

# **The Companies Law No. 22 of 1997**

## **And its amendments**

**As of Official Gazette No. 57 dated 1/11/2006**

### **Definitions and General Provisions**

#### **Article (1):**

This Law shall be cited as the “Companies Law of 1997” and shall come into effect after the lapse of thirty days from the date of its publication in the Official Gazette.

#### **Article (2): Definitions**

The following words and expressions, wherever used in this Law, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Ministry:	Ministry of Industry and Trade.
The Minister:	Minister of Industry and Trade.
The Controller:	The Companies General Controller.
The Directorate:	The Companies Supervision Directorate associated with the Ministry.
The Bank:	The financial company licensed to carry out banking activities in pursuance to the provisions of the Banking legislation in force.
The Court:	Court of First Instance in whose jurisdiction the headquarters of the Jordanian company or the main branch of the foreign company is located.

b) The words and expressions, “Commission”, “Stock Market”, “Market”, “Depository Center”, “Coverage Promissory”, “Issue Manager” and “Issue Trustee”, wherever stated in this Law, shall have the definitions ascribed to it pursuant to the Securities Law in force.

#### **Article (3): Application of the Law**

The provisions of this Law shall apply to companies practicing commercial activities and to matters dealt with in its provisions. If this Law does not include a provision applicable to any matter, then reference shall be made to the Commercial Code. If a provision is not included therein, then reference shall be made to the Civil Code; otherwise provisions of commercial practice, and guidance by judicial, jurisprudent interpretations, and equity principles shall be applied.

#### **Article (4): Formation and Registration of the Company**

The formation and registration of companies in the Kingdom shall be realized in accordance with this Law. And every company formed and registered under this Law shall be considered a Jordanian corporate entity, with its Headquarters situated in the Kingdom.

#### **Article (5): Registration Arresters and Objection to Registration**

a) No company shall be registered with a name chosen for a fraudulent or an illegal objective. And no company shall be registered with the name of another company already registered in the Kingdom, or with a name so similar thereto that may lead to confusion or deception. The Controller may reject the registration of a company with such name in any such cases.

b) Any company may submit a written objection to the Minister, within sixty days from the date of the publication of the decision to register another company in the Official Gazette, for cancellation of the registration of such other company, if the name under which it is registered is similar to its name or resembles it to the point that would lead to confusion or deception. The Minister after giving the company, whose registration is contested, time to submit its defense within the period specified by him, will issue his decision to cancel the registration of the other company if he is convinced by the reasons for the objection to its registration, and the company does not amend its name and remove the reasons for the objection. Any party aggrieved by this decision may appeal to the High Court of Justice within thirty days from the date of the publication thereof in one of the local daily newspapers.

#### **Article (6): Company Forms**

a) Subject to the provisions of Articles (7) and (8) of this Law, companies registered under this Law shall be divided into the following forms:

1. General Partnership
2. Limited Partnership
3. Limited Liability Company
4. Limited Partnership in Shares
5. Private Shareholding Company
6. Public Shareholding Company

b) It is not stipulated that a prior approval be received from any other entity to register any company, provided that no legislation in force requires otherwise.

c) The Department may declare, in pursuance to instructions issued by the Minister, any evidence or information not related to the company accounts or financial statements.

d) The Department may retain an electronic or minimized copy of the documents and evidence originals archived or deposited with it. It is also permitted to retain by electronic means the evidence, information, registers and transactions related to its activities. These copies and the evidence, information and registers produced after being stamped with the Department's stamp and signed by the authorized official will

have the same legal effects of the original written documents including their legal title in evidence.

**Article (7): Companies Registered Pursuant to Agreements Concluded by the Government with other States**

a) Companies registered in the Kingdom pursuant to agreements concluded by the Government with any other state and the joint Arab companies emanating from the Arab league or the institutions or organizations affiliated thereto shall be registered with the Controller in a special register prepared for this purpose. These companies shall be subject to the provisions and conditions stated in this Law in the circumstances and on the issues not stipulated in the agreements and contracts under which they were established and their Memorandums of Association.

- Companies Operating in Free Zones

b) Companies operating in the free zones shall be registered with the Free Zones Corporation in the registers prepared by it for that purpose in coordination with the Controller. The laws and regulations implemented in this Corporation shall be applied thereto provided that the Corporation send a copy of the registration of these companies to the Controller in order for him to document the registration of investors in the free zones with the Ministry.

- Civil Companies

c) Civil Companies

1. Civil companies shall be registered with the Controller in a special register named "Register of Civil Companies." Such companies are the companies established among specialized and professional partners and shall be subject to the provisions of the Civil Code, the provisions of the laws pertaining thereto and to their internal Articles and Memorandum of Association.
2. New partners of the same profession may be admitted to such companies or partners may withdraw there from. These companies shall not be subject to the provisions of bankruptcy and preventive bankruptcy.
3. The provisions set forth herein shall apply to the registration of these companies and the amendments effected thereon to the extent that they do not contradict with the provisions of the laws and regulations related thereto.
4. If all the partners in a company belong to the same profession, and the company objectives are limited to practicing the work and activities related to that profession, the partners may agree in the company articles of association or its memorandum of association on any special provisions to manage the company or to distribute its profits or to organize the transfer of the shares' ownership therein and to place the necessary restrictions for that purpose or to place special provisions for any other issues related to the company in accordance with what the partners agree upon.

- Non-profit Companies

d) Non-profit companies may be registered in accordance with one of the types of companies provided for in this Law and in accordance with the provisions set forth in this Law. These companies shall be registered in a special register named "Register of Non-Profit Companies." The company's provisions, conditions, objectives, work that it is permitted to practice, supervision, the method and manner of receiving assistance and grants, finance resources, spending method, liquidation and accrual of its money upon liquidation and death, and documents that should be submitted to the Controller and remaining related issues will be specified in pursuance to a special regulation issued for this purpose.

e) A joint investment company will be registered as a Public Shareholding Company with the Controller in a special register. The provisions of this Law shall be applied to its registration, management and amendments that may occur thereto; otherwise it shall be subject to the Securities Law

f) The company registration application, articles and memorandum of association or any other document or any amendment that may occur to any of same shall be signed in the presence of the Controller or the person authorized by him in writing. Any document which the Law requires its submittal to the Controller or the Department for any type of the companies listed in this Law shall also be signed in the presence of the Controller or person authorized by him in writing or the Notary Public or a practicing lawyer.

#### **Article (8): The Conversion of Public Entities into Public Shareholding Companies**

Notwithstanding anything stipulated in this Law:

a) Any institute, authority, public official body or public utility or any part of it may be converted by virtue of a decision of the Council of Ministers, upon the recommendation of the Minister, the Minister of Finance and the appropriate Minister, into a Public or Private Shareholding Company or a Limited Liability Company operating in pursuance to commercial basis where the government owns all of its shares, with the exception of the institute, authority or public body established by virtue of a special law, in which case the special law pertaining thereto should be amended before converting it to any of the abovementioned companies in accordance with the provisions of this Article.

b) The capital of such company shall be determined by re-evaluating the moveable and immovable assets of the corporation, authority or body in accordance with the provisions of the Law, provided that the members of the re-evaluation committee shall include at least one licensed auditor. The value of such assets shall be considered cash shares in the company capital.

c) The Council of Ministers shall appoint a special committee that shall prepare the company's articles and memorandum of association including the method of selling and trading its shares and completing the procedures for converting the corporation, authority or public official body into a Public Shareholding Company and the registration thereof in such capacity in accordance with the provisions of this Law.

d) Upon the conversion of the corporation, authority or public official body into a company and the registration thereof in such capacity, the Council of Ministers shall appoint its Board of Directors to conduct the affairs thereof and to carry out all powers entrusted thereto under this Law.

e) The company established in the aforesaid manner shall be subject to the provisions and conditions stipulated in this Law in the circumstances and issues not provided for in its articles and memorandum of association and shall appoint its independent auditor.

f) The company established in the aforesaid manner shall be considered a general successor for the corporation, authority or public official body which has been converted and shall supersede it legally and practically in all its rights and obligations.

## **CHAPTER ONE**

### **Formation and registration of General Partnerships**

#### **Article (9): Founding of the General Partnership**

a) A General Partnership shall consist of a number of natural persons, not less than two and not more than twenty, unless the increase is due to inheritance, provided that such an increase is subject to the provisions of Articles (10) and (30) of this Law.

b) No person may be a partner in a General Partnership unless he is at least eighteen years of age.

c) A partner in the General Partnership will acquire the capacity of a merchant and shall be considered as practicing commercial business in the name of the Partnership.

#### **Article (10): Address of the Company**

a) The title of the General Partnership shall consist of the names of all the partners, or of the title or surname of each of them or of the name of one or more of the partners or his title, provided that, in this case, the phrase “and his partners” or “and partners” is added to his name or their names, as the case may be, or what would lead to the meaning of this phrase. The title of the Partnership shall always comply with its existing status.

b) The General Partnership may have its own trade name provided that the said name is associated with the title under which the Partnership is registered and that it appear on all the documents and papers issued by the Partnership or dealt with and on its correspondence.

c) If all or some of the partners in the General Partnership die and the title of the Company was registered in their names, their heirs and the surviving partners may – with the approval of the Controller – keep the Company title and use same if he finds that the Company title has acquired commercial fame.

#### **Article (11): Registration Procedures**

a) An application for registration shall be submitted to the Controller together with the original Company agreement signed by all the partners and with a statement signed by each of them in accordance with paragraph (f) of Article (7) of this Law. The Company agreement and its statement must include the following

1. Title of the Company and its trade name, if any.
2. Names of the partners and the nationality, age and address of each of them.
3. Headquarters of the Company.
4. The Company's capital and each partner's share therein.
5. Objectives of the Company.
6. Duration of the Company, if it is limited.
7. Name of the partner or names of the partners authorized to manage and sign on behalf of the Company and their powers.
8. The status of the Company in the event of the death, bankruptcy, or the declaration of incompetence of any or all of its partners.

b) The Controller shall issue his decision approving the registration of the Company within fifteen days from the date of the submission of the registration application. The Controller may reject the said application if there is evidence in the Company agreement or its memorandum of a violation of this Law, public order or the provisions of all legislations in force and if the partners do not take action to rectify the said violation within the period determined by the Controller. The partners may submit an objection to the Minister against the rejection decision of the Controller within thirty days from the date of notifying them of the said rejection.

Should the Minister decide to reject the objection, the objectors shall have the right to contest his decision before the High Court of Justice within thirty days from the date of their notification of the decision.

c) If the Controller approves the registration of the Partnership Company or if the approval was obtained by a decision of the Minister, pursuant to the provisions of paragraph (b) of this Article, it shall be registered after collection of the registration fees and the Controller will issue the Company a registration certificate which will be considered as official evidence in all legal procedures. The Company must maintain it in a visible place in its headquarters and the Controller shall also publish an announcement of the Partnership's registration in the Official Gazette.

d) The General Partnership is not allowed to commence its operations or to exercise any of them except after its registration and payment of the fees due thereon in accordance with the provisions of this Article, and subject to all the provisions of this Law and the regulations issued in accordance.

### **Article (12): The General Partnerships Register**

The Controller shall keep a special register in which all General Partnerships are registered in serial numbers and in chronological order according to their registration dates. The alterations or amendments that may occur to any of them shall be recorded therein. Any individual may, upon payment of the required fees, review the said register after obtaining the prior approval of the Controller if the latter is convinced that such individual has a special interest in the register.

### **Article (13): Change or Alteration of the Address**

A General Partnership shall have the right to change its title or to modify it with the approval of the Controller. The application in this regard shall be signed by all partners. This change or modification shall not affect the rights and obligations of the Company. It will also not be a reason to nullify any action, legal procedure or judicial proceedings carried out by itself or by others towards it. The Company should request the Controller to register the change in its title or the revision made by it thereon in the special register of General Partnerships, within seven days from the date of that action, after payment of the prescribed fees and its publication in the Official Gazette and in at least one of the local daily newspapers, at the expense of the Company.

### **Article (14): Amendment of the Company Partnership Agreement**

If any change or amendment is made to the Partnership Agreement or to any of its memoranda by which it was registered, the Partnership must request the Controller to record that amendment or change in the special register of General Partnerships, within thirty days from the date of the change or amendment. All procedures for approval, registration and publication prescribed in this Law shall be followed. The Controller may publish any amendment or change that may occur to the Company and deemed necessary by him, at the expense of the Company in one of the local daily newspapers.

### **Article (15): Non-compliance with Registration Procedures**

Failure to comply with the registration procedures stipulated in Articles (11), (13) and (14) of this Law would not preclude the assertion of the actual existence of the Company, or the assertion of the changes made to the benefit of third parties, or the assertion of the nullity of the company or change for the interest of third parties. No partner shall benefit from such non-compliance and each partner shall be jointly liable with the Company and the remaining partners before third parties for any damage resulting therefrom.

### **Article (16): Rights and Obligations of the Partners**

a) Subject to the provisions of paragraph (b) of this Article, the Partnership Agreement shall determine the rights and obligations of the partners ensuing therefrom. However, if the Agreement does not stipulate the manner by which the profits and losses will be distributed, then same shall be distributed among the partners in proportion to the quota of each one of them in the capital of the Company.

b) The partners in a General Partnership may agree to change or modify their rights and obligations towards each other under the Partnership Agreement or any other document. This shall be governed by the provisions of registration and publication in the Official Gazette which are stipulated in this Law.

## **CHAPTER TWO**

### **Management of General Partnerships and**

#### **Relationship of the Partners with One Another and with Others**

##### **Article (17): Management of the Company**

a) Each partner shall have the right to take part in the management of the General Partnership and the Partnership Agreement shall specify the names of partners authorized to manage and sign on its behalf and their powers. The authorized person shall realize the operations of the Company in accordance with the provisions of this Law and the regulations issued in line therewith and within the authorities delegated to him and the rights given to him under the Partnership Agreement. The authorized person shall not have the right to receive any remuneration or wages in return for his work in the management of the Company except with the approval of the remaining partners.

b) Any partner authorized to manage the affairs of the General Partnership and to sign on its behalf shall be considered its legal representative and the Company shall be committed to the actions he undertakes on its behalf and to the results arising from the said actions. However, if the partner is not authorized and realized any work in the name of the Company, then it shall be responsible for his actions towards a bona fide third party and shall claim compensation from him for all the losses and damages that may have been incurred thereby as a result of his action.

##### **Article (18): Responsibilities of Persons Authorized to Manage the Company**

a) Any person authorized to manage the affairs of the General Partnership, whether a partner or not, must work for its benefit honestly and faithfully, safeguard its rights and protect its interests. Same shall also present the partners on a periodic basis or upon the request of all or any one of them with correct accounts of the Company operations in addition to detailed information and data thereon.

b) The person authorized to manage the General Partnership shall be responsible for any harm he may cause the Company or for any damage incurred thereby due to his negligence or failure in realizing his duties. Such responsibility shall prescribe after the lapse of five years from the date his work in the Company management is terminated for any reason whatsoever.

##### **Article (19): Responsibilities of the Person Authorized to Manage a Partnership upon the End of his Authorization**

a) The person authorized to manage the General Partnership must present the partners therein the following documents whether or not he has been requested to do so by the partners and within three months from the date his duty in the Company's management ends:

1. An account showing every benefit he gained whether in cash or in-kind or any rights he obtained or owned as a result of any work relating to the Company



which he conducted or exercised in the course of his management of the Company and which he kept for himself including any similar benefits which he gained through the exploitation of the Company's title, trademark or fame. The said person shall be obliged to refund the full value or amounts of profits he earned and compensate the Company for all the harm sustained thereby including interest, expenses and costs incurred by the Company.

2. An account of any properties or assets belonging to the Company which he has placed under his control or disposal and used or exploited or for the purpose of exploiting same for his personal benefit. The said person shall be obliged to return such properties and assets to the Company and shall be liable for any loss or damage incurred thereby. He must also compensate the Company for any harm or damage incurred thereby and for the loss of profit incurred by the Company as a result of the aforementioned.

b) The provisions provided for in paragraph (b) of Article (18) of this Law regarding the discharge of responsibility shall not be applicable to the acts stipulated in this Article. Such provisions also do not include anything that prevents the person who commits the abovementioned acts from assuming penal liability pursuant to any other law.

#### **Article (20): The Discharge of the Person Authorized to Manage the Partnership**

a) If the person authorized to manage the Partnership and sign on its behalf was a partner therein and was appointed in that capacity in pursuance of the Company agreement or a special contract agreed upon between the partners, then he may not be discharged from managing it or signing on its behalf and another may not be appointed in his stead except with the approval of all partners or by virtue of a decision issued with the majority of more than one-half of all partners who own more than 50% of the Partnership's capital if the Partnership Agreement permits that and if it contains a provision stating the method of appointing a person authorized to manage it and sign on its behalf from among the partners instead of the discharged person. Otherwise the authorized partner may not be discharged.

b) The partner authorized in managing the Company and signing on its behalf may be dismissed with a decision issued by the competent Court upon the request of one partner or more if the Court finds a legitimate cause justifying that dismissal, after which the competent Court shall take a decision to appoint a substitute authorized person.

#### **Article (21): Actions that a Partner is Prohibited to Undertake**

A partner in a General Partnership or the authorized person in managing it, whether a partner or other, shall not be permitted to undertake any of the following actions without obtaining the prior written approval of the remaining partners or all of them, as the case may be:

a) To enter into any undertaking with the Company to realize any business, whatever its nature, on its behalf.

b) To enter into any undertaking or agreement with any person if the subject-matter of the undertaking or the agreement falls within the objectives and activities of the Company.

c) To engage in any business or activity which competes with the Company, whether he carried out the said business or activity for his own benefit or for the benefit of others.

d) To participate in any other company which carries out businesses similar or analogous to those of the Partnership or to assume the responsibility of managing such companies. This Article does not apply to mere ownership of shares in Public Shareholding Companies.

#### **Article (22): Expenses of the Person Authorized to Manage the Partnership**

The General Partnership shall be liable for all the expenses and costs incurred by the person authorized to manage the Company in the course of conducting its operations or for any loss or damage sustained by him due to undertaking any business for the benefit of the Company or for the protection of its assets and rights, even if the said person did not obtain the prior approval of the partners for that.

#### **Article (23): Expelling a Partner from the Partnership**

The partners in a General Partnership shall not have the right to expel any of them from the Company except by a Court decision upon the request of any of the partners.

#### **Article (24): Partnership's Account Books, Records, and Registers**

a) The Partnership shall undertake to keep its account books, records and registers at its headquarters or at any place where it carries out its activities. If the capital of the Partnership is ten thousand Dinars or more, it shall undertake to keep duly organized account books and records. Each partner shall have the right to examine such account books, records and registers either personally or by delegating, in writing, any other experienced and specialized person to do so and to obtain copies or extracts therefrom. Any agreement to the contrary shall be null and void.

b) The General Partnership, whose capital is one hundred thousand Dinars or more, shall undertake to appoint a licensed auditor to be elected by the majority of the partners.

#### **Article (25): Partnership's Responsibility towards Actions of Authorized Manager**

a) The General Partnership shall be bound by any action undertaken by any person authorized to manage it or to realize such action and by any documents signed by him in the name of the Company whether such person is a partner in the Company or not.

b) The person authorized to manage the Company shall be considered authorized to file lawsuits in the name of the Company unless the Partnership's Agreement provides otherwise.

### **Article (26): Partners' Responsibility towards Partnership Debts**

a) Subject to the provisions of Article (27) of this Law, the partner in the General Partnership shall be jointly and severally liable with the rest of the partners for all the Partnership's debts and obligations which became due on the Company during the period he is a partner therein. He shall guarantee the Company's debts and obligations by his own private property. This liability and guarantee shall be transferred to his heirs after his death within the limits of the amount inherited.

b) Anyone who assumes, either verbally or in writing or by his acts, the identity of a partner in the General Partnership or deliberately allows others to believe as such shall be responsible to any party who becomes a creditor to the Company as a result of his belief in that pretence.

### **Article (27): Partnership Prosecution**

A creditor of the General Partnership may sue the Company and partners therein. However, he may not levy execution on property of partners for collecting his debt except after having levied execution on the property of the Company. Should such property prove to be insufficient for settlement of his debt, then the creditor may file lawsuit against the partners' own property to settle the amount remaining of that debt. Each partner shall have the right to compensation from other partners in proportion to the percentage paid by him for each one of them out of the Company debt.

### **Article (28): Withdrawal from a Partnership**

a) Any partner in the General Partnership may of his own will withdraw therefrom if the duration of the Company is not limited, in such case he must abide by following:

1. Inform the Controller and the remaining partners in the Partnership of his intention to withdraw therefrom by serving them with a written notice through registered mail. The withdrawal shall be considered effective as from the day following the publication of same by the Controller in at least two local daily newspapers at the expense of the withdrawing partner. Withdrawals will only be effective against others from this date.
2. The withdrawing partner shall continue to be, together with the remaining partners, jointly and severally liable for all the Company debts and obligations incurred by it prior to his withdrawal therefrom. The withdrawing partner shall be considered as guarantor of the said debts and obligations from his private properties, together with the remaining partners, in accordance with the provisions of this Law.
3. The withdrawing partner shall be responsible towards the Company and the remaining partners for any harm or damage sustained by them as a result of his withdrawal from the Partnership, and he shall also be responsible to compensate for such harm or damage.

b) If the General Partnership is of limited duration, then none of the partners are allowed to withdraw therefrom during that period except with a Court decision.

c) Should the provisions of paragraphs (a) and (b) of this Article apply, then the remaining partners shall realize the necessary amendments to the Partnership Agreement and make the necessary changes to its status in accordance with the provisions of this Law.

d) In case a partner withdrawal in accordance with the provisions of paragraph (a) of this Article and the Company was comprised of two persons then this will not lead to dissolution of the Company and the remaining partner should admit one or more new partners to the Company to replace the withdrawing partner within three months from the date of withdrawal. Failing to do so within such period will result in the dissolution of the Company by operation of Law.

