

Ministerial Decision No. 137/2024
On the Regulation of the Registrar's Work, Controls of Private Joint Stock Companies and the Rules of Governance

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Abrogates

Ministerial Decision No. 539/2017 dated 29/05/2017

Ministerial Decision No. 585/2018

The Minister of Economy,

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

Federal Decree-Law No. 32/2021 on Commercial Companies;

Federal Decree-Law No. 37/2021 on the Commercial Register;

Federal Decree-Law No. 46/2021 on Electronic Transactions and Trust Services;

Federal Decree-Law No. 20/2022 on the Regulation of the Notarial Profession;

Federal Decree-Law No. 41/2023 on the Regulation of the Accounting and Auditing Profession;

Cabinet Decision No. 102/2022 on the Issuance of the Regulation on the Administrative Penalties for Acts Committed in Violation of the Provisions of Federal Decree-Law No. 32/2021 on Commercial Companies;

Cabinet Decision No. 107/2022 on the issuance of the Implementing Regulation of Federal Decree-Law No. 37/2021 on the Commercial Register;

Securities and Commodities Authority Decision No. 33/R/2009 on the Regulation of the Activity of the Registrar of Private Joint Stock Companies, and

Based on the proposal of the Undersecretary of the Ministry,

Hereby decides as follows:

Chapter 1 - General Provisions

Article 1 - Definitions

In implementing the provisions of this Decision, the same definitions stated in the Decree-Law shall apply, otherwise, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

Decree-Law: Federal Decree Law No. 32/2021 on Commercial Companies.

Company: Private joint stock company established in the State.

Partnerships: Including joint liability companies and limited partnership companies established in the State.

Company Manager: The General Manager, Executive Director, or Chief Executive Officer of the company.

Senior Executive Management: The company's executive management including the General Manager, Executive Director, Chief Executive Officer, Managing Director and their deputies.

Non-Executive Member of the Board: A member who does not hold a position in the company and does not receive a salary therefrom. The remuneration he receives as a member of the Board of Directors shall not be considered a salary.

Independent Member of the Board: A member who does not have any relationship with the company or any of its senior executive management, auditor, parent company, subsidiary, sister company or allied company that may lead to a material or moral benefit that may affect his decisions. The board member's independence shall be negated in the cases mentioned in this Decision.

Stakeholders: Everyone who has an interest in the company such as shareholders, employees, creditors, customers, suppliers, and potential investors.

Parent Company: A legal person that owns enough shares or stakes in another company to vote and make decisions at the General Assembly meetings, and to control management and operations, by influencing decisions or electing its Board of Directors or Board of Managers, provided that the second company is considered a subsidiary of the parent company.

Subsidiary: A company owned by another company by more than 50% of its capital or subject to control by that company in appointing its Board of Directors.

Governance: A set of controls, standards and procedures that achieve institutional discipline in the management of the company in accordance with international standards and methods, by defining the responsibilities and duties of the members of the Board of Directors and the executive management of the company, and taking into account the protection of the rights of shareholders and stakeholders.

Working Day: Official working days in ministries, government authorities and local departments.

Special Decision: A decision issued by a majority vote of shareholders who own at least three-quarters of the shares represented at the General Assembly meeting of the joint stock company.

Relevant Parties: The Chairman and members of the Board of Directors, members of the Senior Executive Management of the company and its employees, companies in which any of those contributes by not less than 30% of its capital, the parent company or subsidiaries, sister companies or affiliates of the company, major shareholders in the company (anyone who owns 5% or more of the company's shares or voting rights therein), the Chairman and members of the Board of Directors of the parent companies, subsidiaries, sister companies or affiliates of the company, and companies in which any of the Chairman or

members of the Board of Directors of the company or members of its Senior Executive Management is a member of its Board of Directors or a senior executive therein.

Transactions: The transactions, contracts or agreements concluded by the company that do not fall within its main activity, or that include preferential terms that the company does not usually grant to its customers, and any other transactions that the Ministry determines from time to time by decisions, instructions or circulars issued in this regard.

Diligent Person: A physical person who has sufficient experience and the necessary commitment to perform his work.

Treasury Shares: Shares that the issuing company repurchases, and such shares do not have the right to the company's profits or to vote on its decisions, during the period of the company's ownership thereof.

Registrar: Department of Commercial Registration and Agencies at the Ministry.

Register: Register of private joint stock companies with the Ministry.

Electronic Services Platform: An electronic platform on the Ministry's website, including the Register, through which applications for registration, renewal of registration, amendment of registration, and deletion of registration of private joint stock companies established in the State are filed.

Economic Register: Register referred to by virtue of the provisions of Federal Decree-Law No. 37/2021 on the Commercial Register.

Strategic Partner: A partner whose contribution to the company results in providing technical, financial, operational or marketing support to the company for its benefit.

Shares Record: A record showing the shareholders' ownership of the company's shares and the rights thereto.

Shares Record Secretariat: A legal person licensed by the Securities and Commodities Authority to regulate the companies' shares record.

Competition Law: Federal Law No. 36/2023 on the Regulation of Competition and its Implementing Decisions.

Chapter 2 - Registrar's Work and Document Retention Controls

Article 2 - Regulation of Registrar's Work

1. The registrar shall create an electronic services platform dedicated to receiving applications regarding the establishment, registration, renewal of registration, amendment of registration, and deletion of registration of the company in the Register.
2. The registrar shall decide on the applications submitted by the company through the electronic services platform within a period not exceeding (5) five working days from the date of submitting the application.
3. The registrar shall supervise the Register, register the company therein, and issue the registration certificate after the company pays the fees prescribed in this regard, provided that the registration certificate includes the following data:
 - a- Number of registration in the Register.
 - b- Name of the company.
 - c- Date and expiry of registration.
 - d- Address of the company.
 - e- Capital.
 - f- Names and positions of the Board of Directors members.
4. The interested parties may request the registrar to inquire about the company's data in the Register kept by the registrar, and the registrar may issue a certificate to whomever it may concern, including some of the data contained in the Register.
5. The registrar shall keep the company's documents and papers electronically for a period of not less than (5) five years.
6. All documents shall be submitted through the electronic services platform, provided that the work of the registrar and the competent authority is linked to the Economic Register.

Article 3 - Company's Retention of Documents

The company may keep an electronic copy of the originals of any of the documents and papers retained and deposited with it, in accordance with the following controls:

1. An electronic record shall be allocated in the company, the purpose of which shall be to keep an electronic copy of all original company documents and papers in an organised manner.
2. All documents and papers shall be kept securely and in a way that is easy to refer to.
3. The company shall take all necessary measures to preserve all documents and papers from damage and destruction.
4. The saved electronic copy shall be clear and readable.

5. The company shall meet the standards for secure storage of electronic documents according to the type of activity and the technical entity regulating the activity (if any), and the period of retention of electronic documents shall not be less than (10) ten years.

Chapter 3 - Private Joint Stock Company Controls

Article 4 - Memorandum of Association and Articles of Association Template

When preparing their articles of association and memorandum of association or amending any of them, companies shall follow the template of the articles of association and memorandum of association approved by the Ministry. The company may amend or add what it deems appropriate to the approved template, provided that it does not conflict with the provisions of the Decree-Law and its implementing decisions, after obtaining the Ministry's approval.

Article 5 - Founders Committee

The Founders Committee may delegate one of its members or a third party to follow up and complete the incorporation procedures in accordance with the following controls:

1. The letter signed by all founders appointing the Founders Committee shall clearly state the authority of the Founders Committee to delegate one of its members or a third party to follow up and complete the incorporation procedures.
2. The delegation issued by the Founders Committee shall clearly state the tasks assigned to the delegated person.
3. The delegated person shall not exceed the limits of the delegation issued to him.

