transfer of its shares other than with the Share Register Secretariat.
3. The Share Register Secretariat may decline to register a transfer of shares in any of the circumstances provided under Article [214.2] of this Decree Law.

Article (266)

Restrictions on Transfer of Shares

1. Shares of a private joint stock Company may only be transferred after the publication of the balance sheet and profit and loss account for at least one fiscal year of the date of registration of the Company in the commercial register maintained by the Competent Authority. The provisions of this Article shall apply in connection with a capital increase prior to the end of the restriction period.

2. During the restriction period, such shares may be pledged or transferred by way of sale by a shareholder to another shareholder or by the heirs of a shareholder [if deceased] to a third party or by the bankruptcy trustee of a shareholder to a third party or under a final judgment.
3. The Minister may issue a resolution to extend or reduce the restriction period mentioned in Clause 1 of this Article such that it is between six [6] months to two [2] years.

Article (267)

Application of the Provisions Governing the Public Joint Stock Company

Save for the provisions on public subscription, and in respect of matters not specifically provided herein, all the provisions of this Decree Law concerning Public Joint Stock Company shall apply to the Private Joint Stock Company, and the term "Ministry" shall replace the term "SCA" wherever mentioned.

Part Six

Holding and Subsidiaries Companies and Mutual Funds

Chapter One

Holding Companies

Article (268)

Definition of the Holding Company

1. A holding company is a Joint Stock Company or a Limited Liability Company that sets up subsidiaries in the State or abroad or controls existing companies, by holding shares or equity stake enough to enable it to control the management of the Company or influence its resolutions.
2. The name of the Company followed by the words "holding company" shall appear on all stationary, notices and other documents of the holding company.

Article (269)

Objects of the Company

1. The objects of a holding company shall be limited to the following:
   A. To hold shares or equity stake in Joint Stock Companies and Limited Liability Companies;
   B. To provide loans, guarantees and finance to its subsidiaries;
   C. To acquire real estate and movable assets for its activities and operations;
   D. To manage its subsidiaries; and
   E. To acquire intellectual property rights from patents, trademarks, industrial drawings and designs or franchise rights, and to lease the same out to its subsidiaries or to other companies.
2. Holding Companies may only conduct their activities through their subsidiaries.

Article (270)

Accounting Records to be Kept by Subsidiaries

A holding company shall take appropriate measures to ensure that subsidiaries maintain adequate accounting records to enable the Directors or the board of directors of the holding company to verify that the financial statements and the profit and loss account comply with this Decree Law.

Article (271)

Subsidiary

1. A Company shall be classified as a subsidiary of a holding company under any of the following conditions:
   A. If the holding company holds a controlling interest in the Capital of the Company and controls the composition of its board of directors; or
   B. If the Company is a subsidiary of a subsidiary of the holding company.
2. A subsidiary may not hold shares in its own holding company. Any allotment or transfer of any shares in a holding company to any of its subsidiaries shall be null and void.

3. If a Company that holds shares or equity stake in a holding company becomes a subsidiary of such holding company, such Company shall continue to be a shareholder in the holding company, provided that:
   A. The subsidiary shall no longer have voting rights at meetings of the board of directors of the holding company or at meetings of its General Assembly; and
   B. The subsidiary shall dispose of its shares in the holding company within 12 [twelve] months of the date of acquisition of the subsidiary by the holding company.

Article (272)

Fiscal Year of the Holding Company

The holding company shall, at the end of every fiscal year, prepare a consolidated balance sheet, profit and loss account, and cash flow statement for the holding company and all its subsidiaries and shall present a balance sheet, profit and loss account and cash flow statement to the General Assembly, together with relevant notes and information, in accordance with the internationally accepted accounting and auditing practices and standards.

Chapter Two

Mutual Funds

Article (273)

Establishment of Mutual funds

1. Mutual funds shall be established in accordance with the terms and conditions set out in a resolution of the SCA.
2. Mutual fund licenses issued by the Central Bank prior the effective date of this Decree Law shall be exempt from Clause [1] of this Article.

Article (274)

Legal Personality of the Fund

The mutual fund shall have its own legal personality, legal form and independent financial liability.

Part Seven

Conversion, Merger, Divestiture and Acquisition of Companies"

Chapter One

Conversion of Companies

Article (275)

The Principle of Conversion

Any Company may be converted from any legal form into another, provided that its legal personality is maintained, in accordance with the provisions of this Decree Law and the regulations and resolutions regulating the conversion of companies, as issued by the Ministry or the SCA within their respective areas of competence, in coordination with the Competent Authority.

Article (276)

Conversion of a Company into any other Legal Form

1. Subject to the provisions of Article [299] of this Decree Law, a Public Joint Stock Company may be converted into a Private Joint Stock Company subject to the following conditions:
   A. The approval of the joint committee set up by resolution of the Minister among the Ministry of Economy, the Securities & Commodities Authority and the Competent Authority, to consider the application for conversion to a Private Joint Stock Company;
   B. The completion of five [5] audited fiscal years of the date of registration in the commercial register as a Public Joint Stock Company. After filing an application for

conversion into a Private Joint Stock Company, the Company may not file an application for converting back into a Public Joint Stock Company except after the completion of 5 audited fiscal years of the date of registration in the commercial register as a Private Joint Stock Company; and

C. A Special Resolution of the General Assembly approving the conversion by the majority vote of shares representing 90% of the Capital of the Company.

2. Save for Public Joint Stock Companies, a Company may convert into a General Partnership, a Limited Partnership, a Limited Liability Company or a Private Joint Stock Company subject to the following conditions:
   A. A duly passed resolution to amend the MOA and AOA of the Company.
   B. The completion of at least 2 audited fiscal years of the Company of the date of its registration in the commercial register.
   C. Unanimous consent of the shareholders if the application is for conversion into a Joint Liability Company.
   D. Completion of the applicable incorporation and registration process for the proposed conversion.

Article (277)

Conversion into a Public Joint Stock Company

Subject to the provisions of Article [275] of this Decree Law, the following conditions apply for conversion into a Public Joint Stock Company:

1. The issued shares or equity stake shall be fully paid up or the partners shall have fully paid up their shares;
2. The completion of at least two [2] fiscal years;
3. A Special Resolution or any similar act to convert the Company into a Public Joint Stock Company.
4. Any other conditions set out under a resolution of the board of directors of the SCA.