#### **Article (29): Admittance of a Partner to the Partnership**

a) One or more new partners may be admitted to the Partnership with the approval of all the partners unless it is stated otherwise in the Partnership Agreement. The new partner, with the remaining partners, shall become liable for all debts and obligations that become due on the Company after his admittance thereto, and shall also be considered as guarantor of the said debts and obligations with his personal properties.

b) The provisions of paragraph (a) of this Article shall apply to any new partner admitted to the Company as a result of the relinquishing by one of the other partners to him of his share or a part thereof in the Company. In this case, the provisions of clauses (2) and (3) of paragraph (a) of Article (28) of this Law shall apply to the withdrawing partner.

#### **Article (30): Death of a Partner**

a) Unless the Partnership Agreement or any other agreement signed by all partners prior to the death of a partner provides otherwise:

1. The Partnership shall remain in existence and shall continue to exist in the event of the death of one partner therein.
2. Any of the heirs of the deceased partner wishing to join the Company may do so, each in proportion to the percentage of shares devolved upon him from the share of his devisor, in the capacity of a general partner if same meets the conditions required in the general partner in accordance with the provisions of this Law. Heirs not wishing to join the Company must notify the Controller with a written notice within two months of the occurrence of the death. In all cases the heirs joining the Company and the partners must bring about the necessary changes in the Partnership's Agreement and its statement in accordance with the Law's provisions within a period set by the Controller.
3. If one of the heirs of the deceased partner is a minor or is legally incompetent he shall be admitted to the Company as a limited partner and the Partnership shall, by operation of the Law, be converted to a Limited Partnership.

b) If the General Partnership continues to operate following the death of any of its partners without there being in its Agreement or any other agreement signed by all partners prior to the death of the partner any express provision that prohibits the Company to continue in existence and it continues to exist, then the inheritance of the

deceased partner shall not be liable for any of the debts and obligations that become due on the Company following his death.

#### **Article (31): Bankruptcy of One of the Partners**

If one of the partners in the General Partnership becomes bankrupt, then the creditors of the Company shall have the priority over his private debts in his bankruptcy. If the Company, however, becomes bankrupt, then its creditors shall have priority over the private creditors of the partners.

### **CHAPTER THREE**

#### **Dissolution and Liquidation of a General Partnership**

##### **Article (32): Cases of Company Termination**

A General Partnership shall be terminated in any of the following circumstances:

- a) When all partners agree on the dissolution of the Company or on its merger with another company.
- b) Expiry of the Company's term, whether its original term or the extended term as per the agreement of all partners.
- c) Completion of the objective for which it was formed.
- d) When only one partner remains in the Company subject to the provisions of paragraph (d) of Article (28) of this Law.
- e) Declaring the Company bankrupt, in which case this will result in the consequent bankruptcy of the partners.
- f) Declaring one of the partners bankrupt or legally incompetent unless all remaining partners decide on the continuance of the Company between them in accordance with the Partnership agreement.
- g) Dissolution of the Company by a Court decision.
- h) Canceling the registration of the Company upon the Controller's decision in accordance with the provisions of this Law.

##### **Article (33): Dissolution of a Company**

- a) The Court shall consider the dissolution of a General Partnership pursuant to a case filed by one of the partners in any of the following circumstances:

1. If any of the partners commits a imperative continuous breach of the Partnership Agreement or causes substantial damage to the Company as a result of committing a wrong, default, or negligence while managing the Company affairs or while looking after its interests or safeguarding its rights.
2. If the activities of the Company's can only be realized at a loss for any reason whatsoever.
3. If the Company loses all of its properties or a big portion so that the continuity of its activities becomes unfeasible.
4. If a disagreement occurs between partners rendering the continuity of the Company among them impossible.
5. If any of the partners becomes permanently incapable of performing his duties towards the Partnership or fulfilling his obligations thereto.

b) The Court may, in any one of the events mentioned in paragraph (a) of this Article, either decide to dissolve the Company or decide that it continue to realize its business after the expulsion of one or more partners therefrom if such an expulsion, at the discretion of the Court, will lead to the continuity of the operations of the Company in a normal manner that meets the interests of both the Company and the remaining partners and safeguards the rights of others.

#### **Article (34): Ceasing of Company's Operations**

Should the Company cease to carry out its operations, the authorized partner or any partner therein shall notify the Controller of that within a period that does not exceed thirty days from the date of the Partnership ceasing its operations, or if the Controller became aware that the Company has ceased to carry out its operations, and after ascertaining this, he may in both cases grant the Company a specified period to resume its operations. If the Company fails to respond, the Controller may request its compulsory liquidation.

#### **Article (35): Company Liquidation**

a) Any Partnership that has been dissolved for any of the reasons stipulated in this Law shall be considered in a state of liquidation and the properties thereof shall be liquidated and distributed among the partners as agreed upon in the Partnership Agreement or any other document signed by all partners. Should there be no such agreement between the partners, then the liquidation of the Company and the distribution of its properties among the partners shall be governed by the provisions of this Law.

b) A General Partnership which is under liquidation shall retain its corporate identity, to the extent necessary for the liquidation and its procedures and until its liquidation is realized. The authority of the person authorized to manage the Company shall, in this case, be terminated whether he is one of the partners or others.

#### **Article (36): Appointment of a Liquidator**

If the liquidation of the Partnership is voluntary with the agreement of all partners, then a liquidator shall be appointed by the partners, and they shall determine his remuneration. Should a dispute arise between them regarding this issue, then the

liquidator shall be appointed and his remuneration will be determined by the Court upon the request of any or all of the partners. However, if the Company has been dissolved by law or by a Court decision, then a liquidator shall be appointed by the Court which shall also determine his remuneration.

#### **Article (37): Liquidator's Activities**

a) The liquidator of a General Partnership must commence his work by announcing the Company's liquidation in one daily newspaper at least and by preparing a list which includes all the properties and assets of the Company, and must also specify all its rights due from others and obligations due to others. The liquidator is neither authorized to relinquish any of the Company properties, rights or assets nor to dispose of any of them except with the prior approval of all partners or permission from the Court.

b) The liquidator is not authorized to carry out any new business for the Company or in its name except what is needed and necessary for the completion of any undertaking which has been previously commenced by the Company.

c) The liquidator shall be personally liable for any violation of the provisions of this Article.

#### **Article (38): Liquidator's Duties**

The liquidator must comply with all the legal and practical procedures needed for the liquidation of the General Partnership in accordance with the provisions of this Law and any other legislation which he deems appropriate to apply, including the collection of debts due to the Company and repayment of debts due by the Company, according to priority as determined by law.

#### **Article (39): Settlement of Partners' Rights after Dissolution of Partnership**

a) The following rules and provisions shall be observed in settling the rights among the partners after the dissolution of a General Partnership and placing it under liquidation, and the properties and assets of the Company including the properties offered by the partners for the purpose of such settlement and as a part thereof, shall be utilized for the settlement of such rights and obligations due, according to the following order:

1. Liquidation costs and the remuneration of the liquidator.
2. Amounts due by the Company to its employees.
3. Amounts due by the Company to the public treasury.
4. The Company's debts to creditors other than the partners provided that priority rights are observed when repaying same.
5. Loans advanced by partners to the Company which were not part of their shares in its capital.

b) Each partner shall receive profits and incur losses including the profits or losses of the liquidation in the same proportion agreed upon and determined in the Partnership Agreement. If the Agreement does not indicate such a proportion, then distribution of

profits and losses shall be made in proportion to their shareholding in the capital. The remaining amount of the Company properties and assets shall then be distributed among the partners each in proportion to his shareholding in its capital.

#### **Article (40): Liquidator's Duties upon End of Liquidation-**

a) The liquidator must submit to each partner at the end of the General Partnership liquidation a final account of the operations and procedures undertaken by him during the liquidation process. He must also submit the said account to the Court should he have be appointed therefrom. In all events, the Controller shall be notified of the causes of liquidation and shall be provided with a copy of that account in a period that does not exceed a year from the date of the liquidation decision. Contrary to this, the Controller may refer the Company under liquidation to Court in order for it to complete the liquidation procedures under its supervision, or he may grant the liquidator an appropriate grace period to complete these procedures. In all cases the Controller must publish an announcement of the Company liquidation in the Official Gazette and in a local daily newspaper at the Company expense. The date of appeal comes into force as of the announcement's publication in the local daily newspaper if the liquidation decision is not issued in the presence of the parties.

b) Shall it become apparent after the completion of the liquidation procedures and the cancellation of the Company's registration that movable and immovable property registered in the Company's name were not included in the liquidation exist, the Controller shall refer the matter to Court in order for it to issue a decision in pursuance to a summary request to determine the method of liquidating this property whether through the appointment of a new liquidator, or the continuance of the previous liquidator in carrying out his duties.

## **PART TWO**

### **Limited Partnership**

#### **Article (41): Founding of a Limited Partnership**

A Limited Partnership is formed of the two following categories of partners whose names should be listed in the Partnership Agreement.

a) General Partners:

They shall manage the Partnership and realize its operations. They are also jointly and severally liable for all the Partnership's debts and liabilities with their private properties.

b) Limited Partners:

They shall contribute to the capital of the Partnership without having the right to manage the Company or to realize its operations, and the liability of each one of them towards the Company debts and liabilities is limited to his share in the capital of the Company.



#### **Article (42): Partnership's Address**

The title of a Limited Partnership shall only consist of the names of the general partners. If there is only one general partner in the Partnership, then the phrase "and partners" must be added to his name. The name of any limited partner must not appear in the limited Partnership's title. Should the name of a limited partner be mentioned upon his request or with his knowledge, then he shall be responsible as a general partner for the Company debts and liabilities towards other parties, who may have depended, in good faith, in their dealing with the Company, on that name.

#### **Article (43): Partnership's Management**

a) A limited partner shall not have the right to participate in the management of the Limited Partnership and shall have no power to bind it, but he may have access to its books, accounts and registers related to the decisions adopted in the course of its management. Same may also inquire about its state and affairs and deliberate with other partners in connection therewith.

b) If the limited partner participates in the management of its affairs, he shall then be liable as a general partner for all debts and obligations incurred by the Partnership during his participation in its management.

#### **Article (44): Relinquishment by a Limited Partner of his Share**

A limited partner in a Limited Partnership may at his own discretion and without acquiring the approval of the general partners relinquish his share to another person, who shall become a limited partner in the Company unless all general partners agree that he be admitted as a general partner in the Company.

#### **Article (45): Admittance of a Limited Partner to the Company**

A new general partner may be admitted to the Limited Partnership with the consent of all the general partners, or with the consent of the majority of them should the Partnership Agreement allow such an admission. The approval of the limited partners is not required in such a case.

#### **Article (46): Amendments to the Company's Objectives**

Any disagreement arising of the management of the Limited Partnership shall be resolved by the general partners in the Company with unanimity or agreement of their majority provided that same own more than 50% of the Company's capital (if permitted to do so by the Partnership Agreement). However, any change or amendment in the Agreement and statement shall not be made without the consent of all general partners.

#### **Article (47): Instances where the Company shall not Dissolve**

A Limited Partnership shall not be dissolved due to the bankruptcy of the limited partner, his insolvency, his death, his incompetence or his permanent disability.

## **Article (48): Application of General Partnership Provisions to a Limited Partnership**

A Limited Partnerships shall be subject to the provisions governing the General Partnership, which are stipulated in this Law in all matters and events not provide for in this part.

## **PART THREE**

### **Implied Trust**

#### **Article (49): Founding of an Implied Trust**

a) An Implied Trust is a commercial understanding organized between two persons or more. The operations of the Implied Trust shall be carried out by an apparent partner who shall deal with third parties. The Implied Trust as such is limited to the special relationship between the partners. The existence of such a company between the partners may be proven by all means of proof.

b) An Implied Trust Company does not enjoy a corporate identity and is not subject to the provisions and procedures of registration and licensing.

#### **Article (50): A Partner Acquiring the Capacity of a Merchant**

The silent partner in an Implied Trust Company shall not be considered a merchant unless he personally carries out commercial transactions.

#### **Article (51): Partners' Responsibility**

Third parties shall not have the right of any course of action against any partner except over the one dealt with in the Implied Trust. Should a partner therein confess to the existence of such a Company or should he notify others of its existence, the Company may then be considered as an existing Company and the partners therein shall become jointly responsible towards third parties.

#### **Article (52): Partners' Rights and Obligations**

The Implied Trust Agreement shall specify the rights and obligations of all partners therein towards each other and towards the Company and the manner in which profits and losses are to be distributed among them.

## **PART FOUR**

### **Limited Liability Company**

### **Article (53): Founding of a Limited Liability Company**

- a) The Limited Liability Company is composed of two persons or more. The Company's liability shall be considered independent from the liability of every shareholder in it. The Company's assets and property shall be liable for its debts and obligations. The liability of any shareholder therein for these debts, obligations and losses is limited to its shares in the Company.-
- b) The Controller may agree to the registration of a Limited Liability Company composed of one person only or which may become owned by one person.
- c) Upon the death of a shareholder in the Limited Liability Company, his share will be transferred to his heirs. This rule shall apply to the legatee of any share or shares in the Company.

### **Article (54): Company's Capital**

- a) The capital of the Limited Liability Company shall be fixed in Jordanian Dinars provided that the capital is not less than thirty thousand Dinars divided into indivisible shares of equal value of not less than one Dinar each. However, should more than one shareholder jointly own such shares, for whatever reason, the shareholders must select one person from amongst them to represent them before the Company. However, if the shareholders disagree or do not make that election within thirty days from the date they become holders of such share, then they shall be represented by the person elected from amongst them by the Company manager or its Management Committee.
- b) A Limited Liability Company may not offer its shares for public subscription or increase its capital or borrow by subscription.-

### **Article (55): Title of a Limited Liability Company**

The name of the Limited Liability Company shall be derived from its objectives provided that it is followed by the words: "with limited liability", which can be abbreviated by the letters "W.L.L." The Company name, capital amount and registration number shall be stated on all of the stationery and print material used in its operations and contracts concluded thereof.

### **Article (56): Maintenance of the Commercial Name**

A General Partnership Company or Limited Partnership Company may keep its original name if it wishes to convert to a Limited Liability Company.

### **Article (57): Registration Procedures**

- a) The application to establish the Limited Liability Company shall be submitted to the Controller accompanied by the Company's Articles and Memorandum of Association on the approved forms for this purpose, and shall be signed before the Controller or before any person delegated by him in writing, before a Notary Public or before a licensed lawyer.

b) The Limited Liability Company's Articles of Association shall incorporate the following particulars:

1. Name of the Company, its objectives and its headquarters.
2. Names of the shareholders, their nationalities and the selected notification address of each of them.
3. Amount of capital and the shares of each shareholder therein.
4. Statement of the in-kind share(s) in the capital, name of the shareholder who presented such shares and their estimated values.
5. Any other additional data which the shareholders may submit or which the Controller may request in implementation of the provisions of the Law.

c) The Memorandum of Association of the Limited Liability Company must include the information provided for in paragraph (b) of this Article in addition to the following information:

1. The manner of managing the Company, the number of members in the Management Committee, the Committee's powers including the limit and ceiling of borrowing, mortgaging the company assets and guaranteeing others in a manner that realizes the interest of the company and its objectives.
2. Conditions for transferring the shares in the Company and the procedures to be followed in that respect and the form of writing the transfer.
3. The manner of distributing the profits and losses to the shareholders.
4. Meetings of the Company's General Assembly and Management Committee, their legal quorum, and the quorum needed for taking decisions thereby, the procedures regarding the manner of holding the said meetings and the invitation procedures for attending same.
5. Rules and procedures pertaining to the liquidation of the Company.
6. Any other additional information furnished by the shareholders or requested by the Controller.

#### **Article (58): In-kind Shares in the Capital**

a) If the Company's capital or a part thereof is in-kind shares, then the holders of such shares shall keep same and refrain from disposing of them until they are delivered to the Company, registered in its name and the title thereto is transferred to it.

b) If the holders of in-kind shares do not comply with delivering and transferring the title of these shares, as the case may be, to the Company within thirty days of the Company's registration, subject to renewal upon the Controller's approval, they shall be bound by operation of law to pay the value thereof in cash, according to the price approved by the founders in the Company Memorandum of Association. The Controller has the right to request proof of the accuracy of the evaluation of the value of the in-kind shares.

c/1) If the Controller is not convinced of the accuracy of the evaluation of the in-kind shares presented by the shareholders, the Minister based on the Controller's recommendation shall form a committee from specialized and experienced persons at the Company's expense to evaluate the concerned shares' monetary value, provided that one of the shareholders is a member of the committee. The committee shall

present its report to the Controller within a period that does not exceed thirty days from the date of its formation.

c/2) The shareholders may object to the Minister on this report within ten days of its presentation to the Controller. The Minister shall arrive at a decision concerning the objection within two weeks of its presentation to the Controller. If he accepts the objection the Company's registration will be rejected unless the shareholders accept the evaluation, in which case the registration procedures shall be completed in accordance with the provisions of this Law.

d) Concession rights, patents, technical know-how and other intangible rights are considered as in-kind assets.

#### **Article (59): Registration of the Company**

a) The Controller shall issue his decision approving the registration of the Company within fifteen days from the date the application's submittal and signed by the shareholders. He may refuse the application if he finds that the Company's Articles or Memorandum of Association contains a provision that contradicts the provisions stipulated in this Law and the regulations promulgated in accordance therewith and contrary to any other legislation in force in the Kingdom, and the shareholders have not removed the violation within the period specified by the Controller. The shareholders may object to the rejection decision before the Minister within thirty days of the date they are notified of same. If the Minister rejects the objection, the objectors may challenge his decision before the High Court of Justice within thirty days of the date of notifying them of the decision.

b/1) If the Controller approves the registration of the Company or such approval was secured by the Minister's decision in accordance with the provisions of paragraph (a) of this Article, and after the shareholders submit documents which prove that not less than 50% of the Company's capital has been deposited at a Bank in the Kingdom, the Controller shall collect the registration fees and issue a registration certificate to be published in the Official Gazette. In all cases, the remainder of the Company capital shall be paid within the two years following its registration. The deposited amount can not be disposed of for purposes that are not related to the Company.

b/2) The provision of clause (1) of this paragraph shall be applied to any increase that may occur to the Company's capital.

c) The bank with which any amounts of the Company's capital have been deposited, the Company being in the founding stage, may not return it unless a certificate from the Controller attesting to desisting from establishing the Company has been presented it. This provision shall be applied upon any increase to the Company's capital.

#### **Article (60): Company Management**

a) The Company shall be managed by a manager or Management Committee whose members shall not be less than two and not more than seven, whether they are shareholders or others, in accordance with the Company's Memorandum of

Association for a period of four years. The Memorandum may provide for a shorter period. The Management Committee shall elect a chairman, a deputy chairman and those authorized to sign on behalf of the Company.-

b) The manager of the Limited Liability Company or its Management Committee shall have full power to manage the Company within the limits specified by its Memorandum of Association. Transactions and actions realized or exercised by the manager or Management Committee in the name of the Company shall be binding on the Company before others dealing with the company in good faith, irrespective of any restriction stipulated in the Company's Articles or Memorandum of Association.

c) Others dealing with the Company shall be considered bona fide unless the contrary is proven. However, others shall not be obligated to ascertain that there is any restriction on the powers of the managers or the Management Committee in their power to bind the Company under its Articles or Memorandum of Association.

#### **Article (61): Responsibility of the Manager of the Company**

The manager of a Limited Liability Company, whether the sole manager thereof or any one of the members of its Management Committee, shall be responsible to the Company, the shareholders and others for any violation of the provisions of this Law, the regulations issued in pursuance, the Company's Articles and Memorandum of Association, and decisions issued by its General Assembly or Management Committee.

#### **Article (62): Duties of the Manager of the Company-**

The manager of a Limited Liability Company or its Management Committee shall prepare the Company's annual balance sheet and final accounts including the profit and loss account, necessary clarifications and cash flow statement, fully audited by a licensed auditor in accordance with recognized and accredited international auditing principles, in addition to the annual report on the Company's activities. The manager shall then submit them to the Company General Assembly, during its annual ordinary meeting and shall present the Controller with a copy thereof accompanied with the appropriate recommendations. This should be done within the first three months of the Company's new fiscal year.

#### **Article (63): Actions Prohibited to the Company's Manager**

a) The manager of a Limited Liability Company – whether a sole manager or a manager appointed by the Management Committee – and any member of the Management Committee shall be prohibited from assuming any position in any other company with objectives similar to or competitive with the Company business and from realizing any work similar to the Company business, whether for his own account or for the account of others, with or without payment, or to participate in managing another company having objectives similar to or competitive with those of the Company except with approval of the General Assembly by a majority vote of not less than 75% of the shares forming the Company capital.

b) If any of the persons mentioned in paragraph (a) of this Article fails to obtain the approval of the General Assembly, and the Controller is notified of the offence by a written notice from one of the shareholders, the Controller shall request the offending shareholder to rectify his status and remove the offence within thirty days of the date of his notification thereof. Otherwise the person shall be considered as having lost his membership in the Management Committee or his position in the Company by the operation of Law. He shall also be punished with a fine of not less than one thousand Dinars and not more than ten thousand Dinars and shall be obligated with the damage sustained by the Company or the shareholders.-

#### **Article (64): The Company's General Assembly**

a) The General Assembly of a Limited Liability Company is composed of all the shareholders therein, and shall hold one annual meeting during the first four months of the Company's fiscal year upon the invitation of either its manager or the chairman of the Management Committee and in the place and on the date specified thereof.

b/1) The General Assembly of a Limited Liability Company may hold one or more extraordinary meeting upon the request of its manager or Management Committee to discuss any of the issues falling within its jurisdiction in accordance with the provisions of this Law, in any of the following two situations:

- Upon the request of a number of shareholders holding at least one quarter of the Company's capital provided that a copy of the request is sent to the Controller.
- Upon the request of the Controller should he receive a request from shareholders holding at least 15% of the Company capital, and is satisfied with the reasons indicated therein.