Article 6 - Incorporation Procedures

1. The Founders Committee shall submit the incorporation application to the competent authority to obtain initial approval for the incorporation.
2. The Founders Committee shall submit the incorporation application to the Registrar, attaching the following:
 - a- Initial approval of the competent authority for the incorporation.
 - b- Approval of the entities concerned with supervising the company's activity according to the nature of the activity.
 - c- A draft of the company's articles of association and memorandum of association.
3. The registrar shall notify the Founders Committee of his comments on the application for incorporation and its documents within (10) ten working days from the date of submitting the application meeting all requirements, or from the date of submitting the final report by the evaluator appointed by the registrar on the evaluation of the in-kind shares, if any. The Founders Committee shall complete the deficiency or make the amendments that the registrar deems necessary to complete the application for incorporation within (15) fifteen working days from the date of notification, otherwise the registrar may consider this a waiver of the application for incorporation.
4. The registrar shall send a copy of the application and its documents to the competent authority within (10) ten working days from the date of completion of the application for consideration. The joint committee shall then meet with the Ministry and the competent authority, formed pursuant to a decision issued by the Ministry, within (10) ten working days from the date of sending the application to the competent authority. In the event where the competent authority has any comments, the registrar shall notify the Founders Committee thereof, and the deficiency shall be completed or the amendments made as deemed by the competent authority in order to complete the incorporation application within (15) fifteen working days from the date of notification to the Founders Committee. Otherwise, the registrar may consider this a waiver of the incorporation application. The registrar shall verify that the application and all documents and comments are completed, and the amended copy shall be sent to the competent authority.
5. If the joint committee rejects the incorporation application or the period referred to in Clause (3) of this Article expires without deciding thereon, the Founders Committee may appeal the rejection decision before the competent Court within (30) thirty days from the date of notification of the rejection decision, or from the date of expiry of such period in the event where no decision is issued to incorporate the company.
6. Invitation to the constituent general assembly.
7. The Founders Committee shall submit an application to the registrar to issue a certificate of incorporation, attaching the following documents:
 - a- A bank certificate confirming the deposit of the company's capital.
 - b- The company's authenticated articles of association and memorandum of association.
 - c- A copy of the decision of the competent authority approving the licence.
 - d- A statement of the names of the members of the company's Board of Directors and a written declaration from them that their membership does not conflict with the provisions of the Decree-Law and the decisions issued pursuant thereto.

e- A statement of the names of the members of the internal Sharia Regulatory Committee and the Sharia Supervisor if the company conducts its activities in accordance with the provisions of Islamic Sharia, taking into account the Cabinet's decision regarding the formation and qualifications of the members of the internal Sharia Regulatory Committees and the Sharia Supervisor and the controls for the work of such committees.

8. The company's Board of Directors shall submit, within (5) five working days, a request to the competent authority to issue the licence, in accordance with the procedures and period specified in the Decree-Law.

Article 7 - Publication

The company shall obtain a licence from the competent authority within (5) five days from the date of the Ministry's issuance of the incorporation certificate and after the company has paid the prescribed fees, provided that the registrar publishes the company's registration certificate on the Ministry's website.

Article 8 - Entry in the Register

1. The Board of Directors shall, within (5) five working days from the date of issuance of the licence by the competent authority, submit a request to the registrar to register the company in the register, attaching the following documents:
 - a- A certificate stating that the shareholders' register has been delivered to the secretary of the shares record in accordance with Article (13) of this Decision.
 - b- Any other documents requested by the registrar.
2. The registrar shall register the company in the register and issue the registration certificate after the company pays the fees prescribed in this regard.
3. The company's registration shall be valid for one calendar year starting from the date of payment of the fees.

Article 9 - Renewal of the Registration in the Register

The company's registration in the register shall be renewed annually. The company shall submit a registration renewal application to the registrar and pay the prescribed fee in this regard before the expiry of the date of registration in the register, attaching the following documents:

1. Minutes of the annual general assembly meeting.
2. The audited balance sheet and final accounts.
3. An updated approved list issued by the secretary of the shares record, including the names of shareholders, their nationalities, the number of shares owned by them, their nominal value in Dirhams, and the percentage of contribution to the capital.

Article 10 - Amendment of Entry in the Register

In the event of amending the entry in the register, the company shall submit an application for amendment of the entry to the registrar and pay the prescribed fee, according to the nature of the amendment, attaching the following documents:

1. Minutes of the General Assembly meeting, which include the special decision.
2. Minutes of the Board of Directors pursuant to which such amendments were suggested to the Articles of Association.
3. In the event of any disposition of the company's ownership or capital, an updated, certified list issued by the secretary of the shares record shall be submitted, including the names of the shareholders, their nationalities, the number of shares owned by them, their nominal value in Dirhams, and the percentage of contribution to the capital.
4. An appendix of amendment of the articles of association that includes the necessary introduction about the company and the decision of the general assembly, and the articles before and after the amendment of the articles of association, certified by the concerned entities in the State.
5. Approval of the entities concerned with supervising the company's activity according to the nature of the activity.
6. Any other documents requested by the registrar.

Article 11 - Deletion of Entry from the Register

In the event where the company requests to be removed from the register, whether by dissolution, liquidation, conversion of legal form, merger, or other cases of removal from the register, an application shall be submitted to the registrar, accompanied by the following documents:

1. Minutes of the General Assembly meeting, which include the special decision.
2. Minutes of the Board of Directors pursuant to which the special decision was suggested.
3. Evidence that the special decision has been published in two widely circulated local daily newspapers in the State, at least one of which is published in Arabic.

4. A declaration issued by the Chairman of the Board of Directors or the liquidator - as the case may be - stating that there are no objections from the company's creditors regarding the dissolution, liquidation, conversion of legal form, or merger of the company, or anything indicating the settlement of such objections.
5. Approval of the entities concerned with supervising the company's activity according to the nature of the activity.
6. Any other documents or procedures requested by the registrar.

Article 12 - Shares Record

The company shall have a special register for its shareholders, in which the names of the shareholders, their nationalities, place of residence, email address, telephone numbers, the number of shares owned by each of them, their nominal value, their percentage in the capital, and any actions that occur therein shall be recorded.

Article 13 - Submitting the Shares Record to the Shares Record Secretariat

1. Every company shall submit its shares record to the shares record secretariat licensed by the Authority to practice such activity, and notify the registrar in writing in the event where it changes the secretary of the shares record and appoints another in his place in accordance with the decision of the General Assembly in this regard, within (15) fifteen working days from the date of the change, and provide the registrar with a letter issued by the new shares record secretary stating that he has received the company's shares record.
2. The Authority shall supervise and inspect the company's shares record with the shares record secretary.

Article 14 - Disposal of the Shares

The shareholder shall be free to dispose of the shares he owns, subject to the following controls:

1. The transfer of ownership of shares shall take place after the publication of the balance sheet and the profit and loss account for at least one fiscal year starting from the date of registration of the company in the commercial register with the competent authority. During that period, these shares may be mortgaged or their ownership may be transferred by sale from one shareholder to another shareholder, or from the heirs of one shareholder in the event of his death to a third party, or from the bankruptcy of the shareholder to a third party, or pursuant to a final Court ruling.
2. Any disposal of shares shall be registered with the secretary of the shares record, in accordance with the controls issued by the Authority in this regard.
3. The disposal of shares shall not lead to a decrease in the share of the State nationals in the company's capital from what is stipulated in the Decree-Law, whenever a minimum contribution limit for the State nationals is required.
4. The disposal may not be objected to against the company or third parties, except from the date of registration of such disposal in the shares record secretariat.

Article 15 - Running for Membership of the Board of Directors

1. The company may set special criteria for nomination for membership in the Board of Directors, in accordance with the provisions of the Decree-Law and the company's articles of association, provided that the criteria for nomination for membership in the Board of Directors are acceptable to the Ministry.
2. With the exception of a one-person company, the company shall open the door for nominations for membership in the Board of Directors and announce the same when convoking the company's General Assembly meeting, taking into account the following controls:
 - a- The nomination period for membership in the Board of Directors shall remain open for a period of at least (10) ten days from the date of the announcement.
 - b- Publishing the names of the candidates or the names of those appointed by the government (the company's shareholder) or the candidates nominated by the legal person (the company's shareholder), and the CV of each of them, on the company's website and in a special register kept by the company at its main office for this purpose, at least two days before the date set for the General Assembly meeting.
 - c- After the nomination period closes, the candidate may not waive his candidacy to another person. However, the government "the company's shareholder" may, subject to Clause (2-a) of this Article, replace the person or persons appointed by it. Likewise, the legal person "the company's shareholder" may replace the candidate on its behalf.
 - d- Taking into account any additional controls, conditions or requirements that the Ministry deems necessary to meet.
3. No person may be appointed or elected to membership in the company's Board of Directors unless he acknowledges in writing his acceptance of the nomination, provided that the acknowledgement includes disclosure of any work he undertakes directly or indirectly that constitutes competition with the company, and the names of the companies and institutions in which he works or holds membership in their Boards of Directors.

Article 16 - Conditions for Nomination for Membership in the Board of Directors

Taking into account the controls and conditions issued by the Central Bank regarding companies licensed by it, the candidate for membership of the company's Board of Directors shall meet the following conditions:

1. The candidate shall be a physical person.
2. Not to be convicted of a crime involving moral turpitude or dishonesty unless rehabilitated.
3. To submit to the company an application for nomination for membership in the Board of Directors, accompanied by the following documents:
 - a- An acknowledgement of compliance with the provisions of the Decree-Law, its implementing decisions, and the articles of association of the company, and that he will exercise his duties with care as would a diligent person.
 - b- A statement of the names of the companies and institutions in which he works or is a member of their Boards of Directors, as well as any work he carries out directly or indirectly that constitutes competition with the company.
 - c- A copy of the Emirates ID or a copy of a valid passport.
 - d- A copy of the CV.
 - e- In the case of representatives of a legal person, an official letter from the legal person shall be attached specifying the names of its representatives nominated for membership in the Board of Directors.
 - f- A criminal status certificate issued or certified by an official entity inside or outside the State if the candidate resides outside the State, provided that it is duly authenticated.
 - g- A statement of the names of the companies and institutions in which he works or is a member of their Boards of Directors, as well as any work he carries out directly or indirectly that constitutes competition with the company.
 - h- Any other documents or statements specified by the Ministry.
4. In the event where all the documents mentioned in the previous Clause are not submitted during the period when candidacies for membership in the Board of Directors are open, the candidacy application shall be considered null and void.