Article (278)

Supporting Documents for Conversion into a Public Joint Stock Company

1. Any Company may be converted into a Public Joint Stock Company, based on an application filed using the SCA's standard form and signed by the authorized signatory of the Company.
2. The following documents shall be attached to the application:
   A. Amended MOA and AOA of the Company;
   B. A resolution of the General Assembly or an equivalent body of the Company in question to be passed by the majority required to amend the MOA or AOA of the Company, approving any required Capital increase and the Company's conversion into a Public Joint Stock Company. A resolution of the partners or shareholders on conversion shall include any changes in the MOA or AOA of the Company, as necessary, including the name of the Company;
   C. Approval of the Ministry and the Competent Authority for the conversion of the Company into a Public Joint Stock Company;
   D. A balance sheet of the Company prepared as at a date not more than six [6] months before the date of the application for conversion, in addition to a copy of an unqualified report by the Company's auditors on that balance sheet;
   E. A written statement by the Company's auditors that, in their opinion, at the balance sheet date, the amount of the Company's net assets was not less than the aggregate of its called-up Capital and undistributable reserves.
   F. A valuation of the in-kind contributions of the Company, prepared in accordance with the provisions of Article [118] of this Decree Law.
   G. A declaration by a manager or the board of directors, as the case may be, confirming that:
   a. A resolution of the General Assembly of the Company or similar body approving the conversion has been passed and that all the other requirements of this Decree Law have been met; and
   b. Between the balance sheet date and the date of the application for conversion, there

has been no material change in the financial position of the Company; and

H. Any other documents as required by the SCA for conversion.

Article (279)

Announcement of the Conversion Resolution

1. The Company shall announce the conversion resolution in two daily newspapers issued in the State; one of which is published in Arabic, within five [5] days of the date of the conversion resolution, and shall notify the shareholders or the partners and the creditors by registered letter.
2. The announcement and the notice to the shareholders/ partners and the creditors as per Clause [1] of this Article shall include a statement confirming that the Company's creditors and the holders of bonds and Sukuk, as well as any interested shareholders or partners, shall have the right to oppose the conversion at the headquarters of the Company.

Article (280)

Objection to the Conversion Resolution

1. A partner or shareholder that opposes the conversion resolution may withdraw from the Company and redeem the value of his equity stake or shares, by making an application in writing to the Company within fifteen [15] days after publication of the conversion resolution. The value of the shares or equity stake shall be paid according to their market or book value at the date of conversion, whichever is higher.
2. The shareholders/ partners, the creditors of the Company and the holders of bonds and Sukuk and any interested parties shall have the right to file an opposition with the Company within thirty [30] days after receiving notice of the conversion resolution and forward a copy of the opposition to the Ministry or the SCA, as applicable, and the Competent Authority, stating the subject matter and grounds of opposition and particularizing the damage allegedly suffered by the opposing party due to the conversion.

3. If, for any reason whatsoever, the Company fails to resolve the opposition within thirty [30] days of delivery of a copy of the opposition to the Ministry or the SCA, as applicable, and the Competent Authority, the opposing party shall have recourse to the competent court.
4. The conversion resolution shall remain suspended until the opposition is waived or is rejected by final judgment of the court or the Company settles the debt if due or provides sufficient security for payment of the debt if deferred.
5. Failure to oppose the conversion resolution within the time limit provided under Clause [2] of this Article shall be deemed an implicit acceptance of the proposed conversion.

Article (281)

Sale of Ratio of the Company's Shares and Increase of its Capital upon Conversion

1. The company, wishing to convert into a public joint stock company after the SCA's approval has been obtained and a special resolution has been issued by its General Assembly, may sell its shares and / or offer new shares at a public offering according to the controls to be issued by the SCA in this respect.
2. The SCA shall issue a resolution setting out the controls and conditions of sale and offering of the shares at a public offering when the company is converted into the legal form of a public joint stock company.
3. The shareholders or partners of the company wishing to convert into a public joint stock company shall bear all conversion-related expenses and costs until the procedures of the company's conversion and registration as a public joint stock company are completed with both the SCA and the Competent Authority. Such expenses shall include, among others, the valuation of the company and all charges and fees of the parties involved in the offering process, so that the shareholders subscribing for the public joint stock company may not bear such fees.
4. Notwithstanding Article [217.1] of this Decree Law, the cash or in-kind contributions of founders of the company may be transferred after the company is converted into a joint

stock company as of the date of its listing on the financial market in the State or the date of being registered in the commercial register with the Competent Authority in case the company is exempt from being listed.

Article (282)

Notification of the Conversion Resolution

Subject to the provisions of Article [276] of this Decree Law, the Company shall submit a copy of the conversion resolution to the Ministry or the SCA, as applicable, and the Competent Authority, together with:

1. Details of Company assets, rights and obligations and their appraised value; and
2. A statement that the opposition has been settled or has expired.

Article (283)

Results of Conversion

1. Upon conversion, each partner or shareholder shall have a number of shares or equity stake in the new Company equal to the value of his shares or equity stake in the Company prior to conversion. If the value of the shares or equity stake of a partner or shareholder is less than the minimum nominal value of the new shares or equity stake, the difference shall be made up in cash, failing which such partner or shareholder shall be deemed to have withdrawn from the Company. The value of his shares or equity stakes shall be paid according to their market or book value at the date of conversion, whichever is higher.
2. Upon its conversion and re-registration under its new legal form, the Company shall maintain its legal personality and its rights and obligations existing before the conversion. Conversion shall not relieve the General Partners from the obligations of the Company prior to conversion, unless so agreed in writing by the creditors.

Article (284)

Annotation of Conversion

1. Upon approval of the conversion resolution by the Ministry or the SCA, as applicable, and the Competent Authority, the Registrar shall be informed to update the records accordingly.
2. The Competent Authority shall record the Company in the commercial register and issue a business license according to the new form of the Company. The conversion shall be effective of the date of issuance of the business license.

Chapter Two

Merger

Article (285)

Merger

1. Notwithstanding the provisions of Articles [199, 200 and 201], the Company may, under a special resolution of the General Assembly or an equivalent body, even during the course of liquidation, merge with any other Company under a contract made between the merged companies.
2. Subject to the applicable rules of the Central Bank, if a merger involves companies licensed by the Central Bank, the Minister shall issue a resolution defining the method, conditions, and the procedure of merger for all companies, excluding Public Joint Stock Companies, for which the board of directors of the SCA shall issue a resolution.

Article (286)

Merger Agreement

The merger agreement shall set out the conditions and method of merger, particularly the following:

1. The MOA and AOA of the merging Company or the new target company;
2. The name and address of each Director or the proposed manager of the merging

Company or the new Company.

3. The method of conversion of the shares or equity stake of the merged companies into shares or equity stake in the merging Company or the new Company.