2) Should there be no response to the request from the Management Committee's manager within a week of the date of its submittal; the Controller shall call for a meeting at the Company expense.

c) Any shareholder in a Limited Liability Company shall have the right to attend the ordinary and extraordinary meetings of the General Assembly to discuss issues presented therein, and to vote on the decisions thereof. The said shareholder may delegate another shareholder to attend the meeting on his behalf in pursuance to an empowerment form prepared by the Company's management or in pursuance to a power of attorney. Empowerment or delegation to others in the same manner is permissible if the Company Agreement permits same.

d) Each shareholder in a Limited Liability Company shall be notified to attend the meetings of the General Assembly whether these meetings are ordinary or extraordinary. Invitations shall be delivered by hand against a signature of receipt, or sent via registered mail at least fifteen days prior to the date set for the meeting, provided that the invitation includes the annual work schedule and is accompanied by the documents referred to in Article (62) of this Law. The shareholder shall be considered notified of the invitation within a period that does not exceed six days of the date of its deposit in the registered mail on his address registered at the Company.-

e) The Controller shall not be invited to attend meetings of the General Assembly of the Limited Liability Company, whether they are ordinary or extraordinary. However, the Company's manager or Management Committee shall provide the Controller with a copy of the minutes of the meeting signed by the meeting's chairman and the secretary thereof within ten days of the date of convening such meeting. The Controller may attend the meeting upon the request of the manager or Management Committee or upon a written request by shareholders holding at least 15% of the shares which form the company capital.

f) If the procedures set out in paragraph (d) of this Article are not observed the Controller may reject the meeting's minutes and the decisions issued thereof unless the shareholder or shareholders, who were not notified and did not attend the meeting, agree in accordance with the aforementioned regulations to consider themselves notified without his or their shares entering the quorum set for issuing the decision.-

#### **Article (65): The Legal Quorum for General Assembly Meetings**

a) The quorum for the ordinary meeting of the General Assembly of the Limited Liability Company shall be valid if attended by a number of shareholders representing more than one-half of the Company's capital whether they attend in person or by proxy. If such quorum is not present within one hour from the time set for starting the meeting, then such meeting shall be postponed to another date which will be held within fifteen days from the date set for the first meeting. The absent shareholders shall be notified of this, and the quorum at the second meeting shall be considered valid with the shareholders present regardless of their number or the percentage of shares owned by them in the capital.

b) The quorum for the extraordinary meeting of the General Assembly of the Limited Liability Company shall be valid if attended by a number of shareholders representing at least 75% of the shares which form the Company capital, whether in person or by proxy unless the Company Memorandum of Association provides for a higher majority. If however, the quorum is not present within one hour from the time set for starting the meeting, then it will be postponed to another date to be held within ten days from the date set for the first meeting. The absent shareholders shall be re-notified thereof, and quorum for the second meeting shall be valid if attended by at least 50% of the shares forming the Company's capital, whether in person or by proxy unless the Company Articles of Association provides for higher majority. Should such quorum not be present the meeting shall be cancelled whatever the reasons for calling it.

#### **Article (66): The Agenda for the Ordinary General Assembly Meeting**

a) The agenda of the Limited Liability Company's General Assembly in its ordinary annual meeting shall include the following:

1. Discussion of the report prepared by the manager or the Management Committee on the Company's operations, activities, financial position during the past fiscal year, and future Company plans.-
2. Discussion and approval of the balance sheet, profit and loss account and cash flow of the Company after hearing and discussing the report of the auditors.



3. Election of the Company's manager or its Management Committee, as the case may be, in accordance with this Law.
4. Election of the Company's auditors and determination of his remuneration.
5. Any other matters which the Company manager or Management Committee may present to the General Assembly, or any issue presented by any shareholder which the General Assembly accepts to discuss. Provided that none of these issues is of the type which can only be discussed in an extraordinary meeting in accordance with this Law.

b) The General Assembly of a Limited Liability Company shall adopt its decisions with respect to any of the issues stipulated in paragraph (a) of this Article by majority votes of the shares of the capital represented in the meeting and each share shall have one vote.

#### **Article (67): The Agenda for the Extraordinary General Assembly Meeting**

a) The General Assembly of a Limited Liability Company shall be invited to an extraordinary meeting. None of the following issues can be discussed unless they have been stated in the agenda for this meeting:-

1. The amending the text to the Company Articles or Memorandum of Association.
2. Increase or decrease of the Company capital and determination of the share premium or discount, provided that the provisions stipulated in Article (68) of this Law pertaining to the decrease of the Company capital are observed and that the method of increasing the capital is specified.
3. Merger or incorporation of the Company by any of the incorporation methods stated in the Law.
4. Dissolution and liquidation of the Company.
5. Discharge of the Company's manager or its Management Committee or any of its members.
6. Sale of the Company or all of its assets, or the ownership of another company or buying all or part of its assets.
7. Guarantee of third parties' obligations if the Company interest so requires.
8. Any issue that falls within the jurisdiction of the extraordinary General Assembly stated in this Law or the Company Memorandum of Association.

b) Notwithstanding the provisions stipulated in Articles (68) and (75) of this Law and if the aim is to restructure the capital, the Company may decrease and re-increase its capital at the same extraordinary meeting of the General Assembly convened in accordance with the provisions of the Law for this purpose, provided that the invitation shall contain the justifications and feasibility which this procedure aims at, and that the restructuring of the capital shall be published in two local newspapers for at least one time.

c) The General Assembly of the shareholders in a Limited Liability Company may at its extraordinary meeting discuss any of the issues mentioned in Article (66) of this Law, provided that the said issues are listed in the invitation for the meeting. The assembly shall adopt its decisions by the majority of the capital shares represented in the meeting.

d) The General Assembly of a Limited Liability Company shall adopt its decisions in respect of any of the issues provided for in paragraph (a) of this Article by a majority of not less than 75% of the capital shares represented in the meeting, unless the Company Memorandum of Association provides for a greater majority. Decisions adopted by the General Assembly regarding the issues mentioned in clauses (1), (2), (3), (4) and (6) of paragraph (a) and paragraph (b) of this Article shall be subject to the provisions of approval, registration and publication stipulated in this Law.

e) If the General Assembly fails, during its ordinary or extraordinary meetings, to reach a decision as a result of a tie in the votes in two consecutive meetings, the Controller shall grant it a period that does not exceed thirty days to reach the appropriate decision. In case such a decision is not reached the Controller is entitled to refer same to Court to decide on its liquidation.-

#### **Article (68): Decrease of the Company's Capital**

a) A Limited Liability Company may decrease its capital if same exceeds its needs or if the Company sustains losses amounting to more than 50% of the said capital, provided that the provisions of Article (75) of this Law are observed.

b) The Controller shall at the expense of the Limited Liability Company publish an announcement, on three consecutive days in at least one daily newspaper, of the Company's decision to decrease its capital. The Company's creditors shall have the right to submit a written objection against the said decision to the Controller within fifteen days from the last date of publication of the said announcement. Any creditor shall also have the right to appeal the decision regarding the decrease of the Company's capital before the Court if the Controller fails to settle his objection within thirty days from the date of the submission of the said objection thereto, provided that such an appeal does not stop the decrease procedures, unless the Court decides so.-

#### **Article (69): Publication of the Annual Balance Sheet**

A Limited Liability Company is exempted from publishing its annual balance sheet, its profit and loss account and a summary of the report of its manager or Management Committee in the local newspapers.

#### **Article (70): The Statutory Reserve and the Voluntary Reserve**

a) A Limited Liability Company shall deduct 10% of its annual net profits for the account of the statutory reserve, and shall continue to deduct the same percentage each year provided that the total deducted amounts for the said reserve shall not exceed the Company capital.

b) The General Assembly of a Limited Liability Company may decide to deduct an amount not exceeding 20% of the Company annual net profits for the account of the voluntary reserve. The General Assembly may also decide to either use this reserve for the Company's purposes, or it may distribute it among the shareholders as profit, if not used for those purposes.

#### **Article (71): Shareholders' Register**

a) The Limited Liability Company shall keep at its headquarters a special register for the shareholders in which the following information pertaining to them shall be recorded. The Company manager or its Management Committee shall be responsible for this register and for the accuracy of the information listed therein:

1. Name of shareholder, his title if any, nationality, domicile and exact address.
2. Number and value of shares owned by a shareholder.
3. Alterations that may occur on a shareholders share(s), its details and dates thereof.
4. Attachments, mortgages or any other liens and the details that may occur to a shareholders share(s).
5. Any other information that the manager of the Company or its Management Committee decides to record in the register.

Each shareholder in the Company shall have the right to examine the register either in person or through a person authorized in writing therewith.

b) The manager of a Limited Liability Company or the chairman of its Management Committee, shall annually and within the first month following the end of the Company's fiscal year, provide the Controller with the particulars included in the shareholders register provided for in paragraph (a) of this Article and with any amendment, change or alteration that may occur in this respect thereof, within a period not exceeding thirty days from the date the change or the alteration take place.

#### **Article (72): A Shareholders' Assignment of his Shares in the Company-**

a) A shareholder in a Limited Liability Company may assign his shares in the Company to any of the shareholders or to others as per an assignment deed in accordance with the form adopted by the Controller. The assignment deed shall be signed in accordance with the procedures followed in registering the Company in pursuance to the provisions of this Law.

b) In all cases, the assignment deed shall be authenticated with the Controller, announced and its due fees collected. This assignment may not be used as evidence against the Company, shareholders or others except from the date of its authentication with the Controller.

c) A shareholder may assign his shares in the Company by means other than their sale to his spouse, or a relative up till the third degree or a mortmain, and shall inform the manager or Management Committee of this assignment unless the Company Memorandum of Association provides otherwise.

#### **Article (73): The Sale by a Shareholder of his Share in the company**

a) Should a shareholder in the Company wish to sell all or part of his shares to a third party, the shareholder shall submit an application regarding this issue to the Company's manager or Management Committee, as the case may be, and copies of same to the shareholders and the Controller indicating the price he is requesting and the number of shares he wishes to sell. The manager or Management Committee shall notify the remaining shareholders of the conditions for assignment, either by hand,

against signature, or via registered mail within a week of the application. The shareholders shall have a preemptive right to purchase the shares at the offered price and the manager or chairman of the Management Committee shall notify the Controller in writing of his notification to the shareholders. Otherwise same will be held responsible for any damage that may befall an affected shareholder.

b) Should more than one shareholder offer to purchase the share(s) to be assigned at the offered price, the shares shall then be divided among those shareholders wishing to purchase each in proportion to the percentage of his share in the Company's capital. In event of disagreement on the price, the Controller shall, at the seller and buyer's expense, appoint a licensed auditor in order to determine the price, and the evaluation of which shall be final, and the shares shall be divided among the shareholders who wish to purchase. If the shareholder does not observe the completion of the sale or purchase after the issuing of the report then he shall be responsible for the expenses born towards the Company.

c) Should a period of thirty days lapse from the date on which the shareholders are notified of the sale conditions without any of them expressing a wish to purchase, whether at the offered price or at the price evaluated by the licensed auditor, the shareholder wishing to sell shall have the right to sell his share to a third party at the price offered or at the evaluated price as a minimum.

d) Should any of the shareholders or a third party not express a wish to purchase the share(s) on sale within thirty days of the expiry of the period specified in the above-mentioned paragraph (c) to the effect that the sale of the share(s) becomes impossible, then the person wishing to sell may request the Controller to sell the shares at a public auction, in accordance with directives issued by the Minister in pursuance to the Controller's recommendation for the purpose of carrying out the sale by public auction.

**Article (74): A Shareholder's Pre-emptive Right to Purchase a Shareholder's Share in the event an Execution Order Concerning the Share has been Issued**

a) If a Court decision is issued regarding an execution on the share(s) of any shareholder who is indebted then the preemptive right for purchasing such share or shares shall be given to the remaining shareholders in the Company. If none of the shareholders offers to purchase same or if agreement on the price has not been reached within thirty days of the date of issue of the conclusive decision, then such shares shall be offered for sale at a public auction. Each shareholder in the Company may participate in his name in the auction on the same footing with others and purchase such share(s) for himself.

b) The Controller shall issue the necessary regulations for implementing the sale at a public auction, for the purpose of this Article.

**Article (75): Company Losses**

a) Should the losses of the Limited Liability Company exceed half of its capital, the Company's manager or its Management Committee shall invite the Company's General Assembly to an extraordinary meeting in order to decide on whether the

Company should be liquidated or continue to exist in a manner that would rectify its position. If the General Assembly fails to reach a decision in this respect within two consecutive meetings, the Controller shall grant the Company a grace period of not more than a month to reach the decision. If it fails in reaching a decision, the Company shall be referred to Court for the purposes of compulsory liquidation in accordance with the provisions of the Law.

b) Should the Company's losses amount to three quarters of its capital, the Company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the Company's capital to deal with the losses or quench the losses in accordance with the accredited international accounting and auditing standards, provided that the total of the remaining losses does not exceed half of the Company's capital in both cases.

#### **Article (76): Application of Provisions Pertaining to a Public Shareholding Company over a Limited Liability Company**

The provisions pertaining to the Public Shareholding Company shall apply to the Limited Liability Company where there is no clear provision in respect thereof in the provisions relating to Limited Liability Companies.

### **Part Five Limited Partnership In Shares**

#### **Article (77): Founding of a Limited Partnership in Shares**

a) General Partners: Their number shall not be less than two and they shall be liable for the Company's debts and obligations in their personal property.

b) Limited Partners: Their number shall not be less than three, and each partner shall be liable for the Company's debts and obligations in proportion to his shareholding.

#### **Article (78): Capital of the Limited Partnership in shares**

a) The capital of the Limited Partnership in share shall not be less than one hundred thousand Jordanian Dinars divided into negotiable shares of equal value. The value of each indivisible share is one Jordanian Dinars, provided that the Partnership's capital offered for subscription shall not exceed double the shares subscribed for by the general partners in the Partnership.

b) Notwithstanding the provision of paragraph (a) of this Article, the general and limited partners may agree in the Limited Partnership's Articles and Memorandum of Association to the existence of types of shares that have a voting power and on the method of distributing profits and losses. They may also agree on the prohibition of assigning general partners' shares within a certain period from the date of founding.

c)If the partners agree on any of the matters stated in paragraph (b) of this Article, then it shall be reflected in the issuance prospectus when the shares are issued for subscription.

**Article (79):Address of the Limited Partnership in shares**

The name of the Limited Partnership in Shares shall be formed from one name or more of the general partners, provided that the name is followed by the words "Limited Partnership in Shares", and what is indicative of its objectives. The name of the limited partner may not be indicated in the Partnership's name. If the name of the limited partner was stated with his knowledge, he shall then be considered a general partner before bona fide third parties.

**Article (80):Registration of the Limited Partnership in shares**

The registration of the Limited Partnerships in Shares shall be subject to the approval of the Controller.

**Article (81):Management of the Limited Partnership**

a)The Limited Partnership in Shares shall be managed by one or more general partner(s), whose number, authorities and duties are indicated in the Partnership's Memorandum of Association. Their powers, responsibilities and dismissal shall be subject to the provisions applied to authorized partners in the General Partnership.

b)If the position of the manager of the Limited Partnership in Shares becomes vacant at any time and for any reason whatsoever, the general partners shall appoint a manager from amongst them. In the event they fail to do so, the Supervisory Council provided for in Article (84) of this Law shall appoint a temporary manager to undertake the management of the Company, provided that the Partnership's General Assembly shall be called upon to convene within thirty days from the date of the appointment of the temporary manager to elect a manager from amongst the general partners.

**Article (82):Application of General Partnership Provisions to General Partners in the Company**

The provisions of the General Partnership stipulated in this Law shall apply to general partners in the Limited Partnership in Shares. A limited partner in this Partnership shall be subject to the provisions provided for in Article (43) related to the Limited Partnership.

**Article (83):The Partnership's General Assembly**

a)The General Assembly of a Limited Partnership in Shares shall consist of all the general and the limited partners. Each one of the partners shall have the right to attend the Partnership's General Assembly meetings, whether ordinary or extraordinary meetings of the General Assembly, to discuss the issues presented before it and to

vote on any decisions made. Each partner shall have a number of votes in the General Assembly equal to the number of his shares in the Partnership's capital.

b)The provisions for ordinary and extraordinary meetings of the General Assembly of Public Shareholding Companies which are stipulated in this Law shall apply to the meetings of General Assemblies of Limited Partnerships in Shares.

#### **Article (84):The Supervisory Council**

Each Limited Partnership in Shares shall have a supervisory council composed of at least three members who shall be elected annually by the limited partners from amongst them for one year in accordance with the procedures stipulated in the Partnership's Memorandum of Association.

#### **Article (85):Duties and Responsibilities of the Supervisory Council**

The supervisory council of the Limited Partnership in Shares shall assume the following duties and responsibilities:

a)To supervise the progress of the Partnership's operations, to verify the accuracy of the founding procedures thereof, and to request the Partnership's manager to furnish the council with a detailed report on the said operations and procedures.

b)To examine the Partnership's records, registers and contracts and to prepare an inventory of the Partnership's properties and assets.

c)To give advice on issues that the council deems important to the Partnership or on issues submitted thereto by the manager(s).

d)To approve any actions and business which the Memorandum of Association of the Partnership states that the execution thereof requires the approval of the council.

e)To invite the Partnership's General Assembly to an extraordinary meeting should it become evident to it that violations have been committed in the course of managing the Limited Partnership. The violations shall be presented to the General Assembly

#### **Article (86) : Obligations of the Supervisory Council**

The supervisory council of a Limited Partnership in Shares shall submit to the shareholders in the Partnership at the end of each fiscal year a report on the supervisory activities carried out thereby and the results thereof. This report shall be presented to the General Assembly of the Company at its annual ordinary meeting. A copy of same shall be sent to the Controller.

#### **Article (87):The Auditor**

Each Limited Partnership in Shares shall have an auditor to be elected by its General Assembly. The provisions concerning auditors in Public Shareholding Companies stipulated in this Law shall apply to the said auditors.

#### **Article (88): Dissolving and Liquidation of a Limited Partnership**

The Limited Partnership in Shares shall be dissolved and liquidated in the manner determined by the Partnership's Memorandum of Association. Otherwise, it shall be subject to the provisions for the liquidation of a Public Shareholding Company.

#### **Article (89): Application of the Public Shareholding Company Provisions to the Limited Partnership in Shares**

The provisions for Public Shareholding Companies stipulated in this Law shall apply to Limited Partnership in Shares in all matters not provided for in this part.

### **PART FIVE bis**

#### **Private Shareholding Company**

##### **Article (65) bis : Founding a Private Shareholding Company**

- a) A Private Shareholding Company is comprised of two or more persons. The Minister may, upon a justified recommendation of the Controller, agree to the registration of a Private Shareholding Company formed of one person, or that the number of its shareholders may become one.
- b) The financial liability of a Private Shareholding Company is considered independent of that of its shareholders. The Company with its property and assets shall be exclusively liable for its debts and obligations. A shareholder shall be liable to the Company for such debts and obligations only in the value of his shares in its capital.
- c) The Company name shall not conflict with its objectives provided that it shall be followed by the term (Private Shareholding Company LTD), wherever it may be mentioned. The Company name may be that of a natural person if its objective is to invest a patent duly registered in the name of such person.
- d) The duration of a Private Shareholding Company is unlimited unless its Articles and Memorandum of Association specify otherwise. Then, its period shall end by the conclusion of the period or business specified thereto.



### **Article (66) bis : Company Capital**

- a) The capital of a Private Shareholding Company shall be the total nominal values of the Company shares provided that the subscribed capital shall not be less than JD50,000.
- b) The capital of a Private Shareholding Company shall be specified in Jordanian Dinars.
- c) Subject to the Securities Law, a Private Shareholding Company may issue shares, corporate bonds, and other securities. The Company may decide to list its securities at the Stock Market and to negotiate same in accordance with the regulations and instructions issued by the Securities Commission.

### **Article (67) bis : Registration Application**

- a) An application for the foundation of a Private Shareholding Company accompanied by its Articles, Memorandum of Association and names of its founders shall be submitted to the Controller. The Company Articles and Memorandum of Association shall be in Arabic. However, they may be accompanied by a translation into another language. The Arabic text shall be adopted in the case of conflict between the texts.
- b) A Private Shareholding Company Articles of Association shall contain the following statements as agreed upon by the founders or shareholders of the Company:
  - 1. The name of the Company.
  - 2. Its headquarters and approved notification address.
  - 3. The objectives of the Company.
  - 4. The founders' names, nationalities, chosen notification addresses and number of shares held by each upon the Company inception.
  - 5. The Company authorized capital and the number of authorized shares, their type, category and nominal value.
  - 6. The methods for managing the company, and the number of Board of Directors' members and their powers.
  - 7. Names of those to call the convention of the constituent General Assembly and who will also manage the Company until the first Board of Directors is elected.
- c) A Private Shareholding Company Memorandum of Association shall contain the following information as agreed upon by the founders or shareholders of the Company:
  - 1. The Company name.
  - 2. Its main office and approved notification address.
  - 3. The objectives of the Company.

4. The founders' names, nationalities, chosen notification addresses and number of shares held by each upon the Company inception.
5. The authorized capital of the company and the authorized number of shares, their type, nominal value, rights, quality and advantages.
6. The general conditions of for the transfer of the title of a Company share, and the procedures that should be followed in this regard.
7. The Company management method and number of members of the Board of Directors, their powers and the basis of decision taking therein.
8. Procedures and rules of the shareholders' General Assembly meetings, both ordinary and extraordinary, their legal quorum and convening principles in addition to their powers and decision-taking method and issues related thereto.
9. Procedures and rules for the liquidation of the Company.
10. Names of the persons who shall invite the constituent General Assembly to convene and who shall manage the Company until the first Board of Directors is elected, and the method of inviting the first Board of Directors to convene.
11. Whether the shareholders and the holders of securities issued by the Company have priority rights in new Company issuances.

d) Any person may view the Company Articles of Association in accordance with the instructions issued by the Minister. It is not permissible for any other person other than the Company shareholders to view the Company Memorandum of Association, only under the shareholder's or the Company authorization, or if this is required by any other legislation.