Article 17 - Representatives of the Government or Legal Person in the Membership of the Board

1. As an exception to the provisions of this Decision, the federal or local government may, if it owns a percentage of (5%) or more of the company's capital, appoint someone to represent it on the Board of Directors with the same percentage of the number of Board members, and with a minimum of one member. If the percentage required to appoint the member exceeds such percentage, its right to vote in the percentage for which the appointment is made shall be forfeited. If it has a percentage that does not qualify it to appoint another member, it may use such percentage in voting.
2. Taking into account the provisions of this Decision, the person appointed to the membership of the Board to represent the government or any (authority, body, council, institution, entity or company wholly owned by the federal government or the local government directly or indirectly) "the company's shareholder" as well as the candidate to represent the legal person "the company's shareholder" in the membership of the Board of Directors, shall submit the following to the company:
 - a- The letter of appointment or nomination to represent the government or legal person in the membership of the Board of Directors.
 - b- Acknowledgement of acceptance of appointment or nomination to represent the government or legal person in the membership of the Board of Directors.
 - c- Acknowledgement of the right of the government or any (authority, body, council, institution, entity or company wholly owned by the federal government or the local government, directly or indirectly) or the legal person to dismiss him and relieve him of his position as a member of the Board of Directors and of the positions he holds in that company or its subsidiaries, by virtue of his membership in that company, at any time during his term of membership in the Board of Directors and to appoint another person to succeed him in the membership of the Board, without the need to present it to the General Assembly.
3. The government or any (authority, body, council, institution, entity or company wholly owned by the federal government or the local government, directly or indirectly) "the company's shareholder" may dismiss and relieve the appointed member representing it, of his position as a member of the Board of Directors and of the positions he holds in that company or its subsidiaries, by virtue of his membership in that company, at any time during his term of membership in the Board of Directors and to appoint another person to succeed him in the membership of the Board, and the positions he holds in that company or its subsidiaries, without the need to present it to the General Assembly, provided that the following conditions are met:
 - a- The government or any (authority, body, council, institution, entity or company wholly owned by the government, directly or indirectly) "the company's shareholder" has submitted a written letter to the company during the opening of the nomination period, and before the convening of the General Assembly meeting to elect members of the Board of Directors, including the appointment of such member to represent it in the membership of the Board of Directors.

- b- The member appointed by the government or any (authority, body, council, institution, entity or company wholly owned by the government, directly or indirectly) "the company's shareholder" shall meet the requirements set forth in Clause (2) of this Article.
- c- Submitting a letter to the company from the government or any (authority, body, council, institution, entity or company wholly owned by the government, directly or indirectly) "the company's shareholder" to dismiss or relieve the company's representative from the membership of the Board of Directors and the positions he holds in that company or its subsidiaries, by virtue of his membership in that company and appointing another person to succeed him in the membership of the Board.
- 4. The legal person "the company's shareholder" shall have the right to dismiss or exempt the member representing it from his position as a member of the Board of Directors and the positions he holds in that company or its subsidiaries by virtue of his membership in that company, at any time during the term of the Board of Directors and to appoint another person to succeed him in the membership of the Board and in the positions he holds in that company or its subsidiaries, without the need to present it to the General Assembly, provided that the following conditions are met:
 - a- The legal person "the company's shareholder" shall have submitted a written letter to the company during the opening of the nomination period regarding the nomination of such member to represent it in the membership of the Board of Directors.
 - b- The nominated member from the legal person "the company's shareholder" shall meet the requirements set forth in Clause (2) of this Article.
 - c- The legal person "the company's shareholder" submitting a letter to the company dismissing or exempting his representative from the membership of the Board of Directors and the positions he holds in that company or its subsidiaries by virtue of his membership in that company, and appointing another person to succeed him in the membership of the Board.

Article 18 - Board Member Position Vacancy

Subject to the provisions of Article (145) of the Decree-Law, the position of a member of the Board of Directors shall become vacant in the cases specified in the Decree-Law and the Company's Articles of Association.

Article 19 - Participation in Meetings using Modern Technology

When the company wishes to use modern technology to hold Board meetings, it shall take into account the following controls:

1. The company's Articles of Association shall allow participation in meetings through audio technology or audio and video technology.
2. The Board of Directors shall have the option to record audio or video to document Board of Directors meetings.
3. Recorded Board of Directors meetings shall require written permission from all Board of Directors members.
4. The company shall have the required electronic equipment, and such equipment shall be tested before holding meetings.
5. The Secretary of the Board shall carry out the coordination procedures for the meeting and ensure the following:
 - a- Contacting all members to ensure their attendance at the meeting, either in person or through modern technology.
 - b- The member who attends the meeting through this mechanism shall notify the Secretary of the Board of Directors before the meeting and sign the use of such mechanism in the meeting.
 - c- All documents shall be sent to all members at least one week before the meeting date.
 - d- The minutes of the Board of Directors meeting shall be recorded and saved.
 - e- Each member of the Board of Directors and the Secretary shall introduce themselves at the beginning of the meeting for the purposes of recording and documentation.
6. Members using modern technology shall do the following at the beginning of the meeting:
 - a- Clear audio and video recording (if used) of the rest of the members present in person.
 - b- Receiving all documents and the meeting agenda.
 - c- Determining the type of electronic means used to attend the meeting.
7. A member of the Board of Directors shall state his name if he wishes to speak during the meeting when intervening, commenting or voting.
8. The Board member shall be in a position that allows him to speak loudly and clearly. In the event of poor connection or network interruption during the meeting, the Secretary shall repeat what was said during the interruption period. In the event of voting, the Secretary shall repeat the speech to ensure that all members have heard the deliberations that took place before the voting process.
9. The Secretary shall prepare and sign the minutes, and send a copy thereof to all members of the Board of Directors for review and signature.

10. The decisions issued in the Board of Directors meeting held through modern technology means shall be valid and enforceable if approved by the majority of the Board of Directors members present in person or through attendance through any of these means.
11. An electronic record shall be kept of the meetings of the Board of Directors and its committees that were held using modern technology.

Article 20 - Decisions of the Board of Directors by Circulation

1. The company's Board of Directors shall, in the event of issuing a decision by circulation, take into account the following controls:
 - a- The majority of the Board of Directors members agreeing that the situation is urgent to issue the decision by circulation.
 - b- Delivering a written copy of the decision to all members of the Board of Directors, accompanied by all necessary documents, for review.
 - c- The written approval of the majority of the Board of Directors members on the decision.
 - d- The decision shall be deemed effective once it is signed by the majority of the Board members.
 - e- Allocating a box for notes if a member of the Board of Directors wishes to record any note.
 - f- Including the decision in the minutes of the Board of Directors meeting following the date of such decision.
2. The company's Board of Directors shall adhere to the minimum number of Board of Directors meetings specified in the company's Articles of Association, regardless of the number of decisions passed by circulation.

Article 21 - Minutes of the Board of Directors Meetings

1. All topics and issues discussed and decisions taken shall be recorded in the minutes of the meetings of the Board of Directors or its committees.
2. The minutes of the Board of Directors meetings shall include the following:
 - a- Date and number of the meeting.
 - b- Quorum of the meeting and the names of the attending Board members.
 - c- Members present by proxy and the proxy document.
 - d- Absent members and reasons for non-attendance (if any).
 - e- Stating the date of inviting all members of the Board of Directors to the meeting, the means of invitation, and stating the place and time of the meeting.
 - f- The agenda and any new works presented during the meeting.
 - g- Members' reservations and dissenting opinions.
 - h- The written or electronic signature of the meeting rapporteur and the attending members. If a member refuses to sign the meeting minutes, his objection shall be recorded in the minutes and the reasons for the same shall be stated, if given.
 - i- Writing the sentence "The signatories of these minutes shall be responsible for the accuracy of the data contained therein" at the end of each minute and before the members' signatures.
3. The minutes of the meetings of the Board of Directors and its committees shall be kept by the rapporteur of the Board of Directors.
4. Sending a copy of the meeting minutes to the members after approval to keep the same.