Article (287)

Presentation of the Merger agreement to the General Assembly

1. The Directors or managers of every merged and merging Company shall present the draft merger agreement to the General Assembly or equivalent body for approval by the majority necessary to amend the MOA of the Company.
2. The General Assembly shall be convened to consider the merger subject to the following conditions:
   A. The notice of General Assembly Meeting shall be accompanied by a copy or summary of the merger agreement;
   B. The merger agreement shall clearly state that any one or more of the shareholders holding at least 20% of the Capital of the Company who opposed the merger shall have the right to object to the merger before the competent court within thirty [30] Business days after approval of the merger agreement by the General Assembly or equivalent body.

Article (288)

Merger of Holding Companies and Subsidiaries

1. A holding company may merge with one or more of its wholly owned companies as a single Company without entering into a merger agreement. Merger shall be effected by Special Resolution of those companies, passed by the majority necessary to amend the MOA of each Company.
2. Two or more companies wholly owned by a holding company may merge into a single Company without entering into a merger agreement.
3. In the case of a merger involving a holding company, the provisions on merger set out in this Decree Law and its implementing resolutions shall apply to its wholly owned

subsidiaries.

Article (289)

Redemption of Shares' Value

1. Save for joint stock companies, partners and shareholders who oppose the merger resolution may request to withdraw from the Company and redeem their shares, by making an application in writing to the Company within fifteen [15] business days of the merger resolution date.
2. The withdrawn shares shall be valuated by mutual agreement. In the event of disagreement on such valuation, the matter shall be referred to a committee appointed by the Competent Authority for this purpose for all companies, before recourse is made to the courts.
3. The undisputed value of the withdrawn shares shall be paid to their holders prior to completion of the merger, before the committee mentioned in the preceding Clause is approached concerning the disputed value.

Article (290)

Notice of Merger Resolution to Creditors

Every merging Company or merged Company shall notify its creditors within 10 [ten] business days after approval of the merger by the General Assembly. Such notice shall:

1. State that the Company intends to merge with one or more specific companies;
2. Be given in writing to each creditor of the Company to notify him of the merger;
3. Be published in two daily local newspapers issued in the State, one of which is published in Arabic; and
4. State that any of the creditors of the Company or the [merging and merged] companies, the holders of bonds and Sukuk and any stakeholder shall all have the right to oppose the merger at the headquarters of the Company, and to forward a copy of the opposition to the Ministry or the SCA, as applicable, within thirty [30] days of the date of the notice.

Article (291)

Opposition to Merger

1. A creditor that gives notice of opposition to the Company under Clause [4] of Article [290] of this Decree Law without his claim being paid or settled by the Company within thirty [30] days of the date of the notice, may apply to the competent court for an order to suspend the merger.
2. If, when considering the application to suspend the merger, the court finds that a merger would be unfairly prejudicial to the interests of the applicant, the court may order a suspension subject to such further conditions as the court may deem appropriate.
3. The merger shall remain suspended until the opposition is waived or is rejected by final judgment of the court or the Company settles the debt if due or provides sufficient security for payment of the debt if deferred
4. Failure to oppose the merger resolution within the time limit provided for in Article [290.4] of this Decree Law shall be deemed an implicit acceptance of the proposed merger.

Article (292)

Approval of Merger

1. Upon approval of the merger resolution by the Ministry or the SCA, as applicable, the Registrar shall be informed to update the records accordingly.
2. The Competent Authority shall update its records to reflect the termination of the Merged Company and notify the Ministry or the SCA, as applicable.

Article (293)

Results of Merger

Merger shall entail that the merged company or companies shall cease to exist as a corporate entity and be succeeded by the merging company or the new target company in respect of all rights and obligations. The merging company shall be a legal successor of the merged Company or companies.

Chapter Three

Company Divestiture

Article (294)

Company Divestiture

1. Without prejudice to all legal rules and procedures regulating the incorporation of companies, the divestiture of the joint stock company under the provisions of this Decree Law shall take place by splitting the company's assets or activities and their corresponding obligations and equity into two or more independent, separately-run companies. Notwithstanding the provisions governing the incorporation of joint stock companies set forth in this Decree Law, the Ministry or the SCA, as the case may be, shall issue the conditions, controls and procedures to be observed by the companies in respect of divestitures.
2. The parent company and the new company shall each have an independent legal personality.
3. The new company shall replace the parent company in respect of its rights and obligations within the limits of the stake transferred thereto, unless otherwise agreed with the creditors in respect of their debts.

Article (295)

Types of Divestiture

1. The divestiture shall be horizontal when the shares of the new companies are held by the same shareholders of the parent company before the divestiture and at the same equity stakes. The divestiture shall, on the other hand, be vertical when it involves the separation of part of the assets or activities into a new subsidiary company that is owned by the parent company. In both instances, the division of assets and obligations shall take place based on the book value, unless the Ministry or the SCA, as the case may be, approves any different method of valuation according to the controls to be issued in this respect. In addition, the shareholders' equity, capital, reserves and retained earnings shall be divided based on a special resolution to be issued by the General Assembly of the

Company. The company that survives and continues to operate under the same legal personality shall be labeled as the "parent company", while each separate company arising out of the divestiture shall be labeled "divested (new) company".

2. The divestiture shall be carried out through issuance of the shares of the parent company in light of the post- divestiture net assets of the company, either by amending the number of shares or the nominal value of the share, and issuing new shares for the divested (new) company in light of its share in the net assets of the parent company.

Article (296)

The company's board of directors shall draw up the detailed draft divestiture plan, particularly the assets and liabilities that belong to the parent company and the new companies resulting from the divestiture, for submission to the General Assembly, accompanied by the following:

1. The reasons underlying the divestiture;
2. The method of dividing the assets and liabilities;
3. The nominal value of shares of the new companies resulting from the divestiture;
4. A report indicating the auditor's opinion on the detailed draft divestiture plan;
5. Default financial statements of the parent companies and the new companies resulting from the divestiture based on the value of assets, liabilities, equity, revenue and expenses of the activities divided for two years prior to the divestiture, and accompanied by a report of the auditor's opinion.
6. The draft amendment of the parent company's MOA and AOA, as well as the draft amendment of the MOA and AOA of the new companies resulting from the divestiture.
7. A memorandum of the opinion of an independent legal advisor indicating how far the divestiture conforms to the applicable legal rules and how far the company complies with all applicable legal procedures.
8. The agreements related to the post-divestiture creditors' rights with both the parent company and the new company and all actions taken with regard to the holders of bonds of all types.