#### **Article (68) bis : Share Types and Shareholding Options**

a) Subject to any provisions in this part, the Company may, according to its Memorandum of Association, issue various types and categories of shares which differ in their terms of nominal value, voting force and method of profit and loss distribution among shareholders. These shares also differ in respect of their rights and priorities upon liquidation and their aptitude to be converted into other types of shares besides their related rights, advantages, priorities and other restrictions, provided that these be implied or summarized in the shares' certificates if found.

b) The Memorandum of Association of a Private Shareholding Company may stipulate its right to issue recoverable shares either upon the Company or shareholder's request or upon the availability of certain conditions.

c) Any type or category of the Company shares may have priority over other categories and types regarding profit distribution. Furthermore, these shares may be entitled to a lump sum or a specified percentage of the profit that are subject to conditions and periods set by the Memorandum of Association. Moreover, any of these types and categories may have priority in receiving profits due to them, for any

year during which no profit was distributed, in addition to profits due in that fiscal year.

d) The Memorandum of Association of a Private Shareholding Company may provide for the possibility of converting or replacing any share type or category issued by it into any other type or category upon the request of the Company or a shareholder or upon the fulfillment of a certain condition according to rates and method set in the Company Memorandum of Association.

e) The Memorandum of Association of a Private Shareholding Company may provide for the possibility of converting or replacing any share type or category issued by it into any other type or category upon the request of the Company or a shareholder or upon the fulfillment of a certain condition according to rates and method set in the Company Memorandum of Association.

f) A Private Shareholding Company may buy any shares it had previously issued. It may also re-issue or sell same for the price deemed proper by the Board of Directors or cancel them and accordingly decrease its capital on the basis set out in its Memorandum of Association and this Part. Company owned shares shall not be taken into consideration for the purpose of ascertaining a quorum for attendance at the General Assembly's meeting and for taking decisions therein, provided that the Securities Law and regulations and instructions issued pursuant thereto are observed.

g) Subject to the Company Memorandum of Association, the Securities Law and regulations and instructions issued in pursuance, a Private Shareholding Company may issue share options that permit their holders to buy or request the Company to issue shares. The options' conditions, date of implementation and implementation prices of same shall be determined in the Company Memorandum of Association or pursuant to a decision by the Board of Directors provided that it is authorized to do so by the extraordinary General Assembly.

#### **Article (69) bis : Registration Procedures**

a) The Controller shall issue his decision of approval to register the Company within fifteen days from the date the application is submitted and signed by the Company founders. He may reject the application if he finds that the Articles and Memorandum of Association violate any of the provisions found in this Part or any other legislation applicable in the Kingdom and if the Company shareholders fail to remove same during the period appointed by the Controller. Shareholders may object to the decision to reject to the Minister within thirty days from the date of notification. If the Minister decides to reject the objection, than the objectors are entitled to appeal their decision to the High Court of Justice.

b) If the Controller approves the registration of the Company or if approval is granted through a decision by the Minister or the High Court of Justice according to the provisions of paragraph (a) of this article, and subsequent to the shareholders submitting documents which prove that not less than fifty thousand Dinars stipulated in paragraph (a) of Article 66 of this part, has been paid. The Controller shall then collect the registration fees, issue a registration certificate and publish it in the Official Gazette.

c) The company may not carry out its business before its registration certificate is issued by the Controller. However, Private Shareholding Company shareholders may agree, in a meeting of the constituent General Assembly, on confirming the founders' obligations on behalf of the Company before the announcement of the Company registration. If the constituent General Assembly fails to approve same, the Company will not be held responsible for any of these obligations.

#### **Article (70) bis : In-kind Payments**

a) Shareholders in a Private Shareholding Company may offer in return for their shares in the company, in-kind payments monetarily evaluated, provided that the founders or the General Assembly approve same in the case of issuing new shares. Concession rights, patent rights, technical know-how, licenses, and intangible rights in addition to any other rights approved by the shareholders are considered in-kind payments.

b) If in-kind payment holders fail to transfer their title and consign it to the Company within thirty days from the date of registration of the Company or the date of issuing in-kind shares, they shall be obligated by force of law to pay their value in cash according to the price adopted by the shareholders in the Company Memorandum of Association or by the General Assembly's decision. A longer period may be agreed upon with the consent of the Controller.

c) The Controller may, of his own accord or upon the objection of one of the shareholders within thirty days from the date of the General Assembly's acceptance to approve the said payments, recommend to the Minister the formation of a committee, at the Company expense, of experienced and specialized persons to evaluate the in-kind shares' monetary value, provided that a shareholder and a Companies Control Directorate employee are included therein. The Committee shall submit its report in a period that does not exceed thirty days from the date of its formation and its decision shall be final after it is approved by the Minister. The Minister may reject the registration of the Company or the membership of the concerned shareholder, as the case may be, if any of the other shareholders or the Company raises an objection. No founders or future shareholders shall have the right to object to the monetary value of the offered in-kind payments thereafter.

#### **Article (71) bis : Constituent Meeting**

The Shareholders shall hold an ordinary constituent General Assembly meeting within a month from the date of issuing the Company registration certificate by the Controller. The meeting will conclude the following:

a) Elect the first Company Board of Directors.

b) Take the appropriate decision with regard to the founding expenses and other obligations incurred by the founders prior to founding.

c) Elect an auditor, set his remuneration or authorize the Board of Directors to do so.

#### **Article (72) bis : Board of Directors**

a) The management of a Private Shareholding Company shall be carried out by a Board of Directors. The Company Memorandum of Association will determine the number of the Board of Directors' members, its membership qualifications, means of filling vacancies, its powers and remunerations, the method of its appointment or election, the means of convening its meetings and decision taking, and its term which should not exceed four years. The Board of Directors shall elect a chairman and a vice-chairman from amongst its members. It shall also appoint a secretary from amongst its members or others. The chairman shall have a casting vote in the case of a tie in votes, unless the Memorandum of Association provides otherwise.

b) The Board of Directors shall designate the Company authorized signatories in conformity with the Company Articles and Memorandum of Association at the first meeting it holds after it is elected, provided that this is completed in a period that does not exceed a week from the date of the Board's election. The Board may re-elect the chairman and vice-chairman, replace the secretary and adjust the powers of the authorized signatories at any time and in a manner that does not conflict with this Part and provisions of the Articles and Memorandum of Association.

c) Any minutes or certificate issued by the chairman or vice-chairman, in the former's absence, which are authenticated by the secretary and related to the Board of Directors or the Company General Assembly decisions, shall be considered evidence of the precision of these decisions. The chairman, vice-chairman and secretary shall be held responsible for any certificate issued by them in this respect.

d) A Private Shareholding Company Board of Directors may hold its meetings by telephone or any other means of communication if this is permitted by the Company Memorandum of Association, provided that all members participating in the meetings are able to hear and debate one another regarding the meeting's agenda, and that the Board's chairman and secretary authenticate the minutes and attest that the meeting was convened legitimately.

#### **Article (73) bis : Responsibilities of the Board of Directors**

a) The Chairman and members of a Private Shareholding Company Board of Directors shall be held responsible towards the Company, its shareholders and others for every violation of the laws and regulations in effect, the Company Memorandum of Association, and any error in the Company management, whether committed by any of them or all of them. The General Assembly's absolution of the Board of Directors shall not prevent legal prosecution of the chairman and directors.

b) The responsibility provided for in paragraph (a) herein shall be either personal falling on one or more member of the Company Board of Directors or joint between the chairman and the Board members in which case they are all jointly and severally responsible for compensating the damage resulting from such a violation or error. This responsibility however will not fall on any member who verified his objection in writing in the meeting's minutes during which the decision containing the violation or error was taken. In all events, no case may be heard regarding such responsibility after the lapse of five years from the date of the General Assembly's meeting that approved

the annual balance sheet and the closing accounts of the Company for the fiscal year in which the error or violation occurred.

**Article (74) bis : The Board of Directors and Employees' Obligations**

a) Private Shareholding Company Board of Directors members may not be members in the boards of directors of other companies, if those companies have similar objectives or a competitive business with the former, without the consent of the Company extraordinary General Assembly.

b) The Company general manger and employees may not assume any position in another company with objectives similar to or competitive with the companies business, whether for their account or a third party's account, with or without a wage, unless permitted to do so by the companies Board of Directors.

c) If any of the persons mentioned in paragraphs (a) and (b) of this Article fails to obtain the consent provided for and the Controller was informed, the latter should grant him thirty days from the date he is informed thereof to reconcile his status, otherwise such person shall perfunctorily lose his job or Board of Directors' membership. He shall also be penalized with a fine that does not exceed one thousand Dinars and shall be obligated with the damage befalling the Company or shareholders.

d) No Board of Directors member shall vote on any decision in which he has direct or indirect personal interest. However his presence may be considered for the purposes of ascertaining the presence of the Board's legal quorum.

e) The Board of Directors members, general manager and responsible employees of a Private Shareholding Company are prohibited from having a direct or indirect interest in any contracts, projects or commitments concluded with the Company or for its account without the consent of the Company extraordinary General Assembly.

**Article (75) bis : Accounts Preparation**

a) During the first three months of the new fiscal year a Private Shareholding Company Board of Directors shall prepare the Company annual balance sheet and final accounts, including the profit and loss account, cash flow statement and the accompanying explanations, all of which are audited by the Company auditors in accordance with generally recognized international accounting principles, rules and criteria. Moreover, the Board shall prepare an annual report regarding the Company business, achievements and projects and shall submit same to the Company General Assembly and the Controller with the appropriate recommendation and accompanied with an invitation.

b) A Private Shareholding Company Board of Directors shall prepare a report every six months indicating the Company financial position and the results of its activities. The chairman of the Board shall endorse the aforementioned. The Controller and Assembly shall be provided with a copy thereof within thirty days from the end of the period.

### **Article (76) bis : The General Assembly**

a) A Private Shareholding Company General Assembly is comprised of all its shareholders who are entitled to vote according to the Company Memorandum of Association.

b) Subject to paragraph (c) of this Article, a Private Shareholding Company General Assembly shall be called to one or more ordinary meeting or one or more extraordinary meeting in accordance with the Company Memorandum of Association and what is deemed appropriate by the Board of Directors or shareholders.

c) The Company Board of Directors shall call the ordinary General Assembly to convene at least once during the first four months following the end of the Company fiscal year to discuss the following and take a proper decision in their respect:

1. The Board of Directors' report concerning the Company business, activities and financial position during the previous fiscal year as well as the Company future plan.
2. The Company balance sheet, profit and loss account and cash flow and their approval after the auditors submit their report and discuss it.
3. The Board of Directors' election, as the case may be, according to the Company Memorandum of Association.
4. The election of the Company auditor and settling his remuneration.
5. Any other Company-related issues that are presented to the General Assembly by the Board of Directors or any shareholder and whose discussion is approved by the General Assembly, provided that the presentation of these issues to the General Assembly is not restricted to its extraordinary meeting in pursuance to this law or the Company Memorandum of Association.

### **Article (77) bis : The powers of the Extraordinary General Assembly**

a) The extraordinary General Assembly's powers lie in discussing and approving the following issues; which may not be discussed and approved, if not included in the invitation to the meeting:

1. Amendment to the Company Articles or Memorandum of Association provided that the proposed amendments are attached to the invitation.
2. The decrease or increase of the Company capital provided that Article (82 ) of this Chapter is observed concerning the decrease of the capital.
3. The merger or incorporation of the Company through one of the incorporation methods stipulated in this Law.
4. The Company liquidation or abrogation.
5. The dismissal of a Company Board of Directors or a member therein, unless such member is appointed by a certain category or type of share, in which case the removal should occur according to the Company Memorandum of Association.

6. The sale of the all the Company assets or the ownership of more than 50% of another Company capital.
7. Any matter which falls under the extraordinary General Assembly's authority and stipulated in this Part or in the Memorandum of Association whether explicitly or implicitly.
8. The issuance of corporate bonds convertible into shares.

b) An extraordinary General Assembly may discuss and approve any of the issues falling within the authority of the ordinary General Assembly of a Private Shareholding Company.

#### **Article (78) bis : General Assembly Meetings**

a) In addition to any other method stipulated by the Memorandum of Association, the meetings of the General Assembly shall be convened by an invitation from the Board of Directors or upon the request of a number of shareholders owning shares entitled to vote and comprising at least 25% of the votes entitled to attend the General Assembly's meetings, or upon the request of the Controller if a request is submitted to him by a member of the Board of Directors or the Company auditor or a number of shareholders who own shares, entitled to vote at the General Assembly's meetings, comprising at least 15% of the total votes entitled to attend the meetings.

b) The invitation to attend the ordinary or extraordinary General Assembly meeting is served to each shareholder entitled to vote either by:

1. Dispatching the invitation by registered mail at least 15 days prior to the preset meeting's date, whereby the shareholder is deemed notified of same during a period not exceeding 6 days from sending the invitation in the registered mail.  
Or,
2. By hand delivery against a signed receipt whereby the shareholder is considered notified upon the receipt.

c) The meeting's invitation should specify the place and time thereof.

d) A shareholder is considered legally notified if he attends the meeting without objecting to the notification's validity, or if he subsequently sends the Company a letter in which he agrees to the meeting's minutes.

e) The Controller shall not be invited to attend a Private Shareholding Company General Assembly meetings, whether ordinary or extraordinary. However, the Board of Directors shall provide the Controller with a copy of the minutes of meeting within ten days following the convening of the meeting. The Controller may attend the meeting upon the Board of Directors' request or upon a written request from shareholders holding at least 15% of the shares comprising the Company capital.

#### **Article (79) bis : The Quorum of the General Assembly's Meetings**

a) Unless the Company Memorandum of Association determines higher rates, the quorum of the ordinary meeting of a Private Shareholding Company General Assembly is legal if attended by shareholders holding in person or by proxy shares



whose voting power is in excess of half the votes entitled to take a decision at the General Assembly's meeting as defined in the Company Memorandum of Association. In the event that such quorum is not reached within one hour of the time set for the meeting's commencement the meeting shall be adjourned to another date to be held within fifteen days from the set date for the first meeting. Absent shareholders shall be re-notified. The second meeting's quorum is legal if attended by shareholders holding in person or by proxy shares with voting powers regardless of those shares numbers.

b) Unless the Company Memorandum of Association determines higher rates the quorum of a Private Shareholding Company General Assembly is legal if attended by shareholders holding in person or by proxy shares whose vote numbers are 75% or more of the votes entitled to take a decision at the General Assembly's meetings as determined in the Memorandum of Association. In the event that such a quorum is not reached within one hour of the time set for the commencement of the meeting, the meeting will be adjourned to another date to be held within fifteen days of the set date for the first meeting. Absent shareholders shall be re-notified. The second meeting's quorum is legal if attended by 50% or more of the shareholders holding in person or in proxy shares with voting powers. In the event such quorum is not reached, the meeting shall be cancelled regardless of the reasons for invitation thereto.

c) If the General Assembly is unable to reach the decision required for the implementation of a legal adjudication during two consecutive ordinary or extraordinary meetings, the Controller shall grant it a one-month grace period to take the proper decision. In the event such a decision is not taken the Company shall be referred to Court to take the proper legal procedure in this regard, including the decision to liquidate it.

#### **Article (80) bis : Decisions of the General Assembly**

a) The ordinary General Assembly shall take its decisions by the majority of the votes present at the meeting, which are entitled to vote on any matter on the meeting's agenda, unless the Company Memorandum of Association stipulates a higher rate.

b) Unless the Company Memorandum of Association stipulates a higher rate, the extraordinary General Assembly shall take the decisions thereof on any of the issues listed in Article (77/ ) of this Chapter by a majority that does not fall beneath 75% of the present votes entitled to vote at the meeting on any item on the meeting's agenda. If the extraordinary General Assembly discusses other issues that do not fall within its jurisdiction, the decision shall be taken by the majority of the present votes, which are entitled to vote at the meeting on any of the items laid out on the meeting agenda.

c) No rights or privileges bestowed by the Articles and Memorandum of Association of a Private Shareholding Company, in relation to holders of any type or category of shares, shall be amended without the approval of the holders of these shares at an extraordinary meeting convened for this purpose in the presence of at least 75% of the holders of such shares, in person or by proxy, and through a decision taken by at least 75% of the attendees holding such types or categories of shares, unless the Company Memorandum of Association specifies a higher rate.

d) The shareholder in a Private Shareholding Company who is entitled to vote may attend the meetings of the General Assembly and vote either by person or by appointing a proxy from amongst the shareholders or others, as stipulated in the Company Memorandum of Association.

e) The decisions of the ordinary and extraordinary General Assembly taken pursuant to the provisions of this Law and the Company Memorandum of Association are binding over the Board, and the present and absent shareholders.

#### **Article (81) bis : Issuance of Shares**

a) By means of a Board of Directors' decision, a Private Shareholding Company may issue any shares allowed to be issued in its Articles or Memorandum of Association, subject to any conditions or restrictions stipulated in the Articles or Memorandum of Association, or in the General Assembly's decisions.

b) The Board of Directors may issue the shares allowed to be issued at any value, whether at par value, premium, or below par value, either in cash or in-kind shares, or by any means of converting convertible corporate bonds to shares, or by offering shares to the Company staff or their Provident Fund, or by any other method, in pursuance to the conditions stipulated by the Company Memorandum of Association and its General Assembly.

c) The shareholders shall have a priority right to any new issuance of shares, unless the Company Memorandum of Association stipulate otherwise.

d) In the event shares are offered to the Company employees by a special issue, and in the event the Company approves granting the employees the subscription option to same within a set period, then the period between the date where the General Assembly issues the subscription option and the date of issuing same to the employees who were granted the subscription option in case they make use of it, should not exceed ten years.

e) In the event a Private Shareholding Company approves a scheme for delivering Company shares to its staff or to their Provident Fund, it should disclose prior to the ownership transfer to the employees or Provident Fund, or the granting the subscription option, as the case may be, all matters that relate to the Company, and that are usually disclosed to shareholders in a Public Shareholding Company, as well as the terms of the scheme. The Company shall disclose issues such as, but not limited to:

1. Financial statements related to the Company, as well as any important financial information, provided that such information includes the balance sheet, profit and loss account and cash flow statements for the last fiscal year.
2. Risks that may result from investment in the Company shares, and the tax effects for such an investment.
3. Restrictions on the transfer of shares' ownership.
4. Mechanism of evaluating shares' value when selling, and the periodical evaluation mechanism, if any.
5. Method of paying the value of shares and their evaluation mechanism, if any.

### **Article (82) bis : Capital Reduction**

a) Subject to the provisions of this Law, a Private Shareholding Company may by means of an extraordinary General Assembly decision, reduce its capital if it is in excess of its need or to amortize its losses.

b) The Controller shall publish an announcement at the expense of the Private Shareholding Company in one daily newspaper for at least three consecutive days. The announcement should include the extraordinary General Assembly's decision to reduce the capital. Company creditors may object in writing to the Controller within 15 days as of the date of the publication of the last announcement. The creditor may also contest the reduction decisions before the Court if the Controller fails to settle his objection during thirty days as of the submittal date, provided that such a contest shall not stop the reduction procedures, unless the Court decides otherwise.

c) A Private Shareholding Company may reduce its authorized and unsubscribed capital, or cancel any unsubscribed shares, which were re-purchased or recovered in accordance with its Memorandum of Association, the Securities Law and the regulations and instructions issued in pursuance. The Company may reduce its capital by par value of these re-purchased or recovered shares without the need to follow the procedures provided for in paragraph (a) of this Article, or the existence of the creditors right to object.

d) Notwithstanding the provisions of this Article and Article (86 ) of this Law, if the objective is to re-structure the capital, then a Private Shareholding Company may reduce its capital and re-increase at the same meeting, provided that the invitation includes the reasons and the objective of this procedure, and that the announcement to re-structure the capital is published in two local daily newspapers at least once.

### **Article (83) bis : Shareholders Register, Share Transfer, and their Mortgage**

A Private Shareholding Company shall keep at its headquarters a special register for the shareholders, which shall include the information outlined below, and the Company Board of Directors shall be responsible for this register, and for the authenticity of the information incorporated therein:

1. Name and title of the shareholder if any, nationality, domicile, and selected notification address specifically.
2. Number of shares held by a shareholder, their type, category and nominal value.
3. Any change that may occur to the shareholder's shares, details and date of occurrence thereof.
4. Seizure, mortgage, or any other restrictions related to the shares of the shareholder, and details thereof.
5. Any other information that the Board of Directors decides to recorded in the register.

Each shareholder in the Company may examine this register personally, or through whomever he authorizes in writing to do so.

b) A Private Shareholding Company Board of Directors has to annually provide the Controller with information recorded in the Company shareholders' register, provided for in paragraph (a) of this Article, and that is during the first month from the end of the fiscal year of the Company, as well as any amendment or change that occurs thereof during a period not exceeding thirty days of the date of the amendment or change.

c) A Private Shareholding Company shall not issue certificates in the name of its shareholders unless its Memorandum of Association stipulates otherwise. In such an event, the Memorandum of Association shall define the form of such certificates and the method of their issuance as well as the signing thereof and the replacement procedures in the event of its loss, damage or theft.

d) A Private Shareholding Company shares shall be transferred by means of a transfer bond in conformity with the form specified in the Company's Memorandum of Association. It shall include the selected notification address of the transferee subject to the signing thereof before the Controller, or the Notary Public, or any certified lawyer in the Kingdom. The transfer bond shall also be recorded and documented with the Controller, in addition to being announced after its due fees are paid. Such a transfer may not be protested by the Company, shareholders, or others unless same is recorded and documented as aforementioned.

e) The assignment of the shares of a shareholder in a Private Shareholding Company through sale, or otherwise shall not be contingent upon the approval of the Company, or the shareholders, or the Board of Directors, unless the Company Memorandum of Association stipulates otherwise. No record or priority right related to any share not included in the Company Memorandum of Association or the shareholders' register shall have any impact upon any person who is unaware thereof.

f) No mortgage or legal seizure shall be valid before the Company, and the other shareholders, and third parties unless such a mortgage or seizure is recorded in the Company register with the Controller. In case the mortgage is affected the mortgaged or seized share may not be transferred except with the approval of the mortgager or the entity affecting the seizure. The dividends of the mortgaged or seized shares shall be paid to the owner of the shares, unless the mortgage bond or seizure statement stipulates otherwise.

g) In the event the Company shares are listed at any market, the provisions of such market shall have priority in application over the provisions of this Article.