Article 22 - Remuneration of the Members of the Board of Directors

1. The remuneration of the Board of Directors shall be a percentage of the net profit for the relevant fiscal year.
2. The remuneration of the members of the Board of Directors shall not exceed (10%) of the net profits for the relevant fiscal year, after deducting all depreciations and reserves.
3. The company may pay additional expenses, costs and remuneration or a monthly salary to the extent decided by the Board of Directors to any of its members if that member works in any committee or performs additional work to serve the company in addition to his normal duties as a member of the company's Board of Directors.
4. It shall not be permissible to pay an attendance allowance to the Chairman or member of the Board of Directors for attending Board meetings.
5. Fines imposed on the company due to the Board of Directors' violations of the Decree-Law or the law regulating the company's activity or the decisions or regulations implementing the same or the company's articles of association

during the ended fiscal year shall be deducted from the remuneration of the Chairman and members of the Board of Directors. The General Assembly of the company may decide not to deduct those fines or some of them if it finds that those fines are not the result of negligence or error on the part of the Board of Directors.

Article 23 - Convening the General Assembly Meeting

1. The company's General Assembly shall be held at least once a year, and the Board of Directors shall convene the company's General Assembly within the four months following the end of the fiscal year, and whenever necessary.
2. The company shall obtain the approval of the registrar before issuing an invitation to hold the General Assembly, taking into account the following controls:
 - a- Inviting the General Assembly of shareholders to convene at least (21) twenty-one days before the specified date. It shall be permissible to address the invitation within a shorter period before the date of the meeting, if shareholders representing (95%) of the company's capital agree to the same. In this case, the Ministry shall be provided with a declaration issued by the Chairman of the Board of Directors of the company that includes the approval of (95%) of the shareholders to reduce the duration of the invitation.
 - b- Shareholders who have the right to attend the General Assembly meeting shall be notified by registered letters. Notification by registered letters may be replaced by notification by text messages or by e-mail, in accordance with the updated data included in the Shareholders Register. In this case, the following conditions shall be met:
 - The company's Articles of Association shall explicitly stipulate following this mechanism.
 - The notification shall include a specification of the location of the documents and papers for the invitation to the General Assembly.
 - The invitation shall be notified by the registrar in all cases by registered letters or other mechanisms in accordance with the Authority's controls, so that the Authority places an obligation on the registrar in this regard.
 - This mechanism shall be followed in the notification to shareholders who have a telephone number or email registered with the company's secretary of shares record.
 - The shareholder's approval of the method of notification by text message or email. If he does not approve, he shall notify the company and its secretary of shares record by an official letter signed by him.
 - c- Notifying the Ministry and the competent authority with a copy of the invitation papers for the General Assembly meeting.
3. The meeting invitation shall include the agenda, place, date and time of the first meeting, and the second meeting in the event where the legal quorum for the validity of the first meeting is not met, and a statement of the person entitled to attend the General Assembly meeting and his right to delegate whomever he chooses from among the members of the Board of Directors by virtue of a special power of attorney proven in writing in accordance with what the Ministry determines in this regard, and a statement of the shareholder's right to discuss the topics included in the General Assembly agenda and address questions to the Board of Directors, the auditor, and the legal quorum required for the validity of each of the General Assembly meetings and the decisions issued therein, and a statement of the person entitled to distributions (if any).
4. In the event of amending the articles of the Articles of Association, a comparison table shall be provided with the texts that include the articles before and after the amendment in the Articles of Association and the justifications for the amendment.

Article 24 - Controls for Holding a General Assembly Meeting through Modern Means of Technology

1. Taking into account the provisions of the General Assembly contained in the Decree-Law and the provisions of this Decision, the General Assembly meeting may be held through modern means of technology, without personal attendance, provided that this is explicitly stated in the company's Articles of Association.
2. The company's Board of Directors shall contract with a legal person who has sufficient experience in the field of modern technologies to manage the General Assembly meeting remotely to carry out the tasks of the organiser or registrar of the company's General Assembly meeting. Alternatively, the company itself shall undertake holding the meeting without contracting with a legal person, provided that the company ensures that the attendance and voting requirements stipulated in the Decree-Law and its implementing decisions are met.
3. The organiser or registrar shall send invitations to shareholders, after coordination with the company's secretary of shares record, via text messages and e-mail to enable shareholders to cast their votes through a private and secure platform for electronic voting and to provide shareholders with the opportunity to send their questions and inquiries, which contributes to establishing the foundations of fair and sound dealings between various shareholders and enhancing transparency and free expression of opinion for shareholders in addition to discussing agenda items, interacting and expressing their opinions freely and transparently and voting on its decisions through modern means of technology without the need for personal attendance at the meeting.
4. Providing the organiser or registrar with a statement based on the data of the shareholders' shares record to enable him to manage the meeting remotely and perform his duties for the purpose of enabling the company's shareholders to attend the meeting and vote on the decisions.

5. Including a special item in the agenda of the General Assembly meeting stating that the Chairman of the General Assembly meeting is authorised to appoint the meeting's rapporteur and scrutineer.
6. The provisions contained in Article (17) of this Decision shall be observed in a manner consistent with the nature of the General Assembly meeting.

Article 25 - Chairmanship of the General Assembly

Subject to the provisions of Article (184) of the Decree-Law, the Chairman of the General Assembly may not begin the proceedings of the meeting unless he is certain that the scrutineer has proven the attendance of shareholders and that the legal quorum required for the validity of the meeting has been completed in accordance with the provisions of the Decree-Law.

Article 26 - Voting on the General Assembly Decisions

1. Taking into account Article (146) of the Decree-Law, the company's Articles of Association shall determine the method of voting on the decisions of the General Assembly. However, voting shall be secret and cumulative for all items of the meeting. Voting in General Assembly meetings may be done using the electronic voting mechanism, provided that the following controls and conditions are adhered to:
 - a- Providing an electronic voting mechanism that enables the shareholder to vote easily, securely and confidentially.
 - b- Each shareholder shall have a number of votes equal to the number of shares he holds, and the electronic voting mechanism shall specify the number of such shares and allow the shareholder to distribute his votes on the decisions.
 - c- Electronic voting for each item on the agenda shall be conducted separately within an adequate period of time.
 - d- Voting on decisions that have been voted on may not be reopened after moving on to the next item on the agenda.
 - e- The electronic voting mechanism shall enable the shareholder to record his objection in writing to the decisions, if any.
 - f- The results of the voting and objections to the decisions shall be kept in an electronic record at the company.
2. Taking into account the provisions of Article (180) of the Decree-Law, members of the Board of Directors may not participate in voting on the decisions of the General Assembly regarding their discharge from liability for their management, or that relate to a private benefit for them, or that relate to a conflict of interest, or to a dispute between them and the company.

Article 27 - Minutes of the General Assembly Meetings

1. The company shall record the proceedings of the General Assembly meetings in minutes, taking into account that these minutes include the following:
 - a- Quorum of the meeting.
 - b- Name of the meeting rapporteur and scrutineer.
 - c- Items of the agenda.
 - d- Names of the shareholders present or represented, the number of shares they hold in person or by proxy, and the number of votes assigned to them.
 - e- The decisions taken and the number of votes that approved or opposed them.
 - f- A comprehensive summary of the discussions that took place during the meeting.
2. The minutes shall be recorded regularly after each meeting in a special register signed by the Chairman of the meeting, the secretary of the General Assembly, the scrutineer, and the auditor.
3. The following controls shall be observed in the minutes of the General Assembly meetings:
 - a- The pages of the register shall be in order, free of any blank spaces, writing in the margins, erasures or additions.
 - b- Registers shall be kept at the company's headquarters.

Article 28 - Authorising the Board of Directors to Implement the Special Decision

1. In the event where a special decision is issued by the General Assembly to increase the company's capital or to issue loan bonds or sukuk, the General Assembly may authorise the Board of Directors to determine the date for issuing the bonds or sukuk, and the Board of Directors shall decide on the dates set and the appropriate mechanism for implementing the decision through a single issuance or through several issuances or programmes.
2. As an exception to the provisions of Clause (1) of this Article, previous decisions issued in the company's General Assembly meeting approving the issuance of bonds or sukuk, before the provisions of the Decree-Law came into effect, shall be valid and enforceable, as if they were taken by a special decision of the company's shareholders after the provisions of the Decree-Law came into effect and without the need to issue a new special decision.