9. In all cases, the financial statements shall be accompanied by an unqualified report by the company's auditor. The time span between the date of the financial statements based on which the divestiture is approved and the date of approval resolution of the General Assembly shall not exceed one calendar year.

The General Assembly's approval of the divestiture shall be issued under a special resolution, unless the company's AOA provides for a higher percentage.

Article (297)

The company's board of directors shall obtain no objection from the Ministry or SCA, as the case may be, on the method of divestiture and detailed divestiture plan, particularly the assets and liabilities that belong to the new companies resulting from the divestiture, the default financial statements of each new company resulting from the divestiture based on the assets, liabilities, equity and revenue and expenses of activities.

Article (298)

Shares of the parent company shall be issued after the amendment is made, while shares of the new company shall be issued after the same is registered with the Competent Authority. A note shall be recorded in the commercial register indicating the amendment of the parent company's capital and confirming that the target company is registered in the commercial register based on prior approval of the Ministry or SCA, as the case may be.

Chapter Four

Acquisition

Article (299)

Acquisition

1. Any person or an associated group – as determined by the resolution issued by the SCA in this respect – purchasing or carrying out any act that may lead to the acquisition of shares or securities that are convertible into shares in the capital of a public joint stock

company incorporated in the State, which has offered its shares for public offering or is listed in a financial market in the State, shall be required to comply with the provisions of the resolution issued by the SCA on acquisition.

2. It shall be permissible for the conditions and procedures issued by the SCA to regulate the acquisitions to include a condition stipulating that any person whose ownership in the capital has reached the percentage determined by the SCA shall have the right to obligate the minority shareholders to assign their shares in the acquired company in such a person's favor. In addition to a condition stipulating that the minority shareholders holding the percentage determined by the SCA are entitled to obligate any person whose ownership in the capital has reached the percentage determined by the SCA, to accept the shareholders' assignment of their shares to such a person, in exchange for a financial consideration that is compatible with the provisions of the resolutions regulating the conditions and procedures of acquisitions issued by the SCA. The SCA shall execute the transfer of ownership of the securities assigned.
3. It shall be permissible for the company – under a special resolution – to increase its issued capital in order to acquire an existing company and to issue new shares for the partners or shareholders in this acquired company. The acquisition shall be excluded from the provisions of Articles [201], [200]and [199] of this Decree Law.

Article (300)

Breach of Acquisition Rules and Procedures

Without prejudice to the right of the aggrieved parties to have recourse to the courts, if it is established that any person has breached the provisions of Article [299] of this Decree Law or the resolution issued by the SCA in this respect, the SCA may impose any of the following administrative sanctions:

1. To send a notice of the violation and grant the violator a time limit for correction according to the mechanism determined by the SCA.
2. To deprive the violator of running for candidacy to membership of the board of directors of the target company of acquisition until the correction is made or the action determined by the SCA is taken.

3. To suspend or invalidate the membership of the violator if they are a director of the company.
4. To deprive the violator of voting at the meetings of the General Assembly, within the extent of such violation.
5. Any other administrative sanctions determined by the SCA.

Article (301)

Publication of Acquisition Resolution

The company shall publish the acquisition on both the company's website and the financial market's website, if the company is listed on a financial market in the State.

Part Eight

Termination of the Company's MOA

Chapter One

Reasons for Termination of Companies

Article (302)

General Reasons for the Termination of Companies

Subject to the provisions on termination of companies, a Company shall be dissolved for any of the following reasons:

1. Expiration of the term specified in the MOA or AOA of the Company, unless such a term is renewed in accordance with the rules set out in either document;
2. Fulfillment of the objects for which the Company has been established;
3. The depletion of all or most of the Company's assets, making it impossible to beneficially invest the remainder;
4. Merger in accordance with the provisions of this Decree Law;
5. The unanimous agreement of the partners to terminate the term of the Company, unless the MOA provides that a specific majority shall suffice; or
6. A court order is issued to dissolve the Company.

Article (303)

Dissolution of General Partnership and Limited Partnership

Without prejudice to the rights of third parties, and subject to the provisions of this Decree Law and the contracts between the partners, the General Partnership and the Limited Partnership shall be dissolved for any of the following reasons:

3. The death, bankruptcy or insolvency of any of the partners of the Company or his loss of legal capacity, unless agreed otherwise in the MOA of the Company which may provide that the Company shall remain a going concern with the heirs of the deceased partner, notwithstanding that all or any of them are minors. If the deceased partner is a General Partner while the heir is a minor, the minor shall be a Limited Partner to the extent of his share in the estate of the deceased, and the continuation of the Company shall not be conditional on keeping the minor's assets within the Company.
3. If the only General Partner withdraws from the Limited Partnership; or
3. If, for a period of six [6] months, the General Partnership remains with a single partner without adjusting its legal affairs.

Article (304)

Continuation of General Partnership or Limited Partnership by Mutual Agreement

1. Where no provision is made in the MOA of the General Partnership or the Limited Partnership for it to continue with the remaining partners after the withdrawal or death of a partner or issuance of a judgment of interdiction or declaring his bankruptcy or insolvency, the partners may, within 60 days of the date of occurrence of any of the above events, resolve unanimously to continue the Company between themselves. The partners shall register their agreement with the Competent Authority within the above-mentioned 60-day time limit.
2. If the Company continues with the remaining partners, the share of the withdrawing partner shall be assessed according to the most recent inventory, unless the MOA of the Company provides for another method of valuation. The exiting partner or his heirs shall

have no share in any new equity of the Company save to the extent that it arises from transactions which preceded his exit from the Company.

Article (305)

Court Judgment Dissolving General Partnership or Limited Partnership

1. A court judgment may be issued to dissolve a General Partnership or Limited Partnership upon the request of a partner, if the court finds good cause for dissolution. A court judgment may also be made to dissolve the Company upon the request of a partner due to another partner's failure to honor his commitments.
2. If the reasons for dissolution arise from the acts of a partner, a court order may be made for his withdrawal from the Company. In such case, the Company shall continue between the remaining partners and the exiting partner's share shall be excluded after being assessed according to the most recent inventory or by any other method the court may wish to follow.
3. Any provision depriving a partner from exercising his right to dissolve the Company through court shall be deemed void ab initio.