#### **Article (84) bis : Release from Publication**

A Private Shareholding Company is released from the requirement to publish annual balance sheet, its profit and loss account, its cash flow statement, and its Board of Directors report in the local newspapers, unless required to do so by any other legislation, or regulations or instructions issued pursuant.

### **Article (85) bis : Reserves**

a) A Private Shareholding Company should deduct 10% of its net annual profits for its statutory reserves account. It shall maintain such a deduction for every year, provided that the total of deductions does not exceed 25% of the Company subscribed capital.

b) A Private Shareholding Company General Assembly may decide upon the deduction of a specific additional rate from the net annual profit of the Company for the voluntary reserve account. The General Assembly may decide to use this reserve for the Company purpose, or it may distribute it amongst the shareholders as profits if it is not used for these purposes.

### **Article (86) bis : Gross Losses**

If a Private Shareholding Company is exposed to gross losses so that it becomes unable to meet its obligations towards its creditors, the Board of Directors shall invite the Company extraordinary General Assembly to a meeting to issue a decision, either to liquidate the Company, or issue new shares, or any other decision which would guarantee its ability to fulfill its obligations. If the General Assembly is unable to take a definite decision in this respect during two consecutive meetings, the Controller shall give the Company a one-month grace period to take the required decision. In the event the Company fails to do so, it shall be referred to the Court for compulsory liquidation in accordance with the provisions of this Law.

### **Article (87) : Profits Distribution**

a) A Private Shareholding Company may, subject to the consent of the ordinary General Assembly, distribute profits among shareholders either in cash or in-kind or by the issuance of new shares. In the event new shares are issued, such shares shall be deemed an increase in the capital, subject to the consent of the extraordinary General Assembly. The division of the issued shares into more shares shall not constitute an increase in the capital.

b) Subject to any additional conditions in the Company Memorandum of Association, a Private Shareholding Company may distribute profits from its annual profits, or from its retained annual profits of previous years, or from its voluntary reserve. The Company may not distribute profits from its statutory reserve.-

c) A Shareholder's right to profits arises upon a decision by the General Assembly to distribute them.

d) The right of a shareholder to receive profits from the Company begins as of the General Assembly's meeting whereby it decides to distribute the profits, unless the Company Memorandum of Association provides otherwise.

e) The Company shall distribute preset profits among shareholders within sixty days from the date of the General Assembly's meeting, or the date set by the General Assembly for the distribution of profits. In event of violation of same, the Company shall be obliged to pay an interest to the shareholder at the prevailing interest rate

applied to time deposits for the delay period, provided that it does not exceed six months as of the profits' due date.

**Article (88) bis : Liquidation of a Private Shareholding Company**

A Private Shareholding Company expires pursuant to the provisions of the liquidation of a Public Shareholding Company, subject to any priorities or conditions stipulated in the Company Memorandum of Association in relation to the Company shareholders and the types and categories of their shares.

**Article (89) bis : Application of other Provisions**

a) Provisions related to Public Shareholding Companies stipulated in this Law shall apply to a Private Shareholding Company, unless an express provision is provided for in this Part, or Articles or Memorandum of Association.

b) Private Shareholding Companies are subject to the provisions of Article (167) of the original Law.

c) Provisions stipulated in both Part Fourteen (Control over Companies) and Part Fifteen (Penalties), as well as the closing provisions stipulated in the original Law shall apply to Private Shareholding Companies.

**PART SIX**

**Public Shareholding Companies**

**CHAPTER ONE**

**Formation and Registration of a**

**Public Shareholding Company**

**Article (90): The Founding of the Public Shareholding Company, its Address and Duration**

a) A Public Shareholding Company shall consist of a number of founders not less than two who subscribe for shares that can be listed on the Stock Exchange and may be negotiated and transferred in accordance with the provisions of this Law and any other legislation in force.

b) Subject to the provisions of Article (99) of this Law, the Minister may, upon a justifiable recommendation by the Controller, approve that the Limited Public Shareholding Company be established by one person, or that the Company ownership devolves to one person in the event he purchases all its shares.-

c) The name of the Public Shareholding Company is derived from its objectives provided that wherever the name appears it shall be followed by the words "Limited

Public Shareholding Company”. The Company shall not be registered in the name of a natural person unless the objective thereof is the exploitation of a patent duly registered in the name of the said person.

d) The term of the Public Shareholding Company shall be indefinite unless the objectives thereof is to realize a certain business, in which case, the duration thereof shall end upon the completion of that business.

#### **Article (91): Financial Liability of the Company**

The financial liability of the Public Shareholding Company is deemed independent from the financial liability of each Shareholder therein. The Company shall, with its assets and properties, be liable for its debts and obligations and the Shareholder shall not be liable before the Company for such debts and obligations except in proportion of the shares he owns in the Company.

#### **Article (92): Registration of the Company**

a) The application for the formation of the Company shall be submitted by the Company founders to the Controller on the form designated for such purpose and accompanied by the following:

1. The Company Articles of Association.
2. Its Memorandum of Association.
3. Names of the Company founders.
4. The founders’ minutes of meeting that include the election of the founders’ committee which will supervise the founding procedures and set the signing authorization on behalf of the Company during the formation period.
5. Name of the auditor chosen by the founders for the formation period.

b) The Shareholding Company Articles of Association and Memorandum of Association should include the following information:

1. Name of the Company.
2. Company headquarters.
3. Objectives of the Company.
4. Names of the Company founders, their nationalities, chosen notification addresses, and the number of shares subscribed for.
5. The authorized capital of the Company and the subscribed part thereof.
6. A statement of the in-kind shares in the Company, if any, and the value thereof.
7. Whether the shareholders and the holders of convertible bonds hold preemptive right to subscribe for any new issues to be made by the Company.
8. The manner in which the Company is managed and the authorized signatories during the period between its founding and the first General Assembly meeting which should be held within sixty days of the date of founding of the Company.
9. Specification of the manner, form, and method of inviting the Company Board of Directors to its meeting.

c) The Articles of Association and Memorandum of Association of the Public Shareholding Company shall be signed by each founder before the Controller or any person delegated by him in writing or before a Notary Public or a licensed lawyer.

#### **Article (93): Operations Limited to Public Shareholding Companies**

The following operations may not be carried out, except by Public Shareholding Companies which are formed and registered in accordance with the provisions of this Law:

a) Banking Operations, financial institutions and all types of insurance.

b) Companies awarded concessions.

#### **Article (94): Acceptance and Rejection of a Company's Registration**

a) Upon the recommendation of the Controller, the Minister shall issue his decision approving or rejecting the registration of the Company within a maximum period of thirty days from the date of the Controller's recommendation. The Controller shall make the recommendation within thirty days from the date of submitting the application to him which shall be signed by the founders and which shall fulfill the legal conditions. Should the Minister fail to issue this decision during that period, the application shall be deemed approved.

b) In the case the Minister rejects the registration of the Company its founders may challenge his decision before the Higher Court of Justice.

## **CHAPTER TWO**

### **Capital and Shares of the Public Shareholding Company**

#### **Article (95): Fixing the Company Capital and Duration of Paying the Unsubscribed Part**

a) The authorized capital of the Public Shareholding Company and the subscribed part shall be fixed in Jordanian Dinars and shall be divided into nominal shares at a par-value of one Dinar each, provided that the authorized capital shall not be less than five hundred thousand (500,000) Dinars and the subscribed capital shall not be less than one hundred thousand (100,000) Dinars or twenty percent (20%) of the authorized capital, whichever is greater.

b) Subject to the provisions of paragraph (d) of this Article, the un-subscribed capital shall be paid within three years of the date of the Company founding or the increase of the capital, as the case may be. In the event of default in payment of the un-subscribed capital within the said period, the following should be observed:-



1. If the subscribed capital exceeds five hundred thousand (500,000) Dinars at the end of the period, the authorized capital of the Company shall become its actual subscribed capital.
2. If the subscribed capital is less than five hundred thousand (500,000) Dinars at the end of the period, the Controller shall issue a warning to the Company to pay the necessary difference in the amount with the effect that the actual subscribed capital of the Company becomes five hundred thousand (500,000) Dinars within thirty days from the date the notice is served to the Company. Should the Company fail to do so, the Controller shall have the right to request the Court to liquidate the Company in accordance with the provisions of Article (266) of this Law.

c) The Company Board of Directors may re-issue the un-subscribed shares of the authorized capital of the Company as the Company interests may warrant, and at the value which is deemed proper by the Board, whether such value is equivalent to the nominal value of the share, or higher or lower than it, provided that such shares shall be issued in accordance with the provisions of the applicable regulations and legislations in force.

d) The Board of Directors of the Public Shareholding Company shall obtain the approval of the extraordinary General Assembly in the event that the un-subscribed shares are covered by any of the following methods:

1. Incorporating the voluntary reserve into the Company capital;
2. Capitalization of the Company debts or any part thereof provided that the creditors of these debts consent thereto in writing;
3. Conversion of convertible bonds into shares in accordance with the provisions of this Law.

e) It shall be permissible by a decision of the General Assembly in accordance with rules set by same for this purpose to allocate a part of the Company un-subscribed capital as an incentive to the Company employees. In such a case, this part may continue to be offered to them for a period that does not exceed four years as of the date of the Company registration or the increase in its capital, as the case may be.

f) The Board of Directors may issue shares as provided for by the provisions of the Securities Law in force.

#### **Article (96): Indivisibility of Shares**

The share of a Public Shareholding Company shall be indivisible. However, the heirs may jointly own one share as the successors of their predecessor. This provision shall also apply to the heirs if they have jointly inherited more than one share of their predecessor's estate, provided that they, in both cases, choose one of them to represent them in and before the Company. Should they fail to do so within the period determined by the Company Board of Directors, the Board may appoint one of them to be their representative.

#### **Article (97): Company Shares and Payment of their Value**

a) Shares of the Public Shareholding Company are cash shares and the value of the subscribed shares shall be paid in one installment. The Company shares may be in-kind given against in-kind payments evaluated in cash in accordance with the provisions of this Law. Concession rights, patent rights, technical know-how and other intangible rights, that the founders approved as in-kind assets provided that a report specifying their value is prepared by experienced and specialized people is presented and provided the following is observed:-

1. If the in-kind payments holders fail in their delivery or the transfer of their title to the Company within a month from the date of their registration, they shall be obligated by operation of law to pay their value in cash in accordance with the price adopted by the founders in the founding application of the Company. The Controller may request a proof of the validity of the monetary evaluation of the in-kind payments.
2. If the Controller is not convinced of the validity of the in-kind shares' evaluation presented by the founders, then the Minister may form a committee, at the expense of the Company, of experienced and specialized persons to evaluate same in cash, provided that the committee's members include a founder. The Committee shall submit its report to the Controller during a maximum period of thirty days from the date of its formation. The founders may object on the report to the Minister within ten days from the date it is approved by the Controller.

b) The Minister shall resolve the objection within two weeks of its submittal. If the Minister accepts the objection then the Company registration will be rejected unless the founders reconsidered and accepted the evaluation, whereupon the registration procedures will be completed. The founders or subsequent shareholders shall have no right to object to the value of the in-kind shares presented in the founding stage.-

**Article (98): The Shareholders Register and the Number of Shares Held by Each**

a) The Public Shareholding Company shall keep one or more register wherein shall be recorded the names of shareholders, the numbers of shares held by each one of them, and any conversion procedures affecting same and other information relating thereto and to the shareholders.

b) Subject to the provisions of paragraph (c) of this Article, the Company may file copies of the registers referred to in the abovementioned paragraph (a) with any other authority for the purpose of following up the affairs of shareholders, and it may authorize such authority to keep and organize these registers.

c) The Public Shareholding Company shall list its shares in the Market and shall follow the rules and procedures provided for in the laws, regulations and instructions which regulate the negotiability of securities in the Kingdom and which are related to the delivery of the registers referred to in the abovementioned paragraph (a) to the authority determined by such laws, regulations and instructions.

d) Any shareholder in the Company may have access to the shareholders register in connection with his shareholding for whatever reason, and to the entire register for any reasonable cause. Any other person with interest, at the discretion of the Court,

may request the Company to review the shareholders register. In all cases, the Company may charge a reasonable fee in case any person or shareholder wishes to reproduce the register or any part thereof.

e) The Public Shareholding Company may purchase shares issued by it and sell same in accordance with the provisions of the Securities Law and the regulations and instructions issued in pursuance.-

## **CHAPTER THREE**

### **Subscription and Underwriting of Shares in the Public Shareholding Company**

#### **Article (99): Underwriting the Value of the Founders' Shares**

a) Upon signing the Articles and Memorandum of Association of a Public Shareholding Company, the founders thereof should underwrite the entire value of the shares subscribed for them, and shall provide the Controller with evidence to that effect provided that the percentage of shares subscribed for by the founders in banks and financial institutions shall not exceed 50% of the authorized capital and that the number of founders therein shall not be less than fifty (50) persons.

b) The shareholding of the founder(s) of the Public Shareholding Company upon its founding shall not exceed 75% of the authorized capital. The founder or founders' committee should offer the remaining shares for subscription as permitted by the Securities Law in force. However, the partners in the companies transformed from Limited Liability or Limited Partnership in Shares or Private Shareholding Company to a Public Shareholding Company may underwrite the complete difference in the authorized capital of the Company or may offer the remaining shares for public or private subscription in accordance with the procedures provided for in the Securities Law.

c) The founders of the Public Shareholding Company are prohibited from subscribing in the shares offered for subscription at the founding stage. However, they may underwrite the remaining shares after the lapse of three days from closing the subscription.

d) In all events, if all shares offered for subscription are not underwritten, the Company may be registered with the number of shares subscribed for provided that the subscribed capital shall not be less than the minimum limit stipulated in Article (95) of this Law and that the number of subscribers is not less than two.-

#### **Article (100): The Period during which a Founding Share may not be Disposed of and Exception to this Prohibition**

a) The founding share in the Public Shareholding Company may not be disposed of prior to the lapse of at least two years from the founding of the Company. Any action in violation of the provisions of this Article shall be null and void.

b) There shall be excluded from the restriction imposed in paragraph (a) of this Article the transfer of founders' shares to the heirs and between spouses, ancestors and descendants, as well as transfers among the founders themselves, and the transfer of the founders' share to third parties under a judicial decision, or as a result of selling same at public auction in accordance with the provisions of the Law.

#### **Article (101): Underwriting the Value of shares by an Underwriter**

Subject to the provisions stipulated in any other law, founders of the Public Shareholding Company or its Board of Directors may entrust the underwriting of the Company shares to one or more Underwriter.

#### **Article (102): Principals of Subscription in Shares**

a) It is not permitted for more than one person to participate in one subscription application in the offered shares. Fictitious subscriptions or subscription in fictitious names are prohibited and will be considered invalid in any of the cases provided for in this paragraph.

b) Subscription in the shares of the Public Shareholding Company shall take place in a manner that conforms with the provisions of this Law and other applicable laws.

#### **Article (103): Providing the Controller with Subscribers' Names**

The Company shall provide the Controller, within a period not exceeding thirty days from the closing date of any subscription in the shares of the Public Shareholding Company, with a statement containing the names of subscribers and the value of the shares subscribed for by each one of them.

#### **Article (104): Allocation of Shares**

If subscription in the shares of the Public Shareholding Company is in excess of the number of shares offered for subscription, the Company should allocate the shares offered for subscribers in accordance with the laws and regulations in force.

#### **Article (105): Refunding Excess Amounts upon the Allocation of Shares**

The Company shall be held responsible for refunding the amount in excess of the value of the Public Shareholding Company shares offered for public subscription to the subscribers within a maximum period of thirty days from the closing date of the said subscription or the determination of the allocation of shares, whichever is earlier. Should the Company fail to do so for any reason whatsoever, then those entitled to such amounts shall receive interest thereon to be computed as of the beginning of the month immediately following the thirty day period stipulated in this paragraph. This

interest shall be equal to the highest interest rate prevailing between Jordanian Banks on time deposits during that month.

**Article (106): The Agenda of the General Assembly's First Meeting**

a) The first meeting of the General Assembly of the Public Shareholding Company, referred to in Article (92) of this Law, shall be presided over by a member of the founders' committee of the Company who are entrusted with management of the Company in accordance with the provisions of Article (92) of this Law. At such meeting, the General Assembly shall carry out the following:

1. To review the report of the Company founders' committee who are entrusted with management of the Company, which should include sufficient information and data related to the founding activities and procedures along with supporting documents. The General Assembly shall also ascertain the information and data's authenticity and to what extent they conform to the Law and to the Company Memorandum of Association.
2. To review and discuss the audited founding expenses that are authenticated by the Company auditor and to take the appropriate decisions in their respect.
3. To elect the first Board of Directors of the Company.
4. To appoint an auditor or auditors for the Company and to fix their remuneration or to authorize the Board of Directors to fix same.

b) The first meeting of the General Assembly shall be subject to the procedures, invitation requirements, legal quorum and the adoption of the decisions applied to the ordinary meetings of the Company General Assembly.

c) The powers and functions of the founders' committee of the Public Shareholding Committee shall cease upon the election of the first Board of Directors of the Company and same shall hand over to this Board all documents and instruments related to the Company.

**Article (107): Objection by Shareholders to Founding Expenses**

Should shareholders in the Public Shareholding Company, holding at least 20% of the shares represented in the first meeting of the Company General Assembly, object to any of the items of the Company founding expenses, the Controller shall ascertain the authenticity of the objection and settle same. If he fails to do so for any reason whatsoever, the objectors may file a case before the Court. This case will not affect the proceeding of the Company in its operations unless the Court decides otherwise.

**Article (108): Providing the Controller with a Copy of the Minutes of the General Assembly's First Meeting**

a) The chairman of the first Board of Directors of the Company shall provide the Controller with a copy of the minutes of the first meeting of the Company General Assembly together with the documents and statements submitted by the Company founders' committee to the General Assembly within fifteen days from the date of the first meeting of the General Assembly.

b) Should it become evident to the Controller that the Public Shareholding Company has neglected during its founding stage to comply with any legal text or provision or has violated that text or provision then he shall send a written notice to the Company to correct its position within three months from the date of the notice. If the Company does not abide by the notice, the Controller shall then refer it to the Court.

c) Should it become evident to the Controller after examining the documents submitted to him in accordance with the provisions of paragraph (a) of this Article that the procedures followed for the founding of the Public Shareholding Company are legally proper, he shall then notify the Company in writing of its right to commence its operations.

## **CHAPTER FOUR**

### **In-kind Shares**

#### **Article (109): Conditions of Offering In-kind Shares**

a) The founders of a Public Shareholding Company may offer, in exchange for their shares in the Company, in-kind payments evaluated in cash, provided that the provisions listed in Article (97) of this Law are observed.-

b) As for the in-kind shares offered at any stage subsequent to the founding, the approval of the extraordinary General Assembly on the value of the in-kind payments should be obtained.

c) Any shareholder who has attended the extraordinary meeting of the General Assembly and registered his objection in the minutes of that meeting may appeal the value of the in-kind payments before the competent Court within fifteen days of the date of the meeting.

#### **Article (110): Conditions of Issuing In-kind Shares**

The in-kind shares of the Public Shareholding Company shall not be issued to the owners thereof until the completion of the legal procedures for the delivery of the in-kind payments to the Company and the transferring their title thereof.

#### **Article (111): In-kind Shares Owners Rights**

Owners of in-kind shares in a Public Shareholding Company shall enjoy the same rights enjoyed by owners of cash shares in the same Company. Should the in-kind shares be founding shares then they shall be subject to the restrictions applied to the cash founding shares.

## **CHAPTER FIVE**

## **Increasing the Capital of a Public Shareholding Company**

### **Article (112): Increasing the Authorized Capital**

The Public Shareholding Company may increase its authorized capital with the approval of its extraordinary General Assembly if such capital has been subscribed for in full, provided that the approval shall contain the method of underwriting the increase.

### **Article (113): Methods of Increasing the Capital**

Subject to Securities Law, the Public Shareholding Company may increase its capital by one of the following methods or by any other method approved by the Company General Assembly:

1. Offer the increase shares for subscription by shareholders or others.
2. Incorporation of the voluntary reserve or the accumulated deferred profits or both to the Company capital.
3. Capitalization of the debts due by the Company, or any part thereof, provided that the written approval of these debts' creditors is obtained.
4. Transferring the transferable bonds to shares, in accordance with the provisions of this Law.