Article 29 - Listing an Item on the Agenda of the General Assembly

1. The General Assembly may not deliberate on matters other than those included in the agenda.
2. As an exception to the provisions of Clause (1) of this Article, a new item may be included in the agenda of the General Assembly if any of the following cases are met:
 - a- Existence of serious facts that were revealed during the meeting.
 - b- An application submitted by the Ministry.
 - c- An application submitted by a number of shareholders representing at least (5%) five percent of the company's capital, taking into account the following controls:
 - The application shall be submitted before the discussion of the General Assembly agenda begins.
 - The item to be included shall not conflict with the provisions of the Decree-Law or the Law regulating the company's activity or the decisions and regulations issued in implementation thereof.
3. The Chairman of the meeting shall include the item on the agenda if one of the cases mentioned in Clause (1) of this Article is available. If he refrains from doing so, the General Assembly shall have the right to decide whether or not to include the item, before starting to discuss the items on the agenda of the General Assembly. The vote on whether or not to include the item shall be taken by a simple majority of the shares represented in the meeting, including the applicants and the Chairman of the meeting who refrained from including the item on the agenda.

Article 30 - Implementation of the General Assembly Decisions

The Chairman of the Board of Directors of the company shall implement the decisions of the General Assembly within (15) fifteen days from the date of the meeting, unless the nature of such decisions requires a longer period, including the following:

1. Increasing or reducing the company's capital.
2. Issuing bonds or sukuk.

Article 31 - Shareholder's Rights

1. All shareholders in the company have equal rights and obligations.
2. The holder of the share registered in the shares record shall have the right to vote in the General Assembly on the working day preceding the convening of the company's General Assembly.
3. Unless the company's Articles of Association stipulate otherwise, the entitlement to profits, share split, or increase in the company's capital shall be as follows:
 - a- Profits, whether in the form of "cash or bonus shares", as well as the right to split the nominal value of the share, shall be for the holder of the share registered in the shares record on the tenth day starting from the day following the date of issuance of the decision to distribute such profits or split the share.
 - b- Subscription to capital increase shares shall be for the holder of the share registered in the shares record on the day preceding the start of the subscription (10) by ten days.
 - c- If the due date falls on an official holiday, the following working day shall be considered the due date.

Article 32 - Controls of Dividends Distribution

1. The company's annual General Assembly shall determine the percentage of dividends that shall be distributed to shareholders.
2. Taking into account the provisions of Article (243) of the Decree-Law, the company's Articles of Association may specify the distribution of semi-annual or quarterly dividends to shareholders, and authorise the Board of Directors to take the decision issued in this regard.
3. Taking into account the provisions of this Decision, the company shall deliver the dividends to the shareholder within (30) thirty days at most from the date of issuance of the decision approving such distributions.
4. The company may not distribute dividends to shareholders in the following cases:
 - a- If the profits are fictitious.
 - b- If the profits result from the revaluation of assets.

Article 33 - Methods to Increase the Capital

The company's issued capital may be increased in one of the following methods:

1. Issuing new shares.
2. Integrating the reserve into the capital.

3. Converting the company's debts, bonds or sukuk issued by it into shares in the issued capital.

Article 34 - Mechanism of Increase of the Company's Capital

1. Taking into account the provisions of Articles (195, 196, 197, 198, 199 and 200) of the Decree-Law, the company may increase its issued capital for the company's shareholders, in accordance with the following controls:
 - a- Approval of the company's Board of Directors.
 - b- Approval of the entity supervising the activity (if any).
 - c- Issuing a special decision by the General Assembly approving the increase of the company's capital.
 - d- Issuing the increase shares with a nominal value equal to the nominal value of the original shares.
2. As an exception to the provisions of Clause (1) of this Article, and taking into account the provisions of Article (179/6) of the Decree-Law, the company may increase its capital by issuing bonus shares to the company's shareholders without the need to issue a special decision by the General Assembly.

Article 35 - Issuance Premium

1. Taking into account the provisions of Article (198) of the Decree-Law, the company may, when increasing its capital, decide by a special decision to add an issuance premium to the nominal value of the share, and to determine its amount, provided that the following controls are taken into account:
 - a- The company's activity performance and profits achieved in the years prior to the request to add the issuance premium.
 - b- Book value per share.
2. To obtain the Ministry's approval to add the issuance premium, the company shall submit the following documents:
 - a- A letter from the company's auditor including the mechanism followed to calculate the issuance premium.
 - b- Approval of the entity supervising the activity (if any).
3. The issuance premium shall be added to the legal reserve even if it exceeds half of the capital.

Article 36 - Priority Right

Subject to the provisions of Article (199) of the Decree-Law and the provisions of this Decision, the company shall, when increasing its capital and inviting its shareholders to subscribe to such increase, after the approval of the registrar, publish in two local daily newspapers, at least one of which is in the Arabic language, an invitation to its shareholders to subscribe to the capital increase shares.

Article 37 - Conditions for Entry into the Company as a Strategic Partner

1. Subject to the provisions of Articles (225 and 226) of the Decree-Law, a strategic partner may enter the company if it meets the following conditions:
 - a- To be a legal person.
 - b- Not to be a shareholder in the company or a subsidiary wholly owned by the shareholder in the company, the parent or holding company of the shareholder in the company.
 - c- The commercial activity shall be similar or complementary to the company's activity and lead to a real benefit for the same.
 - d- It shall have issued two balance sheets for at least two fiscal years.
2. The federal and local governments of the State shall be exempted from the conditions mentioned in Clauses (1-b and c) of this Article.

Article 38 - Controls of Entry of the Strategic Partner

The following controls shall be taken into account for a strategic partner to enter the company:

1. The company's Board of Directors shall invite the General Assembly to convene to consider the issue of the entry of a strategic partner into the company, and the following shall be presented to the General Assembly:
 - a- A study showing the name of the strategic partner, his activity, the benefits that the company will gain from his entry as a shareholder, the number and value of shares that will be offered to the strategic partner.
 - b- Two balance sheets for the strategic partner for at least two consecutive fiscal years (if any).
 - c- The strategic partner's contribution percentage shall not be less than (10%) of the company's issued capital.

d- The strategic partner's entry agreement shall include a clause prohibiting the strategic partner from selling the shares that will be allocated to him as a strategic partner before at least one year has passed from the date of registration of such shares with the secretary of the shares record.

2. Issuance of a special decision by the General Assembly approving the entry of the strategic partner and increasing the company's issued capital by the amount of shares issued to the strategic partner.

Article 39 - Subscription of the Strategic Partner

1. The company's Board of Directors shall, within (3) three months from the date of issuance of the decision to increase its issued capital by introducing the strategic partner as a shareholder, offer the new shares to the strategic partner for subscription without offering them to the rest of the shareholders.
2. The new shares shall be issued in the name of the strategic partner.
3. The decision of the General Assembly to increase the company's issued capital by introducing the strategic partner shall be considered null and void if one of the following two cases occurs:
 - a- The company's Board of Directors does not offer the new shares to the strategic partner within the period specified in Clause (1) of this Article.
 - b- The strategic partner's failure to subscribe to the shares offered to him and pay their value within a period not exceeding (30) thirty days from the date of their offer to him.

Article 40 - Registering New Shares for the Strategic Partner

The company's Board of Directors shall, within a maximum period of (30) thirty days from the date of completion of the procedures for subscribing to the new shares by the strategic partner, submit the following documents to the Ministry:

1. Application for amendment of the Articles of Association by increasing the company's issued capital by the amount of shares subscribed by the strategic partner.
2. A copy of the minutes of the General Assembly meeting that approved, by a special decision, the entry of the strategic partner and the increase in the company's issued capital by the amount of shares issued to it.
3. A copy of the Board of Directors' letter offering the new shares to the strategic partner.
4. A copy of the Board of Directors' decision approving the entry of the strategic partner as a shareholder in the company's issued capital, the amount of new shares subscribed and their value.
5. A copy of the Memorandum of Association, Articles of Association and commercial licence of the strategic partner, with the exception of the federal and local governments in the State.
6. A letter from the bank stating the deposit of the amount of increase in the capital if the subscription to the new shares is in cash, or the evaluation report if the subscription is in kind.
7. Any other documents that the Ministry deems necessary to submit.
8. Paying the prescribed fee for publishing the amendment to the Articles of Association with the registrar.

Article 41 - Terms and Conditions for Converting the Company's Debts into Shares in its Capital

1. Taking into account the provisions of Article (227) of the Decree-Law, the company may convert its debts into shares in its issued capital in accordance with the following conditions:
 - a- Full payment of the company's issued capital.
 - b- The debts to be converted into shares in the company's capital shall be cash debts.
 - c- The debts owed to the government, public bodies and institutions in the State, banks and finance companies shall be considered cash debts.
2. The following controls shall be taken into account to convert the company's debts into shares in its issued capital:
 - a- The company's Board of Directors shall submit an application to the Ministry to convert cash debts into shares in its issued capital, attaching thereto a draft invitation to the company's General Assembly to consider approving the conversion of the company's cash debts into shares in its capital, and approving the increase in the company's issued capital by the amount of the new shares issued to creditors.
 - b- The company's Board of Directors shall present to the General Assembly the justifications for converting debts into shares in its issued capital.
 - c- Issuance of a special decision by the General Assembly approving the conversion of debts into shares in the company's issued capital, provided that the decision includes the amount of debts and the amount of the increase in the issued capital after the conversion.