Article (306)

Dissolution, Liquidation or Suspension of Activities of a One Person Company (OPC)

1. The One Person Company (OPC) shall be dissolved upon the death or termination of the founding natural or legal person. However, the One Person Company (OPC) shall not be terminated upon the death of the natural person if the heirs decide to continue the Company after adjusting its legal position in accordance with the provisions of this Decree Law. The heirs shall then select a person to manage the Company on their behalf, within six [6] months after the date of death.
2. If the owner of a One Person Company (OPC) liquidates the Company or suspends its activities in bad faith prior to the expiry of its term or the fulfillment of the objects for which it was established as set out under its MOA, the owner shall be liable for its

obligations from his own assets.

Article (307)

Death or Withdrawal of Partner of a Limited Liability Company

The death of a partner in a Limited Liability Company or his withdrawal by a judgment of interdiction or declaring his bankruptcy or insolvency shall not lead to its dissolution unless so provided for in the Company's MOA. The share of the partner shall be transferred to his heirs and a legatee shall be considered an heir.

Article (308)

Losses of Limited Liability Company

1. If the losses of a Limited Liability Company reach 50% of the Capital, the managers thereof shall put the matter of dissolution before the partners at a General Assembly. A dissolution resolution shall be passed by the majority necessary to amend the MOA of the Company.
2. If losses reach 75% of the Capital, partners holding 25% of the Capital may call for dissolution of the Company.

Article (309)

Losses of Joint Stock Company

1. If the cumulative losses of a joint stock company reach half of its issued capital, the board of directors shall within thirty [30] days of the date of disclosing the periodical or annual financial statements to the Ministry or the SCA, as applicable, call a meeting of the General Assembly within thirty [30] days of the date of call, to take a decision on the meeting of the General Assembly. If it is not possible for this assembly to issue a decision, all interested parties may file a lawsuit before the competent court requesting to dissolve and liquidate the company according to the provisions of the Law.
2. When inviting the General Assembly to convene according to the provision of Clause [1]

of this Article, the board of directors of the company is required to take into consideration the following:

a. If the board of directors recommends the continuation of activity of the company's activity, the call shall be accompanied by the approved restructuring plan and report of auditor. The restructuring plan attached to the call shall include the feasibility study, plan of debt settlement and the time schedule for execution.
b. If the board of directors recommends the dissolution and liquidation of the company prior to its prescribed term, the call shall be accompanied with the auditor's report, the company liquidation plan and its schedule approved by the board of directors of the company and its financial consultant, and nominating one or more liquidators as approved by the SCA.

3. The board of directors shall supervise the execution of the restructuring plan and notify the SCA of each report every three [3] months with the results of the execution of this plan and its compliance with the schedule. It may, upon the approval of the SCA, appoint a financial consultant to assist it in preparing and executing the plan. The SCA may disqualify the financial consultant and appoint another if the consultant does not carry out the duties entrusted to them.

Article (310)

Deregistration of the Company

1. Without prejudice to the situations provided for in this Decree Law or in any other law, if the Ministry, the SCA or the Competent Authority, each according to its respective jurisdiction, confirms that the Company has ceased to conduct its business or that it conducts its business in violation of this Decree Law and its implementing resolutions, the Ministry, the SCA or the Competent Authority, each according to its respective jurisdiction, shall notify the Company that it will be deregistered within three [3] months of the date of the notice, unless good excuse is furnished.
2. If, after the three [3] months period specified in Clause 1 of this Article, the Ministry, the SCA or the Competent Authority, each according to its respective jurisdiction, receives

confirmation that the Company's operations remain suspended, or that the Company has not shown good cause for the suspension, the matter will be referred to the competent court for the Company to be put into liquidation.

3. The liability of the Directors, managers, shareholders and partners of the Company that is deregistered in accordance with the provisions of this Article shall continue as if the Company had not been dissolved.

Article (311)

Suspension of the Company's Registration

1. Without prejudice to the cases set forth in this decree law or any other law, if the Ministry, SCA or Competent Authority, within their respective areas of competence, is convinced that the company has ceased to carry on its business or that the company has been carrying on its business in violation of the provisions of this decree law and the implementing resolutions hereof, the Ministry, SCA or Competent Authority, as the case may be, notify that the its registration will be suspended and that its license will be suspended within three [3] months of the notice date, unless the company furnishes an acceptable excuse.
2. The Ministry, SCA or Competent Authority, as the case may be, shall deregister the company in case the suspension of registration continues for three [3] years, as of the registration suspension notice.

Article (312)

Notice of Dissolution to Competent Authority and Registrar

1. The entity responsible for managing the Company shall notify the Competent Authority and the Registrar of any event giving rise to the dissolution of the Company.
2. If the partners agree to dissolve the Company, the agreement shall include the method of liquidation and the name of the liquidator.
3. Upon dissolution or liquidation of the Company, no partner or shareholder shall be entitled to a share of its capital until its debts have been paid.

Article (313)

Registration of Dissolution of the Company

The managers, board chairman or liquidator of the Company, as applicable, shall have the dissolution of the Company recorded in the commercial register maintained by the Competent Authority and shall publish a notice of its dissolution in two daily local newspapers; at least one of which is published in Arabic. The dissolution of the Company shall become effective vis-à-vis third parties only as of the date of such registration.

Chapter Two

Liquidation of Company and Distribution of Assets

Article (314)

Provisions Applicable to Liquidation

Unless the MOA or AOA of the Company provides a specific procedure for liquidation or the partners agree otherwise upon the dissolution of the Company, the provisions of this Decree Law shall apply in the event of liquidation of the Company.

Article (315)

Termination of Powers of Managers or Board of Directors

The powers of the managers or the board of directors shall cease to exist upon dissolution of the Company. However, they shall continue to discharge their responsibility to manage the Company and shall act as liquidators vis-à-vis third parties until such time as a liquidator is appointed. The management of the Company shall remain during the period of liquidation, to such extent, and with such powers as the liquidator may deem necessary to discharge his duties as liquidator.

Article (316)

Appointment of Liquidator

1. Liquidation shall be conducted by one or more liquidators appointed by the partners or by

resolution of the General Assembly or equivalent body. The liquidator cannot also be an auditor for the time being of the Company and shall not have audited its accounts in the 5 years immediately preceding his appointment.

2. If the liquidation is based on a court order, the competent court shall specify the method of liquidation and appoint a liquidator. In all case, the liquidator's duties shall not terminate upon the death of a partner or a declaration of his bankruptcy, insolvency or interdiction, even if the liquidator was appointed by the partners.

Article (317)

Multiple Liquidators

If there is more than one liquidator, their acts shall be valid only if there is unanimous consent, unless the document appointing them provides otherwise. This condition shall not be effective vis-à-vis third parties until it is entered in the commercial register.