## **CHAPTER SIX**

### **Decreasing the Capital of a Public Shareholding Company**

#### **Article (114): Reducing the Unsubscribed Capital**

a) A Shareholding Company may, by a decision of the extraordinary General Assembly, reduce the unsubscribed portion of its authorized capital. It may also reduce its subscribed capital if it is in excess of its needs or if it sustains any loss and the Company decides to reduce its capital in the same amount of such loss or any part thereof provided that the Company shall observe in the reduction decision and in its procedures the rights of third parties stipulated in Article (115) of this Law.

b) The reduction in the subscribed capital shall be made by reducing the value of shares, by canceling the portion of their paid value equal to the amount of the loss, if there is a loss in the Company or by refunding a portion thereof if the Company deems that its capital is in excess of its needs.

c) The capital of the Public Shareholding Company in any case may not be reduced below the minimum limit stipulated in Article (95) of this Law.

d) If the aim is to restructure the Company's capital, then the decision to reduce or increase its capital, may be taken in the same extraordinary General Assembly meeting, provided that the reduction procedures stipulated in this Law are completed

after which the increase procedures are completed and that the invitation to the meeting contain the reasons for restructuring and the objectives of such a procedure.-

#### **Article (115): Procedures for the Reduction of the Capital**

a) The Board of Directors of the Public Shareholding Company shall submit the application for the reduction of its subscribed capital to the Controller together with the reasons that require such a reduction. This can only be made following the approval of the Company's General Assembly of such reduction by a majority of at least seventy-five percent (75%) of the shares represented in its extraordinary meeting which is held for that purpose. A list of the names of the Company's creditors, the amount of the debt of each of them, his address, and a statement of the Company's assets and liabilities shall be attached to the application provided that same is certified by its auditor.

b) The Controller shall notify the creditors whose names appear in the list submitted by the Company of the decision of the Company General Assembly regarding the reduction of its subscribed capital. The notice shall be published in two local daily newspapers at the Company expense. Each creditor may submit to the Controller, within thirty days from the date of publishing the last notice, a written objection against the reduction of the Company capital. If the Controller fails in settling the objections submitted to him within thirty days following the date of the expiry of the period fixed for submitting same, the objectors shall have the right to bring their case before the Court in respect of their objections within thirty days of the date of expiry of the period granted to the Controller to settle such objections. Any case brought before the Court after the lapse of said period shall be dismissed.

c) Should the Controller receive a written notice from the Court informing him of any case that has been filed with it within the period specified in paragraph (b) of this Article to contest the reduction of the subscribed capital of the Company, then same shall stop the reduction procedures until a Court decision is issued and becomes final. The case in this instance is considered of an urgent nature in accordance with the Law of Civil Courts Procedures in force.

d) If no case has been brought before the Court to contest the decision of the Company General Assembly regarding the reduction in its subscribed capital, or if a case has been filed but dismissed by the Court and the Court's decision became final, the Controller must continue considering the reduction of the Company capital and must submit his recommendation regarding same to the Minister to issue the decision he deems appropriate. Should the Minister approve the reduction, the Controller shall register and publish the said reduction decision at the Company expense in accordance with the procedures provided for in this Law so that the reduced capital of the Company shall by operation of law replace its capital listed in its Articles and Memorandum of Association.

e) The reduction of the unsubscribed portion of the authorized share capital shall not be conditional on the approval of the Controller and creditors.



## **CHAPTER SEVEN**

### **Corporate Bonds**

#### **Article (116): Definition of Corporate Bonds**

Corporate bonds are negotiable securities that may be issued by Public or Private Shareholding Companies or any company permitted by the Securities Law to issue such bonds. Corporate bonds can be offered for subscription in accordance with the provisions of this Law and Securities Law in order to obtain a loan. The Company undertakes to repay the loan principal and interests in accordance with the issue conditions.

#### **Article (117): Conditions for Issuing Corporate Bonds**

The issue of the corporate bonds is conditional upon the approval of the Company Board of Directors by a majority of at least two thirds of the members therein. If these corporate bonds are convertible into shares, then the approval of the Company extraordinary General Assembly should also be obtained. Such approval shall be considered an approval to increase the Company authorized capital and the Board of Directors, in respect of such increase, may not exercise the powers vested thereupon by virtue of paragraph (b) of Article (95) of this Law.

#### **Article (118): Corporate Bonds' Negotiability**

a) Corporate bonds shall be registered in the names of their owners. The selling of same shall be documented in the issuing Company registers or with the authority which keeps such registers. These corporate bonds are negotiable in the markets as stipulated in the Securities Law in force.

b) In the cases approved by the Controller and the Securities Commission it is permissible to issue corporate bonds to holder in accordance with the instructions issued by the Commission for this purpose.

#### **Article (119): The Nominal Value of Corporate Bonds**

a) Corporate bonds shall be issued in one standard nominal value per issue. Bond certificates are issued in different categories for the purpose of negotiation.

b) A Corporate bond may be sold at its nominal value, or at a discount, or at a premium. In all cases, the bond shall be repaid at its nominal value.

#### **Article (120): Payment of the Corporate Bonds' Value**

The value of a corporate bond shall be paid in one amount on subscription, and will be credited to the account of the borrowing Company. In the event that the borrowing Company commissions an underwriter, the amounts paid may be credited to the underwriter's account with the approval of the borrowing Company Board of Directors, and the proceeds of subscription shall be refunded to the Company at the date agreed upon with the underwriter.

### **Article (121): Information Necessary in a Corporate Bond**

The bond shall bear the following information:

a) On the face of the bond:

1. The name of the borrowing Company, its logo if any, its address, its registration number and date thereof, and the duration of the Company.
2. Name of the owner of the bond if it is a nominal bond.
3. Number of the bond, its type, nominal value, period and the rate of interest.

b) On the back of the bond:

1. Total values of the bonds issued.
2. Dates and conditions of redemption of bonds and interest accrual dates.
3. Special securities, if any, for the debts, which the bond represents.
4. Any other conditions or provisions which the borrowing Company deems advisable to add to the bond provided that the said additions comply with the issue conditions.

### **Article (122): Corporate Bonds Guaranteed with Property or In-kind Assets**

If corporate bonds are guaranteed by movable or immovable property or by other in-kind assets or any other guarantees or collateral, the said properties and assets must be held as a security for the loan in accordance with the legislations in force, and the mortgage, guarantee, or collateral must be documented before handing over the subscription proceeds in the corporate bonds to the Company.

### **Article (123): The Denomination of Corporate Bonds in Jordanian or Foreign Currency**

The corporate bonds shall be denominated in Jordanian Dinars or in any other foreign currency in accordance with the legislation in force.

### **Article (124): Failure to Underwrite all the Corporate Bonds during the Designated Period**

The Board of Directors may be satisfied with the value of the corporate bonds that have been subscribed for if a full underwriting has not been achieved for all the issued bonds within the designated period.

### **Article (125): Negotiable Corporate Bonds Prospectus**

The Company may issue corporate bonds convertible into shares in accordance with the following provisions:

a) The decision of the Board of Directors shall include all rules and conditions on the basis of which the bonds are converted into shares. This should be accomplished with the written consent of the owners and in accordance with the conditions and in pursuance to the basis defined therefore.

b) The corporate bond holder shall express his desire to convert at the dates stated in the prospectus. If the holder does not express his interest during that period he will lose his right to convert the said corporate bonds.

c) The shares obtained by corporate bond owners shall have rights to dividends proportional to the time period between the date of conversion and the end of the fiscal year.

d) At the end of each fiscal year a statement shall be made of the number of shares issued during the year against corporate bonds whose owners exercised their option to convert same into shares during such year.

#### **Article (126): Corporate Bonds Owners Assembly**

a) An assembly named Corporate Bonds Owners Assembly will be formed from the owners of corporate bonds in every issuance by operation of law.

b) The Corporate Bonds Owners Assembly shall have the right to appoint an Issue Trustee at the expense of the Company issuing the corporate bonds.

c) The issue trustee shall be licensed by the concerned authorities to practice this activity.

#### **Article (127): Duties of the Corporate Bonds Owners Assembly**

a) Corporate Bond Owners Assembly shall be responsible for safeguarding the rights of the bond owners and for taking the necessary measures to preserve these rights, in cooperation with the issue trustee.

b) The Corporate Bonds Owners Assembly shall convene for the first time upon the invitation of the Board of Directors of the Company issuing the corporate bonds. The appointed issue trustee shall be responsible for inviting the Assembly for subsequent meetings.

#### **Article (128): The Authorities of the Issue Trustee**

The issue trustee shall assume the following authorities:

a) To represent the Corporate Bonds Owners Assembly before Courts as a plaintiff or a defendant and to represent same before any other authority.

b) To undertake the secretarial duties at the meetings of the Corporate Bonds Owners Assembly.

c) To perform the work necessary for protecting the corporate bond owners and safeguarding their rights.

d) Any other duties entrusted to him by the Corporate Bonds Owners Assembly.

**Article (129): Invitation of the Issue Trustee to the Company General Assembly Meetings**

The borrowing company shall invite the issue trustee to the meetings of the Company General Assembly. The issue trustee shall attend such meetings and express his opinion thereat, without having the right to vote on the decisions of the General Assembly.

**Article (130): Corporate Bonds Owners Assembly Meetings**

- a) The issue trustee shall invite the corporate bond owners to meet whenever he deems it necessary, provided that the Corporate Bonds Owners Assembly meet at least once a year.
- b) The Corporate Bonds Owners Assembly shall be invited in accordance with the rules applied to the invitation to the ordinary meetings of the General Assembly. Invitations and meetings of the Corporate Bonds Owners Assembly shall be subject to the same provisions which govern the invitations and meetings of the General Assembly.
- c) Any action violating of the corporate bonds prospectus shall be considered null unless approved by the Corporate Bonds Owners Assembly by a three-quarter majority of votes represented in the meeting, provided that the corporate bonds represented in the meeting are not less than two-thirds of the value of the issued bonds which have been subscribed for.
- d) The issue trustee must notify the Controller, the issuing Company and any securities market on which the bonds are listed of the decisions adopted by the Corporate Bonds Owners Assembly.

**Article (131): Company Right to Redeem the Corporate Bonds**

The prospectus may provide for the Company right to annually redeem the issued bonds by a lottery throughout the duration of the Corporate Bonds.

**CHAPTER EIGHT**

**Management of the Public Shareholding Company**

**Article (132): The Board of Directors**

- a) The management of a Public Shareholding Company is entrusted to a Board of Directors whose members shall not be less than three and not more than thirteen as determined by the Company Memorandum of Association. The members of the Board shall be elected by the Company General Assembly by means of a secret ballot in accordance with the provisions of this Law. The Board of Directors shall undertake the management of the Company for four years as from the date of its election.

b) The Board of Directors shall invite the Company General Assembly to meet during the last three months of its term, in order to elect a new Board of Directors to replace it as of the date of its election, provided that the Board continues to manage the affairs of the Company until the new Board is elected if its election is delayed for any reason whatsoever. The delay in this case should not exceed three months from the expiry date of the term of the existing Board whatever the case maybe.

**Article (133): Shares whose Ownership is Necessary for the Nomination for the Board Membership**

a) The Public Shareholding Company Memorandum of Association shall specify the number of shares which must be held by a member to qualify for nomination as a member of the Board of Directors, and to retain his position as a member therein. Those shares should not be attached, mortgaged or under any other lien which prevents their unrestricted disposal. The restriction provided for in Article (100) of this Law, regarding prohibiting the disposal of founding shares, shall be excluded from this provision.

b) The qualifying number of shares for membership on the Board of Directors shall continue to be attached as long as the owner of such shares is a member of the Board of Directors and for a further period of six months following the expiry date of his term therein. Such shares may not be negotiated during that period. To that end the shares shall be marked as attached shares and a reference to this effect shall be made in the shareholders register. Such an attachment is made as a security for the Company interest and to guarantee the obligations and responsibilities of that member and the Board of Directors.

c) Any member of the Board of Directors of a Public Shareholding Company shall be automatically abated from his term of office if, for any reason whatsoever, the number of shares that he should own decreases to less than the number of shares which he should be an owner of pursuant to paragraph (a) of this Article, or if an attachment has been levied upon the shares pursuant to a final Court decision, or if they have been mortgaged during his term of office, unless he completes the shares which have been decreased from the shares which qualify him for such term in the Board within a period that does not exceed thirty days. Such shareholder may not attend any of the Board's meetings during the period in which the decrease of his shares occurs.

**Article (134): Persons whose Nomination for the Board of Directors Membership is Prohibited**

Any person may not be nominated for membership of the Board of Directors of a Public Shareholding Company or be a member if he has been convicted by the competent Court of the following:

a) Any felony or misdemeanor involving honor such as bribery, embezzlement, theft, forgery, abuse of confidence, false testimony, or any crime against public manners and morals, or if he is incapacitated or declared bankrupt unless rehabilitated.

b) Any of the penalties stipulated in Article (278) of this Law.

### **Article (135): Government and Official Corporations' Representation in the Board of Directors**

a/1) Should the Government or any official public corporation or any public corporate body subscribe in a Public Shareholding Company, then they shall be entitled to be represented on its Board of Directors, by a number in proportion to their subscription proportion in the Company capital if that proportion entitles it for one or more memberships in the Board, and in this case it shall not participate in the election of other Board members. If their subscription is less than the percentage that grants them membership in the Board than they shall use their nomination right and participate in electing the members of this Board just like any other shareholder, and the person representing any of same on the Board shall enjoy all the membership rights and bear its responsibilities. It is not permitted, in accordance with the provisions of this paragraph, to appoint one member on more than one Board of Directors of two companies in which the Government or official public corporation or public corporate body is a subscriber therein, including Arab and foreign companies, or companies that an official public corporation or public corporate body is a subscriber therein.<sup>§</sup>

a/2) If, and in any event, a representative of the Government or an official public corporation or public corporate body is appointed in more than two Companies' Board of Directors, then he shall be obligated under legal and disciplinary liability to correct his position during a period that does not exceed a month, in accordance with the provisions of clause (1) of this paragraph, by notifying the specialized body he represents in order for it to appoint a replacement in the company in which he relinquished his membership, and shall notify the Controller thereof. This provision is applicable to all existing cases upon this Law coming into force.

b) The membership of the representative of the Government or the official corporation or the other public corporate bodies in the Board of Directors of the Public Shareholding Company shall continue for the term determined for the Board. The party that appointed the said representative shall have the right to appoint another person to replace him, at any time, for the remaining period of his predecessor's term in the Board, or to delegate someone to temporarily replace him in the event of his illness or absence, provided that the Company is informed in writing in both situations.

c) Should the member who represents the Government or the official public corporation or any public corporate body submit his resignation from the Company Board of Directors, his resignation shall be accepted, and the entity whom he represented must appoint a new representative to replace him.

d) Provisions relating to the appointment of a Government representative on the Board of Directors of Public Shareholding Companies shall be determined in accordance with the Jordan Investment Corporation Law and the regulations issued pursuant thereto, and any other legislation that amends or replaces the said Law.

e) The provision of this Article shall apply to non-Jordanian governments and public corporate bodies when subscribing to the capitals of Jordanian companies.

### **Article (136): The Representation of a Corporate Body**

If a corporate body, other than public corporate bodies referred to in Article (135) of this Law is a shareholder in a Public Shareholding Company, then it may be nominated for a number of seats in the Board of Directors in proportion to its shareholding in the Company capital. In event of its election it shall name a natural person to represent it in the Board of Directors within ten days of the date of its election, provided that the appointee holds the membership conditions and qualifications stipulated in this Law with the exception to his ownership of the Board of Directors' qualifying shares. A corporate body is deemed to have lost its membership if it fails to name its representative within a month of its election. The corporate body may also replace its representative with another natural person during the Board's duration.

**Article (137): Election of a Board of Directors' Chairman and Deputy Chairman**

a) The Board of Directors of the Public Shareholding Company shall elect from amongst its members by means of a secret ballot a chairman and a deputy chairman to assume the duties and responsibilities of the chairman during his absence. The Board of Directors shall also elect from amongst its members one or more member who shall have the right to sign on behalf of the Company severally or jointly in accordance with what the Board decides regarding this issue, and within the powers delegated to them by the Board. The Board shall provide the Controller with copies of its decisions related to the election of the chairmen, his deputy, and the authorized members to sign on behalf of the Company, accompanied by a specimen of their signatures within seven days from the date of issuing the said decisions.

b) The Company Board of Directors may delegate any employee of the Company to sign on its behalf within the authorities delegated by the Board to him.

**Article (138): Submittal of a Written Statement of the Property Owned by the Chairman and Board of Directors' Members and Providing the Controller with a Copy**

a) The chairman and every member of the Board of Directors of a Public Shareholding Company, its general manager, and principal managers, shall submit to the Board of Directors at the first meeting which it holds following its election, a written statement of the Company shares owned by each one of them and his wife and minor children, in addition to the names of the companies in which he, his wife and minor children own shares or stocks therein, if the Public Shareholding Company owns shares in these other companies. Any change which may occur to the aforementioned statements, must be notified by him to the Board within fifteen days from the date on which such a change occurs.

b) The Board of Directors shall present the Controller with copies of the aforementioned statements stipulated in paragraph (a) of this Article, and of any change that may occur thereon, within seven days from the date of submission of the statements or the change that occurs in respect thereof.

**Article (139): Prohibition of Advancing a Loan to the Chairman or his Deputy**

Subject to nullification, a Public Shareholding Company is not allowed to advance a cash loan of any kind to the chairman or any of the members of the Board of Directors or ancestors, descendants or spouse of any one of them. Excluded from this condition are banks and financial institutions that may advance loans to any of the aforesaid within the limits of their objectives and with the same conditions they deal with their other clients.

#### **Article (140): Duties of the Board of Directors**

a) The Board of Directors shall prepare, within a maximum period of three months from the end of the fiscal year of the Company, the following accounts and statements to be presented to the General Assembly.

1. The annual balance sheet of the Company, its profit and loss statement, and cash flows statements accompanied with their clarifications compared with those of the previous fiscal year, all duly certified by the Company auditors.
2. The annual report of the Board of Directors on the Company activities and forecasts for the following year.

b) Copies of the accounts and statements stipulated in paragraph (a) of this Article shall be sent to the Controller at least twenty one days prior to the date set for the meeting of the Company General Assembly.

#### **Article (141): Publication of the Company Balance Sheet**

The Board of Directors shall publish the Company balance sheet, its profit and loss account and a detailed summary of the annual report of the Board of Directors, along with the auditors' report within a period not exceeding thirty days from the date of the meeting of the General Assembly.

#### **Article (142): Financial Reports-**

The Board of Directors of a Public Shareholding Company shall prepare a report every six months that includes the financial position of the Company, the results of its operations, profit and loss account, cash flow list and the clarifications related to the financial statements certified by the Company auditors. The Controller shall be provided with a copy of the report within sixty days from the expiry of the period.

#### **Article (143): The Expenses, Remunerations and Privileges of the Chairman and Members of the Board of Directors**

a) The Board of Directors of the Public Shareholding Company shall annually place in the Company headquarters at the disposal of the shareholders, at least three days prior to the meeting of the Company General Assembly, a detailed report, to be viewed by the shareholders, containing the following statements. A copy of same shall be sent to the Controller:

1. All amounts received from the Company during the fiscal year by the chairman and each of the members of the Board of Directors, in the form of wages, fees, salaries, bonuses, remuneration and others.



2. Benefits that the chairman and the members of the Board of Directors enjoy such as free accommodation, cars and others.
3. Amounts that have been paid to the chairman and members of the Board of Directors during the fiscal year such as travel and transport allowances inside and outside the Kingdom.
4. A detailed account of the donations paid by the Company during the fiscal year, and the entities that received the said donations.
5. A list of the names of the Board of Directors, number of shares owned by each of them and the duration of the membership of each member.

b) The chairman and the members of the Company Board of Directors shall be held responsible for realizing the provisions of this Article, and for the accuracy of the submitted statements in accordance therewith, for the shareholders review.

#### **Article (144): The Invitation to the General Assembly Meeting and its Agenda**

a) The Board of Directors of a Public Shareholding Company shall direct an invitation to each shareholder to attend the General Assembly meeting to be sent via ordinary mail at least fourteen days prior to the date set for the meeting. The invitations may be delivered to the shareholder by hand against a signature of receipt.

b) The agenda of the General Assembly meeting and the Company Board of Directors report, its annual balance sheet and final accounts, in addition to the auditors' report and the explanatory statements shall be enclosed with the invitation.

#### **Article (145): Publication of the General Assembly Meeting's Date**

The Board of Directors of the Public Shareholding Company shall announce the date set for the meeting of the Company General Assembly, in two local daily newspapers, at least once, and that is within a maximum period of fourteen days prior to that date. The Board must also announce the said invitation date only once on radio or television within a maximum period of three days prior to the date set for the General Assembly meeting.

#### **Article (146): Membership in More than One Board of Directors**

a) Any person is entitled, in his personal capacity, to be a member of the Board of a maximum of three Public Shareholding Companies concurrently. A person is also entitled to represent a corporate body in the Board of Directors of three Public Shareholding Companies at most. In all events, the said person is not entitled to be a member of the Board of Directors of more than five Public Shareholding Companies in his personal capacity in some, and as a representative of a corporate body in the others. Any membership in a Board of Directors of a Public Shareholding Company obtained by such person contrary to the provisions of this paragraph, shall by the force of Law, be considered null and void.

b) Each candidate nominated for membership of the Board of Directors of a Public Shareholding Company shall notify the Controller in writing of the names of the companies in which he is a member in the Boards of Directors therein.

c) No person may nominate himself for the membership of a Board of Directors of a Public Shareholding Company in his personal capacity or as a representative of a corporate body if the number of his memberships equals the number stipulated in paragraph (a) of this Article. However, he is permitted to resign from any membership within two weeks from the date of his new membership nomination, provided that he may not attend the meetings of the Board of Directors of the Company to which he was elected a member, prior to rectifying his position in accordance to the provisions of this article.

#### **Article (147): Conditions for Membership in the Board of Directors**

Any candidate for membership of a Board of Directors, for any Public Shareholding Company shall not:

1. Be less than twenty-one years old.
2. Be a civil servant in the Government or an official public corporation.

#### **Article (148): Prohibitions Imposed on Members of the Board of Directors and Exceptions to Same**

a) Any person who occupies a public post may not be a member of the Board of Directors of any Public Shareholding Company, except in his capacity as a representative of the Government, an official public corporation, or a public corporate body.

b) Any member of a Company Board of Directors or its general manager may not become a member of the Board of Directors of another Company that carries out businesses similar to the businesses of the Company in which he is a Board member, has identical objectives, or is a competitor thereof. In addition, they are not entitled to carry out any business which competes with the business of the Company in which he is a Board member.

c) The chairman of the Board of Directors of any Company, its members, the Company general manager, or any of its employees, may not have a direct or an indirect interest in the contracts, projects and relationships which are concluded with the Company or for its account.

d) The provisions of paragraph (c) of this Article shall not apply to constructions operations, undertakings and public tenders in which all competitors have an equal opportunity to submit their offers. Should the best offer be submitted by any of those mentioned in paragraph (c) of this Article, a two-thirds majority approval of the members of the Board must be obtained provided that the said member shall not have the right to attend the session in which his offer is discussed. Such approval, when given, shall be renewed annually by the Board of Directors if the said contracts or undertakings are of a renewable and periodic nature.

e) Any person of those referred to in paragraph (c) of this Article shall be discharged of his office or position in the Company, in the event of his violation to the provisions of the said paragraph.