Article 42 - Registration of Debt Conversion Shares

The company's Board of Directors shall, within a maximum period of (30) thirty days from the issuance of the decision approving the conversion of debts into shares in the company's issued capital, submit the following to the registrar:

1. Application for amendment of the Articles of Association to increase the company's capital by the amount of debts that were converted in the company's capital.
2. Minutes of the General Assembly meeting that approved, by a special decision, the conversion of the company's debts into shares in its capital.
3. Minutes of the Board of Directors approving the conversion of cash debts and the amount and value of new shares.
4. A letter from the creditor or creditors - as the case may be - approving the conversion of the company's debts into shares in its capital.
5. Any other documents that the Ministry deems necessary to submit.
6. Paying the prescribed fee for publishing the amendment to the Articles of Association with the registrar.

Article 43 - Employees Incentive Programme

Taking into account the provisions of Article (228) of the Decree-Law, the company may issue an incentive programme for its employees, taking into account the following controls:

1. Non-participation of the company's Board of Directors in the programme.
2. Treating the programme shares as treasury shares, such that these shares do not have the right to voting or to profits until their ownership is transferred to the employee.
3. The incentive programme shall be limited to the employees of the concerned company, not the employees of its subsidiaries, parent or holding company.

Article 44 - Employees Incentive Programme Procedures

In order to issue a programme to encourage employees to own shares, the following procedures shall be taken into account:

1. The company's Board of Directors shall submit an application to the registrar to issue a programme to encourage the company's employees to own its shares, attaching the following:
 - a- The employees incentive programme.
 - b- A letter signed by the Chairman of the Board of Directors of the company, including the following information:
 - The entity that will manage the programme.
 - How to pay the value of the share.
 - How to transfer share ownership to the employee.
 - Ensuring that no restrictions are placed on the employee's freedom to vote on the decisions of the General Assembly after the share is registered with the secretary of the shares record in the employee's name.
 - How to resolve disputes with employees arising from the programme.
 - Programme filtering mechanism.
 - c- Draft invitation of the company's General Assembly to consider approving the issuance of the employees incentive programme.
2. The Board of Directors shall present the employees incentive programme to the General Assembly, specifying its duration and implementation mechanism.
3. Issuance of a special decision by the General Assembly approving the employees incentive programme.

Article 45 - Approval of the Employees Incentive Programme

After issuance of the decision to approve the employees incentive programme, the company's Board of Directors shall submit the following to the registrar:

1. A copy of the minutes of the General Assembly meeting that approved, by a special decision, the issuance of the employees incentive programme.
2. A copy of the employees incentive programme approved by the General Assembly.
3. Paying the prescribed fee for publishing the amendment to the Articles of Association with the registrar in the event of an increase in the company's capital for the benefit of the employees option programme.
4. An updated approved certificate issued by the secretary of the shares record, including the names of shareholders, their nationalities, the number of shares owned by them, their nominal value, and the percentage of contribution to the capital.

5. Any other documents that the registrar deems necessary to submit.

Article 46 - Issuance of Bonds or Sukuk

Subject to the provisions of the Decree-Law and the decisions issued pursuant thereto, the company may issue bonds or sukuk, whether convertible or non-convertible into shares in the company's capital, with equal values for each issuance. The bonds or sukuk shall remain nominal until their full value is paid.

Article 47 - Conditions for Issuance of Bonds or Sukuk

Taking into account the controls and conditions issued by the Central Bank regarding companies licensed by it, the company shall, upon issuance of bonds or sukuk, meet the following conditions:

1. Issuance of a special decision by the General Assembly approving the issuance of bonds or sukuk, and the General Assembly may authorise the Board of Directors to determine the date for issuance of bonds or sukuk.
2. Publishing the balance sheet and profit and loss account for at least one fiscal year, unless the issuance is guaranteed by the State or one of the banks operating therein.
3. Taking into account the provisions of Article (199) of the Decree-Law, the conversion of convertible bonds and sukuk into shares in the company's issued capital shall be in accordance with the agreement establishing such bonds or sukuk without exercising the priority right of the company's shareholders, and without the need to resubmit to the General Assembly to issue a special decision approving the conversion.

Article 48 - Conversion of the Legal Form

Taking into account the provisions of Articles (275, 276, 279, 280, 282, 283 and 284) of the Decree-Law, in order for any company taking one of the legal forms mentioned in Article (9) of the Decree-Law to be converted into a private joint stock company, the following conditions shall be met:

1. Approval of the competent authority and the regulatory entity supervising the company's activity (if any).
2. Approval of the Authority in the case of public joint stock companies.
3. The expiry of a period of not less than two audited fiscal years for the company from the date of its registration in the Commercial Register, except for the public joint stock company, in which (5) five audited fiscal years shall have elapsed from the date of its registration in the Commercial Register as a public joint stock company.
4. The value of the issued share shall have been paid in full or the partners' shares shall have been fully paid.
5. Any other conditions that the registrar deems necessary for conversion into a private joint stock company.

Article 49 - Documents for Conversion to a Private Joint Stock Company

Submitting to the registrar, through the electronic services platform, a conversion application signed by the authorised signatory on behalf of the company wishing to convert to a private joint stock company, with the following documents attached to the application:

1. Copy of the company's Memorandum of Association and Articles of Association (if any).
2. A draft of the company's Memorandum of Association and Articles of Association for the conversion into a private joint stock company.
3. A statement of the assets, rights and obligations of the company wishing to convert and their estimated value.
4. Two audited balance sheets for the two fiscal years preceding the submittal of application for conversion, except for the public joint stock company, in which (5) five audited fiscal years shall have elapsed from the date of its registration in the Commercial Register as a public joint stock company.
5. All documents indicating that the company has met the procedures stipulated in Articles (275, 276, 279, 280, 282, 283 and 284) of the Decree-Law.
6. Any other documents that the registrar deems necessary to submit.

Article 50 - Merger Methods

The merger provisions shall apply to all commercial companies except for public joint stock companies, the requirements of the Competition Law shall be met and the approval of the relevant Department in the Ministry shall be obtained regarding economic concentration. The merger shall be carried out in one of the following two methods:

1. By absorption: It is the dissolution of one or more of the merged companies, and the transfer of its legal and financial liabilities and all its rights and obligations to an existing company.
2. By consolidation: It is the dissolution of two or more of the merged companies, termination of their legal entity and the transfer of their legal and financial liabilities and all their rights and obligations to a new company.

Article 51 - Merger Conditions

Taking into account the provisions of Articles (285 and 293) of the Decree-Law, when the company wishes to merge with another company or companies, it shall take into account the following controls:

1. Approval of the registrar.
2. Approval of the concerned Department in the Ministry regarding economic concentration.
3. Approval of the regulatory entity supervising the activity (if any).
4. Observing the Law regulating the company's activity (if any) and the decisions and circulars implementing the same.

Article 52 - Merger Procedures

To achieve merger, the following procedures shall be followed:

1. Obtaining the approval of the merging and merged companies.
2. Submitting the merger to the General Assemblies - or their equivalents - of the merging and merged companies to consider the merger and issue a special decision approving the merger, the Memorandum of Association and Articles of Association of the merging company.
3. The merging companies shall conclude a contract among themselves with the terms and procedures for the merger and the timetable for completing the merger process.
4. The merging company or the new company shall replace the merged companies in all their rights and obligations.
5. Paying the prescribed fee for publishing the merger with the registrar.

Article 53 - Acquisition Cases

The acquisition provisions shall apply to all commercial companies except for public joint stock companies, the requirements of the Competition Law shall be met and the approval of the relevant Department in the Ministry shall be obtained regarding economic concentration. The following shall be considered acquisition cases:

1. Owning, directly or indirectly, all or part of the capital of a company in a way that gives the acquirer the majority of voting rights therein.
2. Control over the majority of voting rights under an agreement with partners or shareholders.
3. Owning voting rights that give actual control over the decisions of the General Assembly of the acquired company.
4. Owning voting rights that grant the authority to appoint and dismiss the majority of the Board of Directors members.

Article 54 - Acquisition Conditions

Subject to the provisions of Articles (299) and (300) of the Decree-Law, the following controls shall be taken into account for the validity of the acquisition:

1. Absence of text in the company's Articles of Association that conflicts with the acquisition process.
2. The acquisition offer submitted to the owners of the company to be acquired shall include sufficient information about the offeror, the value of the offer, and the timetable for completing the acquisition process.
3. Equality of rights and obligations among all those addressed by the offer from the same category.
4. Issuance of a special decision by the company to be acquired approving the acquisition.
5. An updated approved certificate issued by the secretary of the shares record, including the names of shareholders, their nationalities, the number of shares owned by them, their nominal value, and the percentage of contribution to the capital.
6. Any additional conditions or requirements that the registrar deems necessary to meet.