Article (318)

Resolution Appointing a Liquidator

The liquidator shall enter the resolution appointing him and the agreement of the partners or the resolution of the General Assembly concerning the method of liquidation or the relevant court order in the commercial register. The liquidator's appointment or the liquidation method shall not be effective vis-à-vis third parties until it is entered in the commercial register. The liquidator's fee shall be specified in the document appointing him or else shall be determined by the competent court.

Article (319)

Removal of Liquidator

1. The liquidator shall be dismissed in the same way as he was appointed. Any resolution or court order to dismiss a liquidator shall provide for the appointment of a new liquidator.
2. A liquidator's dismissal shall be entered in the commercial register and shall not be

effective vis-à-vis third parties except of the date of such entry.

Article (320)

Inventory Check of Assets and Liabilities of Company

The liquidator shall, immediately after his appointment, conduct an inventory check of all the assets and liabilities of the Company. The managers or the chairman shall provide the liquidator with the assets, accounts, ledgers and documents of the Company.

Article (321)

Preparation of List of Assets and Liabilities of the Company

The liquidator shall prepare a detailed list of the assets and liabilities of the Company and its balance sheet, and sign it together with the managers or the chairman of the Company. The liquidator shall keep a record to document all transactions related to liquidation.

Article (322)

Duties of the Liquidator

The liquidator shall do all that is necessary to preserve the assets and rights of the Company and collect its receivables from third parties. The liquidator shall deposit the monies received into a bank for the account of the Company in liquidation immediately upon collection. However, the liquidator may not request the partners to pay the balance outstanding upon their shares other than as required for the liquidation and subject to equal treatment of the partners.

Article (323)

Liquidator's Representation of the Company

The liquidator shall do all acts necessary for the liquidation and in particular represent the Company before the courts, pay Company debts and sell movable assets and real estate of the Company at a public auction or by any other means, unless the document appointing

the liquidator provides for a specific method of sale. However, the liquidator may not sell the assets of the Company all at once without prior permission from the partners or the General Assembly of the Company.

Article (324)

Notice of Liquidation to Creditors

All debts of the Company shall become immediately payable upon its dissolution. The liquidator shall notify all the creditors by registered letter with acknowledgment of receipt of the commencement of the liquidation, inviting the creditors to present their claims. The notice shall be published in two local daily newspapers, one of which is published in Arabic. The notice of liquidation shall in all cases give creditors at least 30 days of the date of the notice to present their claims.

Article (325)

Settlement of Company's Debts

If the assets of the Company are not sufficient to settle all debts, the liquidator shall pay part of the debt, without prejudice to the rights of preferred creditors. Every debt arising from the liquidation shall be satisfied out of Company funds ahead of any other debts.

Article (326)

Depositing Debts with the Court Treasury

If some creditors fail to present their claims, their debts shall be deposited with the treasury of the competent court. Amounts sufficient to cover disputed debts shall also be deposited, unless the creditors in respect of those debts obtain adequate security or it is resolved to postpone the distribution of Company assets until the dispute over those debts has been settled.

Article (327)

New Business Activities of the Company

The liquidator may not commence new business activities of the Company except those required to complete a prior activity. If the liquidator undertakes any new activity not required for liquidation, he shall be liable to the extent of his assets for such activities. If there is more than one liquidator, they shall be jointly liable.

Article (328)

Liquidation Period

The liquidator shall complete his mandate within the period specified in the document appointing him. If no such period is stated, any partner may bring the matter to the competent court for a liquidation period to be determined. The liquidation period may only be extended by resolution of the partners or by Special Resolution of the General Assembly, as the case may be, once a report from the liquidator has been reviewed explaining why the liquidation was not completed on time. If the liquidation period had been determined by the competent court, it may not be extended without the court's consent.

Article (329)

Submitting Temporary Account Statement on Liquidation

The liquidator shall, on a quarterly basis, submit to all the partners or to the General Assembly a temporary statement of account on liquidation activities. The liquidator shall furnish the partners with the details and information they request on the status of liquidation. The liquidator shall, within one week of their approval by the General Assembly, notify the partners within [21] days to collect their dues, based on an announcement to be published in two daily local newspapers,; one of which is published in Arabic.

Article (330)

Final Account of Liquidation

1. The liquidator shall, upon completion of liquidation work, submit to the partners or to the General Assembly or the competent court a final account of the liquidation which shall terminate upon approval of the final account.
2. The liquidator shall record the completion of the liquidation in the commercial register maintained by the Competent Authority. The completion of liquidation shall not be effective vis-à-vis third parties except of the date of such entry. The Company shall be removed from the commercial register maintained by the Competent Authority.

Article (331)

Acts of the Liquidator

The Company shall be bound by acts performed by the liquidator in the context of liquidation insofar as they are carried out within the scope of his mandate. No liability shall attach to the liquidator in respect of such acts.

Article (332)

Liability of the Liquidator

The liquidator shall be liable if the Company's affairs are mismanaged in the liquidation. The liquidator shall also be liable for any damage incurred by third parties due to professional errors in connection with the liquidation services provided.

Article (333)

Distribution of Company's Assets

1. Assets of the Company resulting from liquidation shall be distributed among the partners after settlement of its debts. Upon distribution, each partner shall receive an amount equal to his capital contribution and the balance of Company assets shall be divided among the partners in accordance with their respective share of profits. If a partner does not claim his share, the liquidator shall deposit it with the treasury of the competent

court.

2. If the net assets of the Company are insufficient to cover the full value of the partners' shares, the loss shall be distributed among them at the rate specified for the distribution of losses.

Article (334)

Time Bar for Liability Lawsuit

1. In case of the denial and lack of legitimate excuse, legal proceedings arising as a result of the liquidator carrying out his functions and claims arising as a result of partners, managers, Directors or auditors of the Company carrying out the duties of their office shall be time barred after the expiry of three [3] years, unless the law provides for a shorter time bar.
2. The aforesaid time bar shall start of the date when the completion of liquidation is entered in the commercial register in the former case, and of the date when the act giving rise to liability occurred in the latter case.
3. If the act attributed to any such persons is a criminal offense, the liability lawsuit shall not be time barred until the prescription of the criminal case.

Part Nine

Foreign Companies

Article (335)

Foreign Companies Governed by this Decree Law

Without prejudice to the special agreements between the Federal Government, any Local Government or their affiliates and any foreign companies, the provisions of this Decree Law, excluding the provisions on incorporation, shall apply to foreign companies that have transactions or administrative headquarters in the State.