**Article (149): Election of a Board of Director's Member in his Absence**

If a person is elected in his absence as a member of a Board of Directors of a Public Shareholding Company, he must declare his acceptance or refusal of the membership within ten days from the date of his notification of the result of the election, and his silence regarding this issue shall be considered as acceptance of that membership.

**Article (150): Vacancy of a Board of Directors Member's Office**

a/1) If the office of any member of the Board of Directors becomes vacant, for whatever reason, he shall be succeeded by a member elected by the Board of Directors from amongst those who have the qualifying requirements for membership. Corporate bodies may take part in that election. This procedure shall be followed whenever an office in the Board of Directors becomes vacant. The appointment, in such a manner, shall continue to be provisional until it is presented to the Company General Assembly in its next meeting in order for it to approve such an appointment, or to elect the person who shall occupy the vacant post in accordance with the provisions of this Law. In such a case, the new member shall hold office for the remaining period of the term of office of his predecessor.-

a/2) If the appointment of a temporary member or the election of a successor is not approved by the General Assembly in the first meeting it convenes, the temporary membership of that person shall be deemed terminated. The Board of Directors shall appoint another member provided that same is presented to the Company General Assembly in its first subsequent meeting and in accordance with the provisions stipulated in this paragraph.

b) The number of members who are appointed on the Board of Directors pursuant to this Article must not be more than half of the Board members. Should the office of any Board member become vacant thereafter, the General Assembly shall be invited to elect a new Board of Directors.

**Article (151): The By-laws**

The financial, accounting and administrative issues of a Public Shareholding Company shall be organized in accordance with special by-laws prepared by its Board of Directors. Same shall specify in detail the duties, responsibilities and powers of the Company Board of Directors regarding such issues. The said by-laws must not contradict the provisions of this Law and the regulations issued in pursuance or any other legislation in force. Copies of those by-laws shall be sent to the Controller. The Minister may, upon the recommendation of the Controller, make any amendments he deems necessary to the by-laws in a manner that serves the interest of the Company and its shareholders.

### **Article (152): The Chairman of the Board of Directors Powers and Responsibilities**

a) The chairman of the Board of Directors is considered the chairman of the Public Shareholding Company, and shall represent the Company before others and before all authorities including the competent judicial authorities. The chairman may delegate a person to represent him before such entities. The chairman shall also exercise all powers accorded to him in accordance with the provisions of this Law, the regulations issued in pursuance and other regulations in force at the Company. The chairman shall also implement the decisions of the Board of Directors in cooperation with the Company executive system.

b) The chairman of the Board of Directors may be a full time employee with the approval of two-thirds of the Board members. The Board of Directors shall in this case determine the powers and duties which he may expressly exercise and shall fix his due fees and bonuses, provided he is not a full-time chairman of the Board of Directors or the general manager of any other Public Shareholding Company.

c) The chairman of the Board of Directors of a Public Shareholding Company or any member thereof may be appointed as the Company general manager or as his assistant or deputy by a decision issued by a two-thirds majority vote of the Board members, in any such cases, provided that the concerned party shall not take part in the voting.

### **Article (153): The General Manager's Duties and Powers**

a) The Board of Directors shall appoint a qualified person to act as general manager of the Public Shareholding Company and shall specify his powers and responsibilities in accordance with instructions issued by the Board for this purpose. The Board shall authorize the said manager to carry out the management of the Company in cooperation with the Board of Directors and under its supervision. The Board shall determine the salary of the general manager, provided he is not a general manager of more than one Public Shareholding Company.

b) The Board of Directors of the Public Shareholding Company shall have the right to terminate the services of the general manager provided that the Controller is informed of any decision taken thereby regarding the appointment of the Company general manager or the termination of his services as soon as the decision is taken.

c) If the Company securities are listed in the Market, then the Market shall be notified of any decision taken as to the appointment of the Company general manager or the termination of his services as soon as the decision is taken.

d) The chairman of the Board of Directors of a Public Shareholding Company or any of its members are not entitled to assume any duty or employment in the Company for a salary, compensation or remuneration, except for those provided for in this Law in situations where the nature of the work of the Company requires same and which have been approved by a two-thirds majority vote of the Board of Directors' members, provided that the concerned person shall not participate in the voting.

### **Article (154): Duties of the Board of Directors' Secretary-**

The Board of Directors shall appoint, from amongst the Company employees, the secretary of the Board and shall determine his remuneration. The secretary shall arrange Board meetings, prepare the agenda thereof, and record in a special register and on consecutive pages having serial numbers the minutes of the Board's meetings and decisions. The said register shall be signed by the Board's chairman and members who attended the meeting, and each page shall be stamped by the Company seal.

#### **Article (155): The Board of Directors' Meetings**

a) The Board of Directors of a Public Shareholding Company shall meet upon a written invitation from its chairman or his deputy, in case of the chairman's absence, or upon a written request of at least one-quarter of the Board's members submitted to the chairman. The said members must state in their written request the reasons that necessitate the convention of such a meeting. Should the chairman or his deputy not invite the Board to a meeting within seven days from the date of the receipt of that request, the members who submitted the request shall have the right to invite the Board to meet.

b) The Board of Directors of a Public Shareholding Company shall hold its meetings in the presence of the absolute majority of the Board's members at the headquarters of the Company, or in any other place inside the Kingdom if such a meeting cannot be held at the Company headquarters. However, companies which have branches outside the Kingdom or should the nature of the Company business require same, shall have the right to hold a maximum of two Board meetings annually outside the Kingdom. The decisions of the Board of Directors shall be adopted by an absolute majority of the members present at the meeting and in case of equality of votes the chairman of the meeting shall have a casting vote.-

c) Voting on the Board of Directors' decisions shall only be made in person and by the member himself. Voting by proxy or by correspondence or by another indirect manner shall not be permitted.

d) The Board of Directors shall have at least six meetings during the fiscal year of the Company, provided that not more than two months lapse before holding a Board meeting. The Controller shall receive a copy of the invitation for each of the said meetings.

#### **Article (156): The Responsibility of Company for the Actions of the Board or General Manager against Third Parties**

a) The Board of Directors of a Public Shareholding Company or general manager shall enjoy the complete powers in managing the Company within the limits set in its Memorandum of Association. Actions and deeds conducted and exercised by the Company Board of Directors or general in its name, shall be binding on it against bona fide third parties dealing with the Company. The Company shall have the right of recourse on Board of Directors to claim any compensation resultant of damage that befell it regardless of any restrictions provided for in the Company Memorandum or Articles of Association.

b) Third parties dealing with the Company shall be deemed bona fide unless the contrary is proved. However, such third party is not obliged to ascertain the existence of any restriction on the powers of the Company Board of Directors or general manager or on their power to bind the Company under its Articles and Memorandum of Association.

c) The Company Board of Directors shall draft an agenda clarifying the signatory powers on behalf of the Company in different issues on the form approved by the Minister based on the recommendation of the Controller, and the other powers and authorities vested with the chairman and general manager; especially if the chairman is dedicated to the Company businesses. This agenda shall also clarify any issues deemed necessary by the Board for the purpose of running the Company businesses and practice with others.

**Article (157): The Violation of Company By-laws by the Chairman and the Members of the Board of Directors**

a) The chairman and the members of the Public Shareholding Company Board of Directors shall be held responsible towards the Company, shareholders and others for every violation committed by any of them or all of them of the laws and regulations in force and of the Company Memorandum of Association and for any error in the management of the Company. The consent of the General Assembly for absolving the Board from its responsibility shall not prevent legal recourse against the chairman and the Board of Directors.

b) The liability stipulated in paragraph (a) of this Article shall be either personal, borne by one or more member of the Board of Directors, or collective, borne by the chairman and the members of the Board of Directors, and in such a case, they shall be jointly and severally liable for compensating the damage that results from the said violation or mistake. A member who has already objected to the decision containing the violation or mistake in the minutes of the meeting shall not be liable for such compensation. In all cases, the claim regarding this responsibility shall cease after the lapse of five years from the date the General Assembly meeting during which the Company annual balance sheet and its final accounts were approved.

**Article (158): Liability of the Company Chairman, Board of Directors' Members, General Manager and its Employees for Disclosing its Secrets**

The Public Shareholding Company chairman, members of the Board of Directors, its general manager or any of its employees, shall be prohibited from disclosing to any shareholder in the Company or to another, any information or data related to the Company and considered of a confidential nature, and which same acquired in their official capacity in the Company, or as a result of undertaking any business therefore or therein, at the risk of dismissal and being claimed for compensation for the damage that has been incurred by the Company. Information permitted to be published per current laws and regulations shall be excluded from the aforementioned. The General Assembly approval to release the chairman and members of the Board of Directors from this responsibility shall not absolve same from responsibility.

**Article (159): Responsibility of the Company Chairman, Board of Directors' Members, for Default and Negligence in the Management of the Company**

The Public Shareholding Company chairman and the Board of Directors' members shall be jointly and severally responsible towards shareholders for any default or negligence in the management of the Company. However, upon the liquidation of the Company and the appearance of a deficit in its assets, in a manner that renders the Company unable to meet its obligations, and should the reason for such a deficit be the default or negligence of the chairman and members of the Board or its general manager or auditors, the Court shall have the right to hold any of the aforesaid persons liable for the debts of the Company in full or in part, as the case may be. The Court shall determine the amounts the said persons are liable for and whether they are jointly liable in the loss or not.

**Article (160): The Right to File a Court Action**

The Controller, the Company and any shareholder therein shall have the right to file a case with the Court in accordance with the provisions of Articles 157, 158 and 159 of this Law.

**Article (161): Objection of the Board of Directors' Chairman and Members to the Discharge Issued by the General Assembly**

- a) The decision taken by the General Assembly regarding the discharge of responsibility shall not be considered as evidence except after the presentation of the Company annual accounts and auditors' report to the Assembly.
- b) This discharge of responsibility shall only include issues which the General Assembly was able to verify.

**Article (162): Remuneration, Transportation, and Travel Allowances of the Board of Directors' Chairman and Members**

- a) Remuneration of the Public Shareholding Company Board of Directors chairman and members shall be determined at a rate of 10% of the net profit which can be distributed as dividends to shareholders, after deducting all taxes and reserves therefrom, provided that the remuneration for each of them not exceed five thousand (5000) Jordanian Dinars annually. Remuneration shall be distributed amongst them in proportion to the number of meetings attended by each of them. Meetings not attended by the member for a justifiable cause approved by the Board shall be considered attended by the member.
- b) If the Company is still in the founding stage and has not realized profits yet, an annual remuneration may be distributed to the chairman and members of the Board at a rate not exceeding one thousand Jordanian Dinars for each member until the Company starts to realize profits after which it shall be subject to the provisions of paragraph (a) of this Article.
- c) In the event the Company incurred losses after realizing profits or has not realized any profits yet, the chairman and each member of the Board shall be paid a

remuneration for their efforts in managing the Company at the rate of twenty (20) Jordanian Dinars for every Board meeting, or for every meeting of the committees emanating therefrom, provided that such remuneration must not exceed six hundred (600) Jordanian Dinars annually for each one of them.

d) Travel and transport allowances for the chairman and members of the Board of Directors shall be determined in accordance with special regulations to be issued by the Company for this purpose.

#### **Article (163): Resignation of a Board of Directors' Member**

Any member of the Board of Directors of a Public Shareholding Company, other than representatives of a public corporate body, may submit his resignation from the Board, provided that his resignation is made in writing, and the said registration shall take effect as of the date of its submission to the Board and it may not be withdrawn.

#### **Article (164): Loss of a Chairman's or Member's Membership in the Board of Directors'**

a) The chairman of the Board of Directors of a Public Shareholding Company, or any member thereof, shall lose his Board membership if he is absent from the meetings of the Board of Directors for four consecutive meetings without a reason acceptable by the Board, or if he is absent from the meetings of the Board of Directors for six consecutive months even if there is a reasonable reason for the absence. The Controller shall be informed of the decision of the Board of Directors in accordance with the provisions of this paragraph.

b) The private corporate body shall not lose its membership of a Private Shareholding Company Board due to the absence of its representative in any of the two cases stipulated in paragraph (a) of this Article, but the corporate body should appoint another person to replace the said representative after its notification of the Board's decision within a month of its notification of the absence of its representative. It shall be considered to have lost its membership if it does not name a new representative within the aforementioned period.

#### **Article (165): The Right of the General Assembly to Dismiss the Chairman and Members of the Board of Directors**

a) The General Assembly of a Public Shareholding Company shall have the right, during an extraordinary meeting and upon a signed request of shareholders holding at least 30% of the Company shares, to dismiss the chairman of the Board of Directors or any of its members except for members representing the shares of the government or any corporate body. The dismissal request shall be submitted to the Board of Directors, and a copy thereof shall be sent to the Controller. The Board of Directors shall invite the General Assembly to hold an extraordinary meeting within ten days from the date of submission of the request thereto, in order for the Assembly to consider the dismissal request and take the appropriate decision in that respect. If the Board of Directors fails to invite the General Assembly to a meeting, the Controller shall do so at the expense of the Company.



b) The General Assembly shall discuss the dismissal request of any member and may listen to his statements either verbally or in writing, after which the members will vote on the request by secret ballot. If the General Assembly decides upon his dismissal then it shall elect his replacement in accordance with the stipulated rules for the election of the Board of Directors' members.

c) If the dismissal did not occur in accordance with the provisions of this Article then the request for discussing the dismissal for the same reason is not permitted prior to the lapse of six months from the date of the General Assembly's meeting that discussed the dismissal request.

**Article (166): Prohibition of Chairman, Members of the Board of Directors, General Manger and Employees from Dealing with Company Shares**

The chairman of the Board of Directors of a Public Shareholding Company and any member thereof, and the Company general manager and any if its employees, shall be prohibited from dealing directly or indirectly in the shares of the Company, on the basis of information which may have been acquired by any one of them in their position or work in the Company. Same are also prohibited from revealing such information to any other person with the aim of affecting the prices of the shares of this Company, any other subsidiary, holding company or company affiliated thereto in which he is a Board member, or an employee, or should such a disclosure of information cause such an effect. Any dealing or transaction to which the provisions of this Article are applicable shall be considered null and void. The person who undertakes such a dealing or transaction shall be liable for the damage incurred by the Company, its shareholders or others, if any case is brought before Court regarding the said damage.

**Article (167): The Right of the Minister to Form a Committee to Manage the Company upon the Resignation of the Board of Directors' Chairman and Members**

a) Should the chairman of the Board of Directors of a Public Shareholding Company, or any of its members, submit their resignation, or should the Board cease to have legal quorum due to the resignation of a number of its members, and if the General Assembly fails to elect a Board of Directors for the Company, the Minister shall upon a recommendation of the Controller, form a temporary committee composed of any number of experienced and specialized persons which he deems appropriate. The Minister shall appoint from amongst the members of the committee a chairman and a deputy in order to assume the management to the Company. He shall also invite the General Assembly to meet within a period not exceeding six months from the date of the formation of the committee, in order to elect a new Board of Directors for the Company. The chairman of the committee and its members shall be granted remuneration at the expense of the Company in accordance with what is determined by the Minister.

b) The provisions of paragraph (a) of this Article shall apply to Banks, financial services companies and insurance companies, after seeking the opinion of the Governor of the Central Bank of Jordan, the Securities Commission and the Insurance Regulatory Commission, as the case may be.

### **Article (168): Notification of the Controller of Occurrence of a Serious Loss to the Company and Right of Minister to Dissolve the Board**

a) The chairman of the Board of Directors, any members thereof, its general manager or its auditors shall notify the Controller of the occurrence of any financial or administrative disorders or serious losses which affect the rights of the Company shareholders or creditors. The Controller shall also be notified if the Company Board of Directors, or any member thereof, or its general manager exploit their powers and position in any manner that achieves for their or another's account any benefit in an illegitimate manner. This provision shall apply in case any of same abstain from work which the Law stipulates its implementation or the completion of any practice pertaining to fraud or considered embezzlement, forgery or breach of trust in a manner that affects the rights of the Company and its shareholders. Failure to do so by any of the aforesaid shall subject them to ommissive liability.

b) The Minister shall, in any of these cases and upon the recommendation of the Controller, after ascertaining the correctness of the notification, dissolve the Company Board of Directors and form a committee of any number, which he deems appropriate, of experienced and specialized persons to manage the Company for a period of six months renewable twice at most and shall appoint a chairman and a deputy chairman from amongst its members. In this case, the committee shall invite the General Assembly during that period to elect a new Board of Directors for the Company. The chairman and members of the committee shall be granted remuneration, at the Company expense, as shall be determined by the Minister.

c) The provisions of this Article shall apply to Limited Liability Companies and Private Shareholding Companies in any case approved by the Council of Ministers upon the recommendation of the Minister.

## **CHAPTER NINE**

### **The General Assembly of a Public Shareholding Company**

#### **The General Assembly's Ordinary Meeting**

#### **Article (169): The Date of the Ordinary General Assembly Meeting**

The General Assembly of a Public Shareholding Company shall hold at least one ordinary meeting per year inside the Kingdom, upon the invitation of its Board of Directors, on the date set by the Board in agreement with the Controller, provided that this meeting shall be held within the four months following the end of the fiscal year of the Company.

#### **Article (170): The Quorum of the Ordinary General Assembly Meeting**

Ordinary meetings of the General Assembly of a Public Shareholding Company shall be deemed legal if attended by shareholders representing more than one half of the Company subscribed shares. Should such a quorum not be present after the lapse of

one hour from the time fixed for the meeting, the chairman of the Board of Directors shall direct an invitation to the General Assembly to hold another meeting within ten days from the date of the first meeting. The invitation shall be made through an announcement published in at least two local daily newspapers, at least three days prior to the date set for the meeting. The second meeting shall be considered legal regardless of the shares represented therein.

#### **Article (171): The Powers of the General Assembly and its Agenda**

a) The powers of the General Assembly of a Public Shareholding Company during its ordinary meeting shall include powers necessary for considering, discussing and taking the appropriate decisions on all Company-related issues, particularly the following:

1. Reciting the minutes of the previous ordinary meeting of the General Assembly.-
2. Report of the Board of Directors on the activities of the Company, during the year, along with its future plans.
3. Report of the Company auditors on the balance sheet of the Company, other final accounts and financial status and position.
4. Annual balance sheet, the profit and loss account and deciding upon the profits that the Board of Directors proposes to distribute, including the reserves and allocations, which the Law and the Company Memorandum of Association stipulate its deduction.
5. Election of the members of the Board of Directors.
6. Election of the Company auditors for the next fiscal year, and deciding on their remuneration or authorizing the Board of Directors to determine same.-
7. Proposals to borrow funds, create a mortgage and release guarantees, or guarantee a holding or affiliated company obligations if the Company Memorandum of Association requires that.
8. Any other matter stipulated by the Board of Directors in the meeting's agenda.
9. Any other matter which the General Assembly proposes to include in the agenda, and are within the work scope of the General Assembly in its ordinary meetings, provided that such a proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.

b) The General Assembly invitation to convene the meeting should include, the agenda of the matters to be presented to it for discussion, in addition to a copy of any documents or statements relating to such.

#### **The General Assembly's Extraordinary Meeting**

##### **Article (172): Invitation of the General Assembly to an Extraordinary Meeting**

a) The General Assembly of a Public Shareholding Company shall hold an extraordinary meeting inside the Kingdom upon the invitation of the Board of Directors, or upon a written request submitted to the Board from shareholders holding not less than one-quarter of the Company subscribed shares, or upon a written request submitted by the Company auditors or the Controller, should shareholders holding in person not less than 15% of the Company subscribed shares request such a meeting.

b) The Board of Directors shall invite the General Assembly to the extraordinary meeting which the shareholders, the Company auditors or the Controller has requested to be convened in accordance with the provisions of paragraph (a) of this Article, within a period not exceeding fifteen days from the date the Board has been notified of that request. Should the Board fail to direct such an invitation or refused to respond to the request, the Controller shall invite the General Assembly to convene at the expense of the Company.

#### **Article (173): The Quorum of the Extraordinary General Assembly Meeting**

a) Subject to the provisions of paragraph (b) of this Article, an extraordinary meeting of the General Assembly of the Public Shareholding Company shall be deemed legal if attended by shareholders representing more than one-half of the subscribed shares of the Company. Should such a quorum not be present after the lapse of one hour of the time fixed for the meeting, then the meeting shall be postponed to another date to be held within ten days form the date of the first meeting. The chairman of the Board shall announce the new date of the meeting in at least two local daily newspapers, at least three days prior to the date set for the new meeting. The second meeting shall be deemed legal with the presence of shareholders representing at least 40% of the Company's subscribed shares. Should such a quorum not be present in the second meeting, it shall then be cancelled, whatever the reasons for the invitation are.

b) The legal quorum for the meeting of the Company extraordinary General Assembly, in the event of its liquidation or merger with another company, should not be less than two-thirds of the Company subscribed shares, including the meeting postponed for the first time, and if its legal quorum is not complete the General Assembly's meeting will be cancelled whatever the reasons for calling its meeting.-

#### **Article (174): The Agenda of the Extraordinary General Assembly Meeting**

The invitation for an extraordinary meeting of the General Assembly must include the issues to be presented and discussed thereat. Should the agenda include amending the Articles and Memorandum of Association of the Company, the proposed amendments must be attached to the invitation for the meeting.

#### **Article (175): The Powers of the General Assembly in its Extraordinary Meeting**

a) The General Assembly of a Public Shareholding Company shall, at its extraordinary meeting, discuss, consider and take appropriate decisions regarding the following issues:

1. Amending the Company's Article and Memorandum of Association.
2. Merging of the Company's or its incorporation.
3. Liquidation and dissolution of the Company.
4. Dismissal of the Board of Directors, its chairman or one of its members.
5. Sale of the Company or complete acquisition of another company.

6. Increase of the authorized capital of the Company's or decrease of the Company capital.
7. Issuance of corporate bonds convertible to shares.
8. Company employees' ownership of the Company's capital shares.-
9. Company purchase of its shares and selling of same in accordance with the provisions of this Law and related legislations in force.

b) Decisions at an extraordinary meeting of the General Assembly shall be issued by a majority of 75% of the total shares represented in the meeting.

c) Decisions issued by the General Assembly during its extraordinary meetings shall be subject to the approval, registration and publication procedures stipulated in this Law with the exception of the provisions of clauses (4) and (7) of paragraph (a) of this Article.