Article 55 - Treasury Shares Purchase Terms

Subject to the provisions of Article (221) of the Decree-Law, the company may purchase a percentage of its shares for the purpose of reselling them through the treasury shares programme in accordance with the following conditions:

1. The company shall have been established as a private joint stock company for at least two fiscal years.
2. The Central Bank's approval of the treasury shares programme if the company is licensed by it, taking into account the controls or conditions issued by it in this regard.
3. The approval of the company's General Assembly by a special decision on the treasury shares programme, its terms and conditions, and its implementation with the secretary of the shares record.
4. Submitting an amendment application to the registrar to obtain his approval regarding the treasury shares programme via the Ministry's electronic services platform.

Article 56 - Treasury Shares Decision Requirements

The special decision issued by the company's General Assembly approving the treasury shares programme shall include the following:

1. The purpose of the treasury shares programme.
2. The duration of the treasury shares programme, taking into account that this period shall not exceed (5) five years from the date of issuance of the decision approving the treasury shares programme. However, the programme may be renewed for other periods by re-presenting it to the General Assembly, and the latter issuing a special decision approving the renewal for another period.
3. The mechanism for disposing of treasury shares, taking into account the provisions of this Decision.
4. Authorising the company's Board of Directors or whomever is authorised by the Board to carry out purchase and sale operations of treasury shares during the programme period.

Article 57 - Treasury Shares Purchase Controls

When purchasing treasury shares, the company shall take into account the following controls:

1. The percentage of treasury shares owned by the company at any time, during the programme's validity period, shall not exceed (10%) ten percent of the company's issued capital shares.
2. The treasury shares shall not have a vote in the deliberations of the General Assembly nor a share of the profits until they are disposed of in any of the ways of disposal specified in this Decision.
3. The company shall not purchase its shares during a period of (15) fifteen days before disclosing any of its financial statements or material information that would affect the share price, as well as after (3) three days of disclosing such financial statements or material information.
4. The company shall not purchase its shares through its subsidiaries, or through any of the companies for which the company may legally or contractually appoint the majority of its members of the Board of Directors.
5. The company shall not carry out any sale process of treasury shares while carrying out purchase operations.
6. It shall not be permissible for any of the related parties to be a party to the purchase process. However, these companies may, by virtue of a special decision issued by the General Assembly or a written decision signed by shareholders who own at least (90%) ninety percent of the company's capital, allow any of the related parties to be a party to the contract, provided that this does not prejudice any of the rights of the company's creditors according to the discretion of the company's Board of Directors.
7. Treasury shares shall be shown as a separate item in the company's balance sheet.
8. Notifying the registrar at the end of each fiscal year of the number of shares purchased and the average price during that year.
9. The company shall publish in one of the widely circulated local daily newspapers in the State in the Arabic language and on the company's website in any of the following cases:
 - a- The approval of the General Assembly and the registrar of the treasury shares programme, in which case the company shall publish at least (5) five working days before starting the process of purchase of shares.
 - b- Suspending the purchase operations and the company being satisfied with the shares that were purchased or not implementing the treasury shares programme, with an explanation of the reasons in all cases.

Article 58 - Methods of Disposal of the Treasury Shares

Treasury shares may be disposed of in one of the following methods:

1. Selling to shareholders wishing to purchase them when the company offers such shares to them, and they shall be distributed proportionally according to the number of shares owned by each shareholder, if purchase requests exceed the number of shares offered for sale.
2. Selling to shareholders in exchange for cash dividends allocated for distribution to shareholders, if shareholders in the General Assembly for the ending fiscal year approve the distribution of treasury shares in exchange for the company retaining such cash dividends.
3. Cash sale to the company's employees who are entitled to benefits according to the employees incentive programme.
4. Sale in exchange for settling the debt to a creditor or a number of creditors.
5. Sale in exchange for bonds or sukuk issued by the company and convertible into shares in its capital.
6. Sale for cash to an investor or a number of investors.
7. Sale to an investor or a number of investors in exchange for a consideration in kind such as shares or stakes in other companies, assets, property, movable or immovable funds. In all these cases, shall must be an evaluation of that consideration in kind through one or more entities with technical and financial expertise in the subject of the evaluation, approved by the competent entities in the State.

Article 59 - Controls of Disposal of the Treasury Shares

When disposing of treasury shares, the company shall take into account the following controls:

1. The disposal of treasury shares shall be in accordance with the conditions specified in the programme issued in this regard, and in a manner that does not conflict with the provisions of this Decision.
2. The consideration for the treasury shares disposed of in all cases mentioned in this Decision shall not be less than the purchase price of such shares. However, the company may, in cases of necessity and when the market value of the share decreases, sell the treasury shares at less than their purchase price, provided that the matter is resubmitted to the company's General Assembly to consider issuing a special decision to sell the treasury shares at a lower price after hearing the Board of Directors' report and the auditor's report in this regard.
3. Notifying the registrar at the end of each fiscal year of the number of shares sold, the sale mechanism and the average price during that year.

Article 60 - Cancellation of Treasury Shares

When cancelling treasury shares in whole or in part, the company shall take into account the following controls:

1. Submitting a memorandum to the registrar explaining the reasons for the company's wish to cancel the treasury shares, with a request to obtain the registrar's no-objection to cancel such shares.
2. Issuance of a decision by the Board of Directors to submit a recommendation to the General Assembly to approve the cancellation of treasury shares and the reduction of the company's capital.
3. Issuance of a special decision by the company's General Assembly approving the cancellation of treasury shares and the reduction of the company's capital.

Chapter 4 - Governance Rules

Article 61 - General Provisions

1. The Board of Directors shall establish written references for activities, contracts, and delegation of powers, while specifying the financial shares of the authorised persons.
2. The Board of Directors shall create safe means for reporting violations and link them directly with the General Assembly.

Article 62 - Validity

1. The provisions of this Chapter shall apply to the company, its Chairman, Board members, managers and auditors.
2. The provisions of this Chapter shall not apply to financing companies, financial investment companies, exchange companies, and monetary brokerage companies subject to the supervision of the Central Bank, as well as branches and representative offices of foreign companies, and operating companies subject to the regulations of free zones.

Article 63 - Diversity of Board Membership

The company shall take the following into consideration:

1. The number of members of the Board of Directors shall be determined exclusively by the Articles of Association.
2. At least one-third of the members of the Board of Directors shall be independent members and the majority of non-executive members who shall have experience and technical skills required to serve the interest of the company. In all cases, when selecting the non-executive members of the company, it is required that the member is able to allocate sufficient time and attention for his membership, and that such membership does not give rise to any conflicts with his other interests.
3. There shall be at least one seat for women on the Board, provided that this Clause of this Article is implemented upon the end of the term of the Board of Directors in force at the time of the entry into force of this Decision.

Article 64 - Obligations of the Board of Directors

The Board of Directors shall take into account the following:

1. Taking the necessary measures to ensure the company's compliance with the provisions of the Decree-Law, applicable laws, regulations and decisions, and the requirements of regulatory entities.
2. Approving the annual strategies and main plan of the company, and supervising their execution.
3. Taking the necessary steps to achieve internal control over the company's workflow.

4. Establishing a special Department for internal control, to monitor the extent of compliance with the provisions of applicable laws, regulations and decisions and the requirements of the regulatory entities.
5. Establishing written procedures that regulate conflicts of interest, and address potential conflicts of interest for members of the Board of Directors, senior executive management, and shareholders.
6. Developing a clear authorisation policy at the company determining by which the authorised persons and the limits of powers delegated to them.
7. Developing a policy to regulate the relationship with stakeholders.
8. Developing the professional code of conduct of the Board members and the company's workers and auditors.
9. Developing appropriate development programmes for all Board members to develop and update their knowledge and skills.
10. Establishing procedures aimed at preventing insiders in the company from exploiting confidential internal information to achieve material or moral gains.