Article (336)

Practice of Foreign Company's Business

1. Save for foreign companies licensed to operate in free zones in the State, foreign companies may not conduct any operations in the State or set up an office or branch therein without having been issued an appropriate license by the Competent Authority with the approval of the Ministry listing the activities for which the Company has been licensed.
2. If a foreign Company or its office or branch conducts operations in the State prior to completion of the formalities set out in this Decree Law, the persons conducting such operations shall be jointly and severally liable therefor.

Article (337)

Foreign Company Registration Procedures

1. No foreign Company may conduct its operations in the State unless it has been entered in the Ministry's foreign companies register in accordance with this Decree Law and until the Company has obtained the approvals and licenses required by the laws of the State.
2. The procedure for registration in the foreign companies register and guidelines for preparation of the accounts and balance sheets of branches of foreign companies in the State shall be set out in a resolution of the Minister. The office or branch of a foreign Company shall be considered its domicile for the purposes of its operations in the State which operations shall be governed by the laws of the State.
3. The Ministry shall issue resolutions on the supporting documentation needed to apply for registration. Such resolutions may specify requirements and conditions for managing and closing the branch or office of a foreign Company.
4. When the branch of a foreign Company is closed, the Ministry shall strike off the name of the branch or office from the foreign companies register maintained by the Ministry.

Article (338)

Balance Sheet of Foreign Company

Save for representative offices, foreign companies and their branches shall have an independent balance sheet and profit and loss account and shall have an auditor registered on the roster of practicing auditors in the State. Foreign companies and branches shall annually submit to the Competent Authority and the Ministry a copy of the balance sheet and final accounts, together with the auditor's report and a copy of the final accounts of its holding company, if any.

Article (339)

Representative Offices

1. Foreign companies may establish representative offices to conduct market studies and research production prospects without undertaking any commercial activity.
2. The implementing decisions of this Decree Law shall determine the aspects of oversight to be exercised by the Ministry and the Competent Authority over such offices.

Part Ten

Oversight and Inspection of Companies

Article (340)

Oversight of Companies

1. Subject to the jurisdiction of the Central Bank, the Ministry, the SCA and the Competent Authority, each according to its respective jurisdiction, shall have the right to monitor joint stock companies and inspect their activities, books or any documents or records at their branches and subsidiaries in the State and overseas or in the possession of their auditors or any other Company related to the Company being inspected. They may, together with the inspection committee, seek the assistance of one or more experts with technical and financial experience in the matter and purpose of the inspection, to verify the Company's compliance with this Decree Law and its implementing resolutions and the Company's AOA. To that end, the inspectors may, at their own discretion, request

any details or information from the board of directors, the CEO, the managers or the auditors of the Company.

2. The Ministry, the SCA or the Competent Authority, as the case may be, may call for the dissolution of the Company if incorporated or if it conducts business in violation of this Decree Law. The competent court shall decide such request as a matter of urgency.

Article (341)

Inspection Regulations

The Minister shall issue inspection regulations for Private Joint Stock Companies, while the board of directors of the SCA shall issue inspection regulations for Public Joint Stock Companies. The regulations shall set out inspection procedures and the powers and duties of inspectors.

Article (342)

Application for Company Inspection

1. Subject to the provisions of Articles 333 and 334 of this Decree Law, shareholders holding at least 10% of the Capital of the Company may request the Ministry or, as applicable, the SCA to order an inspection of the Company in connection with alleged serious violations of the duties of Directors or auditors under this Decree Law or the Company's AOA provided there is probable cause to believe that a violation has been committed.
2. The application for inspection shall include:
    a. Evidence that the applicants have good cause to justify taking such steps.
    b. An undertaking stating that the shareholders filing the application shall deposit their shares and that the shares shall remain deposited until the application has been decided.
3. The Ministry or, as applicable, the SCA may, upon hearing the statements of the applicants and the Directors or members of a similar body and the auditors at a closed meeting, order an inspection of the activities, books or any documents or records with another Company related to the Company being inspected, or in the possession of its auditor,

and may appoint for such purpose one or more experts at the expense of the applicants for inspection.

Article (343)

Facilitation of Inspectors' Work

Subject to the provisions of Article [340] of this Decree Law, the Chairman, CEO, Director General, personnel and auditors of the Company shall give the inspection team access to the books, minutes of meeting [board of directors, committees and General Assembly], records, documents and paperwork of the Company and provide them with the necessary information and clarifications.

Article (344)

Inspection Report

1. Subject to the provisions of Articles 342 and 341 of this Decree Law, the inspectors shall, after completing their inspection, submit a final report to the Minister [Private Joint Stock Companies] or to the chairman of the SCA [Public Joint Stock Companies]
2. If the Ministry or, as applicable, the SCA establishes any violations that would constitute a criminal offense involving Directors or auditors, it shall call the General Assembly to convene. In such case, the meeting shall be chaired by a representative of the Ministry or the SCA, as the case may be, holding the office of CEO or comparable office, to consider the following:
   A. The removal of Directors and filing of a liability lawsuit against them; and
   B. The dismissal of auditors and filing of a liability lawsuit against them.
3. The resolution of the General Assembly shall be valid in the circumstances described in Clause [2] of this Article if approved by a majority of those present after excluding the share of the Director whose removal is under consideration or the share of the corporate entity he represents.

Article (345)

Publication of Inspection Findings

If the Ministry or the SCA, as applicable, is convinced that the allegations attributed by the applicants for inspection to the Directors or the auditors are not true, the Ministry or the SCA may order that the results of the inspection be published in a daily local newspaper in Arabic at the expense of the applicants for inspection, without prejudice to any civil or criminal liability.

Part Eleven

Offences and Penalties

Article (346)

Providing Information that is False or Contrary to Law

A penalty of imprisonment sentence ranging from six [6] months to three [3] years and / or a fine between AED [200,000] two hundred thousand dirhams and AED 1,000,000 [one million dirhams] shall be imposed on whoever deliberately inserts in the MOA or AOA of a Company, a shares or bonds prospectus, or in any other Company documents any information that is false or contrary to this Decree Law. The penalty shall also be imposed on whoever knowingly signs or circulates such documents despite those facts.

Article (347)

Overvaluation of In-Kind Contributions

A person who, in bad faith, valuates the in-kind contributions of founders or shareholders above their actual value shall be liable to imprisonment sentence for a term between six [6] months and three [3] years and / or a fine between AED 200,000 [two hundred thousand dirhams] and AED 1,000,000 [one million dirhams].

Article (348)

Distribution of Profits or Interests in Violation of the Law

Any manager or Director that distributes to shareholders or others profits or interest in

violation of the provisions of this Decree Law or the MOA or AOA of the Company, and any auditor that approves such distribution despite his knowledge of the violation, shall be liable to imprisonment sentence for a term between six [6] months and three [3] years and / or a fine between AED 50,000 [fifty thousand dirhams] and AED 500,000 [five hundred thousand dirhams].

Article (349)

Concealment of True Financial Position of the Company

Any manager, director, auditor or liquidator that deliberately gives false information in the balance sheet or profit and loss account or in a financial report or omits material facts from such documents for the purpose of concealing the true financial position of the Company shall be liable to imprisonment sentence for a term between six [6] months and three [3] years and / or a fine between AED 100,000 [one hundred thousand dirhams] and AED 500,000 [five hundred thousand dirhams].

Article (350)

Misstatement of Facts in Inspection Report

A penalty of imprisonment sentence ranging from three [3] months to two [2] years and / or a fine between AED 10,000 [ten thousand dirhams] and AED 100,000 [one hundred thousand dirhams] shall apply in respect of:

1. Any person appointed by the Ministry, the SCA or the Competent Authority to inspect a Company, who deliberately misstates facts in the inspection report or deliberately omits material facts that may affect the results of inspection; and
2. A chairman, Director, CEO or Director General of a Company that deliberately withholds documents or information from inspectors after the Ministry or the SCA has imposed the applicable fine in this regard, Under the Regulations on Administrative Sanctions for Acts Contrary to the Provisions of this Decree Law of the Cabinet.

Article (351)

Intentional Harmful Action Against Company by Liquidator

Any liquidator that intentionally takes harmful action against a Company or its shareholders, partners or creditors shall be liable to imprisonment sentence for a term between three [3] months and three [3] years and / or a fine between AED 50,000 [fifty thousand dirhams] and AED 500,000 [five hundred thousand dirhams].

Article (352)

Issue of Securities in Violation of this Decree Law

Whoever issues shares, subscription receipts, interim certificates or bonds or offers them for trading in violation of this Decree Law shall liable to imprisonment sentence for a term between three [3] months and two [2] years and / or a fine between AED 100,000 [one hundred thousand dirhams] and AED 500,000 [five hundred thousand dirhams].

Article (353)

Providing a Loan, Guarantee or Security

A penalty of imprisonment sentence for up to three [3] months and / or a fine between AED 100,000 [one hundred thousand dirhams] and AED 500,000 [five hundred thousand dirhams] shall apply in respect of:

2. Any Director of a Joint Stock Company that obtains for himself or for his wife or relatives up to the second degree a loan, guarantee or security from the Company where he is a Director, in violation of this Decree Law, and shall be required to return such loan, guarantee or security.
2. The chairman, Director, CEO or Director General of a Joint Stock Company that agrees to provide a loan, guarantee or security to a Director of the Company or to his wife or relatives up to the second degree, in violation of this Decree Law.

Article (354)

Disclosure of Company's Secrets

A penalty of imprisonment sentence for up to six [6] months and / or a fine between AED 50,000 and AED 500,000 [five hundred thousand dirhams] shall apply in respect of:

1. Any person that uses information or particulars obtained from the founding committee at any stage of incorporation of the Company, legal or financial consultants, the subscription manager, the underwriter or the parties participating in the incorporation or their nominees.
2. A chairman, Director or other employee of the Company who uses or discloses Company secrets or deliberately attempts to cause harm to the business of the Company.

Article (355)

Manipulating Securities Prices

The chairman, Director or other employee of a Company who participates, directly or indirectly, with any entity involved in any activities or transactions intended to influence the prices of Securities issued by the Company shall be liable to imprisonment sentence for a term of up to six [6] months and / or a fine between AED 1,000,000 [one million dirhams] and AED 10,000,000 [ten million dirhams].

Article (356)

More Severe Penalties

The penalties provided for in this Decree Law shall be without prejudice to any more severe penalty provided for in any other Law.

Article (357)

Criminal Proceedings

Any criminal proceedings for the offences committed by the Company under this Decree Law shall be instituted against its legal representative.

Article (358)

Judicial Officer Capacity

Officers nominated by a resolution of the Minister of Justice in agreement with the Minister and in coordination with the SCA or the Competent Authority, as applicable, shall have the capacity of a judicial officer for reporting any violations of the provisions of this Decree Law and its executive regulations and resolutions, within their respective areas of competence.

Part Twelve

Transitional and Final Provisions

Article (359)

Adjustment of Affairs

1. Existing companies that are subject to this Decree Law shall have one year of the date of entry into force of this Decree Law to adjust their affairs. Such a time limit may be extended for a further period of similar duration by a resolution of the Cabinet based upon the proposal of the Minister.
2. Without prejudice to the penalties provided for in this Decree Law, any Company that fails to comply with the provisions of Clause [1] of this Article shall be considered dissolved in accordance with this Decree Law.

Article (360)

Delegation

Based upon the proposal of the Minister and the approval of the Competent Authority, the Cabinet may delegate to the competent authorities any of the powers of the Ministry contained in this Decree Law.

Article (361)

Guidelines for Company Incentives

The Cabinet shall issue the guidelines for encouraging companies to perform its corporate

social responsibility and implementing its phases.

Article (362)

Regulations of Administrative Penalties

The Cabinet shall issue the Regulations on Administrative penalties for acts committed in violation of the provisions of this Decree Law, its Executive Regulations and the resolutions issued in implementation of the Decree Law, based on the proposal of the Minister - within six [6] months of the day following its publication, according to the following controls:

1. The administrative fine shall not be less than AED 100 [one hundred dirhams] and shall not exceed AED 10,000.00 [ten million dirhams].
2. The administrative fine shall be doubled if the same administrative offence is repeated but may not exceed AED 20,000.00 [twenty million dirhams].

Article (363)

Issuance of Executive Regulations and Resolutions

The executive regulations and resolutions of Federal Law No. [2] of 2015 concerning commercial companies shall continue in full force and effect to the extent that they are not in conflict with this Decree Law, until such time as the Ministry and the SCA issue, within their respective areas of competence, regulations, rules and resolutions to implement this Decree Law.

Article (364)

Repeals

The above-cited Federal Law No. 2 of 2015, as well as any provision that goes against or conflicts with the provisions of this Decree Law, shall all be repealed.

Article (365)

Publication and Entry into Force

This Decree Law shall be published in the Official Gazette and shall enter into force as of January 02, 2022 AD.

Khalifa Bin Zayed Al Nahyan

UAE President

Issued by us at the Presidential Palace in Abu Dhabi

On: 13 Safar 1443 AH

Corresponding to: 20 September 2021