Article 65 - Loss of Independence Capacity

1. A member of the Board of Directors shall lose his independence capacity in the following cases:
 - a- If the member or any of his relatives up to the second degree works or has worked in the senior executive management of the company or its subsidiary, during the last two years preceding the date of his nomination for membership in the Board of Directors.
 - b- If the member or one of his relatives up to the second degree has a direct or indirect interest in the contracts and projects concluded with the company or its subsidiaries during the last two years and these transactions, together, exceed a percentage of (5%) five percent of the company's paid-up capital or an amount of (5,000,000) five million Dirhams or its equivalent in foreign currency, whichever is less, unless the relationship is part of the nature of the company's work and without preferential conditions.
 - c- If he works or has worked for the company or its subsidiaries, during the last two years prior to the date of his appointment as a member of the Board of Directors.
 - d- If he works or was a partner in a company that performs consulting work for the company or any of its parent, subsidiary, sister or allied companies, during the last two years prior to the date of his appointment as member in the Board of Directors.
 - e- If he has any personal services contracts with the company or any of its parent, subsidiary, sister or allied companies, during the last two years prior to the date of his appointment as member in the Board of Directors.
 - f- If he is directly linked to a non-profit entity that receives a significant amount of funding from the company or its subsidiaries.
 - g- If the member or one of his relatives up to the second degree is a partner or employee of the company's auditor, or if he was, during the last two years prior to the date of his appointment as member of the Board of Directors, a partner or employee of the company's auditors.
 - h- If his ownership, or that of his minor children, or both, of the company's capital reaches a percentage of (10%) ten percent or more.
 - i- If the independent member is elected or appointed in the formation of the company's Board of Directors for more than three consecutive terms.
2. The independence of a member of the Board of Directors shall not be affected by the fact that he is an employee of any of the company's affiliated companies, if any of them is a government entity or a company owned by not less than (75%) by the government or any of its affiliated entities or companies.

Article 66 - Standing Committees

1. The Board of Directors shall form the Nominations and Remuneration Committee and the Audit Committee as two standing committees that report directly to it.
2. Each of the two standing committees shall consist of not less than (3) three members of the Board of Directors, and the majority shall be non-independent members, provided that the committee is chaired by one of the independent members. The Chairman of the Board of Directors may not be a member of any of these committees. The Board of Directors shall select non-executive members in the committees concerned with tasks that may result in conflicts of interest, such as ensuring the integrity of financial and non-financial reports, and reviewing transactions concluded with related parties and stakeholders.
3. The committees shall be formed in accordance with the procedures established by the Board of Directors, which shall include a determination of the committee's mission, duration of work, powers granted to it, and method of its supervision by the Board of Directors. The committee shall submit a periodic report to the Board of Directors on the procedures, results, and recommendations it reaches with absolute transparency. The Board of Directors shall ensure that the work of the committees is followed up to verify their commitment to the tasks assigned to them.

Article 67 - Nominations and Remuneration Committee

The Board of Directors shall form a standing committee called the "Nominations and Remuneration Committee". Such Committee shall hold its meetings at least once a year or whenever necessary and its duties shall be as follows:

1. Organising and following up on the procedures for nomination for membership in the Board, in accordance with the Decree-Law and the Articles of Association.
2. Ensuring the independence of the Board of Directors members on an ongoing basis.
3. If the Committee finds that a member has lost the conditions of independence, it shall present the matter to the Board of Directors, which shall notify the member by registered letter to his address at the company with the justifications for the loss of his independence capacity. The member shall respond to the Board of Directors within (15) fifteen days from the date of his notification. The Board of Directors shall issue a decision to consider the member independent or not independent at the first meeting held after the member's response or the expiration of such period without a response. If the Board of Directors decides that the member's independence is no longer valid, the Board shall present the matter to the General Assembly, unless the member decides to submit his resignation or the number of independent members constitutes one-third of the Board members without that member.
4. Drawing up the policy for granting the remunerations, benefits, incentives, and salaries of the company's employees and reviewing them on annual basis. The Committee shall verify that the remunerations and benefits granted to the Senior Executive Management are reasonable and commensurate with the performance of the company, and establish a specific mechanism for calculating the remuneration of the Board of Directors and the executive management of the company.
5. Reviewing the structure of the Board of Directors and making recommendations regarding the changes that can be made.
6. Determining the company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
7. Preparing the company's human resources and training policy, monitoring its implementation and reviewing it annually.
8. Ensuring the existence of an appropriate and updated plan for the continuation and follow-up of the work of the company's senior executives and Chairmen of the Board of Directors committees.
9. Any other duties assigned thereto by the Board.

Article 68 - Audit Committee

1. The Board of Directors shall form a standing committee called the "Audit Committee." All members of the committee shall have knowledge and expertise in financial and accounting matters, and at least one of them shall have previous work experience in the field of accounting or financial matters. One or more members may be appointed from outside the company in the event where there is not a sufficient number of non-executive members of the Board of Directors.
2. The Committee shall hold its meetings at least once every three months or whenever necessary.
3. Any former partner in the audit office assigned to audit the company's accounts shall be prohibited from being a member of the Audit Committee, for a period of one year from the date of termination of his status as a partner or any financial interest he has in the audit office.
4. The company shall provide the Audit Committee with sufficient resources to perform its duties, including authorising it to seek the assistance of experts and specialists whenever necessary.

Article 69 - Tasks of the Audit Committee

The Audit Committee shall have the following tasks and obligations:

1. Reviewing financial and accounting policies and procedures, and monitoring the integrity of financial data and company reports, with a focus on changes in accounting practices and management estimates.
2. Verifying the aspects subject to management's discretion and the material adjustments resulting from the audit, and considering the important and unusual items in the financial reports.
3. Submitting recommendations to the Board of Directors regarding the appointment or dismissal of the auditor, as well as developing the policy for contracting with the auditor and reviewing its regularity.
4. Ensuring the independence and qualification of the auditor and his compliance with applicable laws and regulations.
5. Discussing the scope and effectiveness of the audit process with the auditor without the presence of executive management at least once a year.
6. The auditor shall examine the plans, correspondences, notes, proposals and his reservations and follow up on the management's response thereto.
7. Ensuring that the Board of Directors responds appropriately to the inquiries and substantive issues raised by the auditor.

8. Reviewing and evaluating internal control and risk management regulations and ensuring the effectiveness of the internal control regulation and its resources.
9. Reviewing internal control reports, coordinating between internal and external auditors, and following up on the implementation of corrective measures.
10. Establishing mechanisms for reporting potential violations in financial reports or internal controls and conducting independent investigations into these violations.
11. Monitoring compliance with the rules of professional conduct and reviewing the dealings of related parties to ensure there are no conflicts of interest.
12. Submitting reports and recommendations on the aforementioned issues to the Board of Directors and discussing any other topics determined by the Board.

Article 70 - Internal Control

1. The company shall have a sound internal control system that aims to assess the company's risk management methods and procedures, apply its governance rules properly, and verify the company's and its employees' commitment to the provisions of the Decree-Law and the applicable laws, regulations and decisions that regulate its work, internal policies and procedures, and review the financial data that are presented to the company's senior executive management and are used in preparing the financial statements.
2. The internal control regulation shall be issued by the Board of Directors, and the implementation thereof shall be undertaken by a department specialised in internal control.
3. The Board of Directors shall determine the objectives, tasks and powers of the department responsible for internal control, which shall have sufficient independence to perform its duties and shall report directly to the Board of Directors.
4. The Board of Directors shall conduct an annual review to ensure the effectiveness of the internal control system in the company and its subsidiaries, and disclose the results it reaches to shareholders in its annual report on corporate governance.
5. The annual review shall include the following, in particular:
 - a- Basic control elements, including control over financial affairs, operations and risk management.
 - b- Changes that have occurred since the last annual review in the nature and extent of the main risks and the company's ability to respond to changes in its business and the external environment.
 - c- The scope and quality of the Board's ongoing control of risks, the internal control regulation, and the work of the internal auditor.
 - d- The number of times the Board of Directors or its committees are informed of the results of the control work, in order to evaluate the status of internal control in the company and the effectiveness of risk management.
 - e- Cases of failure or weakness in the control system that have been detected.
 - f- Verifying all transactions in terms of whether they are made with a related party or involve a conflict of interest, and verifying compliance with the procedures regulating such transactions.

Article 71 - Company's Governance Report

The company shall submit a governance report to the registrar before the annual General Assembly meeting for the ended fiscal year, signed by the Chairman of the Board of Directors or his authorised representative, and the report shall be sent and made available to all the company's shareholders.

Article 72 - Administrative Penalties

The acts committed in violation to the provisions of this Decision shall be subject to the administrative penalties specified according to the provisions of Cabinet Decision No. 102/2022 on the Issuance of the Regulation on the Administrative Penalties for Acts Committed in Violation of the Provisions of Federal Decree-Law No. 32/2021 on Commercial Companies.

Article 73 - Publication on the Economic Register

The establishment of partnerships shall be published in the economic register at the Ministry, and shall be made available through open data.

Article 74 - Abrogations

1. The following Ministerial Decisions shall be abrogated:
 - a- Ministerial Decision No. 539/2017 on the Controls of Private Joint Stock Companies implementing the provisions of the Commercial Companies Law and its amendments.
 - b- Ministerial Decision No. 585/2018 on the Governance of Private Joint Stock Companies.

2. Any provision or decision that is contrary to or inconsistent with the provisions of this Decision shall be abrogated.

Article 75 - Publication and Entry into Force

This Decision shall be published in the Official Gazette, and it shall come into force from the date of its publication.

Issued on: 30/7/2024

Abdulla bin Touq Al Marri

Minister of Economy

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