#### **Article (176): Extraordinary General Assembly Meetings Enjoy Ordinary Meetings Powers**

The General Assembly of a Public Shareholding Company may discuss at its extraordinary meetings issues falling within its powers at ordinary meetings. The General Assembly's decisions in this case shall be adopted by an absolute majority of shares represented at the meeting.

#### **General Rules for the Meeting of the General Assembly**

#### **Article (177): Presidency of the General Assembly Meeting and Attendance of the Chairman and Members of the Board of Directors**

a) The ordinary meeting of the General Assembly of a Public Shareholding Company shall be presided over by the chairman of the Board or his deputy, in case of the chairman's absence, or the person delegated by the Board if both the chairman and his deputy are absent.

b) The number of the members of the Board of Directors attending meetings of the General Assembly must not be less than the number needed for constituting a quorum required for convening Board meetings. Board members must not be absent from the meetings without a justifiable cause.

#### **Article (178): The Right of Discussion and Voting on Decisions**

Every shareholder in the Public Shareholding Company who was registered in the Company register three days prior to the date set for any meeting of the General Assembly shall have the right to participate in discussing issues presented thereto and to vote on the decisions adopted by the Assembly regarding these issues, each according to the number of shares he represents in person and by proxy.

#### **Article (179): Granting Proxy to Attend Meetings**

a) A shareholder in a Public Shareholding Company shall have the right to give a proxy to another shareholder to attend any meeting of the Company General Assembly. The proxy shall be in writing, on a special form prepared by the Company Board of Directors for this purpose with the approval of the Controller. Proxies must be deposited at the Company headquarters at least three days before the date set for the meeting of the General Assembly. The Controller, or any person delegated by him, shall examine the said proxies. The shareholder may also give a proxy to another person by virtue of a judicial power of attorney to attend the meeting on his behalf.

b) The proxy shall be valid for the attendance of the representative of any other meeting to which the General Assembly meeting was postponed.

c) The presence of a trustee, guardian or attorney of the shareholder or the representative of a corporate body which is a shareholder in the Company shall be considered as the legal presence of the original shareholder at the meetings of the General Assembly, even if the said trustee, guardian or representative of the corporate body is not a shareholder in the Company.

**Article (180): Supervision over Implementing the Procedures for Convening the Meeting-**

a) The Controller, or anyone delegated in writing thereby from the staff of the Directorate, shall supervise the implementation of the procedures related to convening the meeting of the General Assembly of a Public Shareholding Company in accordance with the instructions issued by the Minister for this purpose.

b) The fees paid by Companies shall be determined by means of a special regulation, and shall be deposited in a fund belonging to the Directorate. The regulation shall also determine the payment method from this fund including the remuneration to be paid to the Controller and the Directorate staff who participate in General Assembly meetings.

**Article (181): Minutes of Meeting**

a) The chairman of the meeting of the General Assembly of a Public Shareholding Company shall appoint, from amongst the shareholders or the Company employees, a clerk to record the minutes of meeting of the General Assembly, and the decisions taken therein. The chairman shall also appoint not less than two supervisors to collect and sort the votes. The Controller or his representative shall announce the results of any voting.

b) The minutes of the meeting shall include the meeting's legal quorum, the issues presented in it, the decisions adopted regarding these issues, the number of votes supporting and opposing every decision and votes that did not appear in addition to the General Assembly deliberations which the shareholders request that they be recorded in the minutes. The minutes shall be signed by the chairman of the meeting, the Controller and the secretary, and shall be documented in a special register prepared by the Company for this purpose. The Board of Directors shall send a signed copy of the minutes to the Controller within ten days from the date of holding the meeting of the General Assembly.

c) The Controller may give certified copies of the minutes of the meeting of the General Assembly to any shareholder against the required fees set in accordance with the provisions of this Law.

**Article (182): Invitation of the Controller and Auditors to Attend the Meeting**

The Board of Directors shall invite the Controller, Securities Commission and the Company auditors to the meeting of the General Assembly at least fifteen days prior to the date set for the meeting's convention. The auditor shall attend or delegate a person to represent him, failing which he shall be held responsible. The invitation shall be accompanied with the meeting's agenda and all the data and enclosures whose attachment to the invitation sent to shareholders have been stipulated. Any meeting of the General Assembly not attended by the Controller, or any of the Directorate employees delegated by him in writing shall be considered null and void.

**Article (183): General Assembly Decisions, their Binding Power, and the ability to Contest Same**

a) Decisions issued by the General Assembly of a Public Shareholding Company at any of its meeting that convenes with the presence of a legal quorum, shall be binding upon the Board of Directors and all shareholders, whether they attended the said meeting or not, provided that these decisions have been adopted in accordance with the provisions of this Law and the regulations issued in pursuance.

b) The Court shall have jurisdiction to look into and settle any case that may be presented for the purpose of contesting the legality of any of the meetings of the General Assembly, or contesting the decisions issued at any one of these meetings. Such contesting shall not halt the implementation of any decision of the General Assembly unless the Court decides otherwise. Such a case shall not be entertained after the lapse of three months from the date of the meeting.

## **CHAPTER TEN**

### **Company Accounts**

**Article (184): Observance of Accounting Principles**

a) A Public Shareholding Company shall organize its accounts and keep its registers and books in accordance with the recognized international accounting and auditing standards.

b) The Minister in coordination with the specialized professional entities shall issue the necessary instructions to insure the application of international accounting standards and their recognized principles in a manner that realizes the objectives of this Law, and safeguards the rights of the Company and its shareholders.

c/1) The specialized professional entities shall adopt recognized international accounting and auditing standards and rules.

c/2) For the purposes of this Law the phrase “recognized international accounting and auditing standards and rules” shall apply to any phrase that may implicitly or explicitly refer to the application of the accounting and auditing principles and standards and rules or what may be related to same.

#### **Article (185): The Company Fiscal Year**

a) The fiscal year of a Public Shareholding Company shall start on the first of January of each year and shall end on the thirty first of December of the same year, unless the Company Memorandum of Association provides otherwise.

b) Should the Company commence its business during the first half of the year, then its fiscal year shall end on the thirty first of December of the same year. However, if the Company commences its business in the second half of the year, then its first fiscal year shall end on the thirty first of December of the following year.

#### **Article (186): Distribution of Profit and Compulsory Reserve**

a) The Public Shareholding Company may not distribute any dividends to its shareholders except from its profits, and after settling the rotated losses of the previous years. The Company shall deduct an amount equivalent to 10% of its annual net profit for the compulsory reserve account. No profits shall be distributed to shareholders before the deduction of such an amount. These deductions may not cease before the total amount accumulated in the account of the statutory reserve has become equal to one quarter of the Company subscribed capital. However, the Company may, with the approval of the General Assembly continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full.-

b) A Public Shareholding Company may not distribute its compulsory reserve amongst its shareholders. However, the Company may use the said reserve to secure the minimum limit of profits as required by the agreement of Companies having concessions, for any year, where their profits at the said year cannot secure that minimum limit. The Company Board of Directors must return to that reserve the amounts which have already been deducted therefrom whenever the profits of the Company allow that in the following years. The Council of Ministers may, shall the need arise, partially use the compulsory reserve of the Company, as the case may be, to cover its payments for the purpose of settling surplus profits realized for the government that are in excess of the profit stipulated in accordance with the concession agreement in which it is a party provided that such reserve is returned in accordance with the provisions of paragraph (a) of this Article.®

#### **Article (187): Voluntary Reserve and its Use, and the Special Reserve**

a) The General Assembly of a Public Shareholding Company may upon the suggestion of its Board of Directors, decide to annually deduct 20% of its annual net profits for the account of the voluntary reserve.

b) The voluntary reserve of a Public Shareholding Company shall be used for the purposes decided upon by its Board of Directors. The General Assembly shall have



the right to distribute that reserve in full or in part as profits to shareholders, if it has not been used for those purposes.

c) The General Assembly of the Public Shareholding Company may, upon the submission of its Board of Directors, decide to annually deduct not more than 20% of its net profits for that year as a special reserve to be used for emergency, expansion purposes, or for enhancing the financial position of the Company and facing the risks which it may encounter.

**Article (188): Canceled**

**Article (189): Net Profit Calculation**

In order to achieve the intended purposes of Articles (186), (187) and (188) of this Law, the net profits of a Public Shareholding Company represent the difference between the total realized revenues in any fiscal year, on the one hand, and the sum of expenses and depreciation in that year, on the other hand, before deducting the allocations for income and social service taxes.

**Article (190): Employees Saving Funds-**

The Company may set up a savings fund for its employees, which shall enjoy an independent corporate identity, in pursuance to a special regulation issued by the Company Board of Directors and approved by the official competent authorities in accordance with provisions of the legislation in force. This regulation shall include insurance that the fund shall be administratively and financially independent from the Company administration.

**Article (191): Profits, the method for Distribution, and the Forms Necessary for the Preparation and Presentation of the Account Statements**

a) The rights of a shareholder to the annual profits of a public shareholding company evolve pursuant to a decision by the General Assembly regarding the distribution of dividends.

b) The right of the shareholder to receive profits from the Company shall be on the date of the meeting of the General Assembly whereby it decides to distribute profits. The Company Board of Directors shall announce this in at least two daily newspapers, and through other means of media within one week at most from the date of the issuance of the General Assembly's decision. The Company shall notify the Controller and the Market of that decision.

c) The Company is obligated to pay the dividends determined for distribution to the shareholders within forty-five days from the date of the General Assembly's meeting. In case of default, the Company shall pay interest to the shareholder at the prevailing interest rate on time deposits during the delay period, provided that the delay period for payment of dividends shall not exceed six months from the date of maturity thereof.-

d) The Minister shall, in cooperation with competent authorities, issue the forms which are necessary for preparing and presenting the statements of accounts and for issuing the accounting policies related to Public Shareholding Companies except for banks, financial institutions and insurance companies where the financial statements thereof shall be made in coordination with the Central Bank, the Securities Commission and Insurance Regulatory Commission, as the case may be.

## **PART SEVEN**

### **Auditors**

#### **Article (192): Companies Obligated to Elect an Auditor**

a) The General Assembly of a Public Shareholding Company, a Limited Partnership in Shares, a Limited Liability Company and a Private Shareholding Company shall elect one or more licensed auditors from amongst licensed auditors for one renewable year, and shall determine their remuneration or authorize the Board of Directors to determine such remuneration. The Company shall inform the elected auditor by writing thereof within fourteen days from the date of his election.

b) If the Company's General Assembly fails to elect an auditor, or if the auditor who has been elected apologized or declined to carry out the work for any reason whatsoever, or if he dies, the Board of Directors should recommend to the Controller at least three auditors to choose from within fourteen days from the date of the vacancy of such post.

#### **Article (193): Auditor's Duties**

The auditors shall undertake jointly or severally the following duties:

a) Monitor the Company's operations.

b) Audit its account in accordance with recognized auditing rules, auditing profession principals and scientific and technical standards.

c) Revision of the financial and administrative by-laws of the Company and its internal financial controls and to ensure their suitability for the Company business and safeguarding of its assets.

d) Verification of the Company's assets and its ownership thereof and to ascertain the legality and correctness of the Company obligations.

e) Revision of the Board of Directors' decisions and instructions issued by the Company, and any statements which their work requires their acquirement and verification.

f) Any other duties the auditor must perform in accordance with this Law, the Auditing Profession Law and other regulations related thereto.

g) The auditors shall present a written report addressed to the General Assembly. The auditors or the person delegated by them shall recite the report before the General Assembly.

#### **Article (194): Hindrance of the Auditor's Duties**

Should the auditor fail, for any reason whatsoever, to perform the duties and responsibilities vested in him in accordance with the provisions of this Law for any reason whatsoever, then he must, prior to declining the auditing of the Company accounts, submit to the Controller a written report and a copy thereof to the Board of Directors. This report shall include the reasons hindering his work or preventing him from performing his duties. The Controller shall resolve these reasons with the Board of Directors. If the Controller fails to do so, then he must put the issue before the General Assembly at the first meeting held by it.

#### **Article (195): Contents of the Auditor's Report**

a) Subject to the Auditing Profession Law in force, and any Law or other regulation related to this profession, the auditor's report must include the following:

1. That the auditor has obtained the information, statements and clarifications he deemed necessary to perform his work.
2. That the Company maintains organized accounts, registers and documents. Its financial statements must be prepared in accordance with internationally recognized accounting and auditing principles which can justly show the financial position of the Company, its cash flow, and that its balance sheet and profit and loss account confirm with the records and books.-
3. That the auditing procedures carried out by him for the Company accounts form, in his opinion, a sufficient reasonable basis to express his opinion regarding the Company financial position, results of its operations and cash flow in accordance with internationally recognized auditing rules.
4. That the financial statements included in the Board of Director's report addressed to the General Assembly comply with the Company records and registers.
5. Any violations of the provisions of this Law or the Company Memorandum of Association that have taken place during the year in question and which have had a material effect on the results of the Company operations and its financial position, and whether any of these violations still exist, and that is within the limits of the information available to him, or that he should know by virtue of his professional duties.-

b) The auditor must give his final opinion on the Company balance sheet and profit and loss account in one of the following ways:

Absolute approval of the annual sheet, profit and loss account and cash flow.

1. Approval with reserve of the balance sheet, profit and loss account and cash flow, provided that he states the reasons for such a reservation and its financial effect on the Company.
2. Non-approval of the balance sheet, profit and loss account and cash flows and returning them to the Board of Directors, with the reasons justifying such a rejection of the balance sheet.

#### **Article (196): Auditor's Recommendation to Reject the Board of Directors' Financial Statements**

In the event the auditor recommends the rejection of the financial statements, and returns same to the Companies Board of Directors, the Company General Assembly may decide the following:

- a) Either to request the Board of Directors to correct the balance sheet and the profit and loss accounts in accordance with the auditor's remarks, and consider them approved after making such a correction.
- b) Or refer the issue to the Controller in order to appoint a committee of experts from licensed auditors to settle the dispute arising between the Company Board of Directors and its auditors. The decision of the said committee shall be binding after presenting it for a second time to the General Assembly for its approval. The balance sheet and the profit and loss account shall be adjusted accordingly.
- c) In order to realize the objectives of paragraph (b) of this Article, the Controller shall exercise his powers in coordination with the Central Bank, Securities Commission and Insurance Regulatory Commission, as the case may be.

#### **Article (197): Acts that the Auditor is Prohibited from Carrying out towards Public Shareholding Companies**

The auditor is not entitled to participate in the founding of a Public Shareholding Company whose accounts he audits, to be a member of its Board of Directors, to work permanently in any technical, administrative or consultancy work therein, to be a partner to any member of its Board of Directors or to be an employee of any Board member. Otherwise, any action in violation of the provisions of this Article shall be considered null and void.

#### **Article (198): Auditor's Attendance of the General Assembly Meeting**

The Company's Board of Directors shall provide the auditor with a copy of the reports and statements which the Board sends to the shareholders including the invitation for attending the meetings of the Company General Assembly, and the auditor or his representative shall attend that meeting.

#### **Article (199): The Auditor Represents the Shareholders and their Right to Discussion**

- a) The auditor of the Company shall be the representative of the shareholders therein within the limits of the duties vested in him.

b) Each shareholder may request during the meeting of the General Assembly clarification from the auditor regarding his report and may discuss the issue with him.

**Article (200): Notifying the Auditor of any Company Violation-**

Should the auditor become aware of any violation by the Company of this Law, the Company Memorandum of Association or any important financial issues which may adversely affect the financial or administrative position of the Company, he shall immediately notify in writing the chairman of the Board of Directors, the Controller, the Commission and the Market as soon he discovers or becomes aware of these matters provided that such information shall be dealt by all parties with strict confidentiality until the violations is decided upon.

**Article (201): Compensation of the Company by the Auditor for his Errors-**

The auditor shall be liable towards, the Company which he audits its accounts, its shareholders, and the users of its financial statements for compensating any realized damage or lost profit incurred as a result of errors committed by him while carrying out his duties, or as a result of his failure to accomplish his duties that are specified in accordance with the provisions of this Law, and the provisions of any other legislation in force, or duties demanded by internationally recognized accounting and auditing standards, or as a result of issuing financial statements that do not confirm with reality in a major manner or for approving these statements. The auditor shall also be held responsible for compensating the damage incurred by him on a shareholder or a bona fide third party as a result of the error committed. Should the Company have more than one auditor who participated in the error then they shall be held jointly liable in accordance with the provisions of this article. Any civil liability suit arising from any of the aforesaid shall be dismissed upon the lapse of three years from the date of convening the Company General Assembly meeting where the auditor's report was read out. If the act attributed to the auditor constitutes a crime then the civil liability suit shall not prescribe unless the public right proceeding prescribes.

**Article (202): Prohibition of the Auditor to Disclose Company Secrets**

Without prejudice to the main obligations of the auditor, the auditor must not disclose to the shareholders at the headquarters of the General Assembly meeting or at any other place or at any time or to non-shareholders any secrets of the Company secrets that came to his knowledge in the course of his duty therein. Otherwise he shall be dismissed and requested to compensate the damages.

**Article (203): Prohibition of the Auditor to Speculate over the Company Shares**

The Company's auditor and his employees are prohibited to speculate in the shares of the Company which he audits its accounts whether directly or indirectly. Otherwise, the auditor shall be penalized by dismissal from his position as Company's auditor,

and shall be requested to compensate for any damage that he has caused as a result of his violation of the provisions of this Article.

## **PART EIGHT**

### **Holding Companies**

#### **Article (204): Definition of the Holding Company and Businesses Permitted and Prohibited to it**

a) A Holding Company is a Public Shareholding Company which has financial and administrative control over one or more Companies called subsidiary companies in one of the following methods:

1. To acquire more than one half of the Company's share capital and/or
2. To have control over the formation of its Board of Directors.

b) A Holding Company shall be prohibited from acquiring any stocks or shares in General Partnerships or Limited Partnerships in Shares.

c) A subsidiary company shall be prohibited from acquiring any stocks or shares in the Holding Company.

d) The Holding Company shall appoint its representatives in the Boards of Directors of the subsidiary company in proportion to its shareholding therein. It may not participate in the election of the remaining members of the Board of Directors or the Management Committee as the case may be.

#### **Article (205): Company's Objectives**

The objectives of Holding Company are the following:

a) Management of its subsidiary companies or participation in the management of other companies which it is a shareholder therein.

b) Investment of its properties in shares, bonds and securities.

c) Providing loans, guarantees and financing to its subsidiary companies.

d) Ownership of patents, trademarks, concession rights and other intangible rights and the exploitation and leasing thereof, to its subsidiary companies or to other companies.

#### **Article (206): Founding of the Company**

a) A Holding Company shall be established in one of the following methods:

1. Founding of a Public Shareholding Company whose objectives are limited to those activities stated in Article (205) of this Law, or any part thereof, and the founding of subsidiary companies thereto, or the ownership of shares or stocks

in other Public Shareholding Companies, Limited Liability Companies or in Limited Partnerships in Shares to achieve the said objectives.

2. Amendment of the objectives of an existing Public Shareholding Company to that of a Holding Company in accordance with the provisions of this Law.

b) The regulatory provisions of the Holding Companies and its subsidiary companies shall be defined by a special regulation to be issued for this purpose.-

#### **Article (207): Application of the Law to Holding Companies Established in Pursuance to Agreements Concluded by the Government with other States**

The provisions of this Law shall apply to Holding Companies which are established in the Kingdom in pursuance to agreements concluded between the Government of the Hashemite Kingdom of Jordan and other governments or Arab or international organizations, in the cases that are not stipulated in their founding agreements or their Articles and Memorandum of Association.

#### **Article (208): The Balance Sheet of the Company**

The Holding Company shall prepare at the end of each fiscal year a consolidated balance sheet, profit and loss statements and its cash flow for all its subsidiary companies. It shall then present same to the General Assembly together with the explanations and related statements in accordance with the internationally recognized accounting and auditing principles.

### **PART NINE**

#### **Joint Investment Companies**

##### **(Mutual Fund Companies)**

#### **Article (209): Registration of the Company, its Objectives, Application of the Public Shareholding Company Provisions, its Memorandum of Association, Capital, Board of Directors and its Merger**

a) The Joint Investment Company shall be registered as a Public Shareholding Company with the Controller in a separate register. The objectives of this Company shall be confined to investment of its properties and of third parties' properties in securities of different types and to regulate its operations in accordance with the provisions of the Securities Law.

b) The Joint Investment Company shall be subject to all of the provisions of this Law regarding the Public Shareholding Company subject to the following:

1. The Company Articles and Memorandum of Association shall include the name of an investment consultant licensed in accordance with the laws in force to manage the investments of the Company.

2. If the Joint Investment Company has a variable capital, it shall not be subject to the provisions of paragraphs (a) and (b) of Article (95) of this Law, which provide that the minimum limit of the authorized capital of the Company should be five hundred thousand (500,000) Dinars and that it should be paid up within three years.
3. The Board of Directors solely, and without the need to obtain the approval of the General Assembly of a Joint Investment Company with a variable capital, shall have the right to increase or decrease its authorized capital as shall be deemed appropriate by it, provided that the Controller should be notified of that within ten days from the date of the decision to increase or decrease.
4. A shareholder in a Joint Investment Company having a variable capital may request the Company to redeem his shares at a price representing the net value of the shares calculated on the date of redemption from which the value of any fees or commissions determined in the Memorandum of Association of the Company is deducted.
5. The Board of Directors of Joint Investment Company shall not be obliged to call for the convening of the General Assembly except during the years in which a new Board of Directors should be elected unless the Company Memorandum of Association provides otherwise.
6. Notwithstanding the provisions of Article (274) of this Law, the shareholder in a Joint Investment Company with a variable capital may not have access to the shareholders' registers in the Company unless it is provided otherwise in the Company Memorandum of Association.
7. Should a Joint Investment Company with a variable capital merge with another company, the shareholders in the Joint Investment Company with a variable capital who objected to the merger at the General Assembly meeting, may not claim the value of their shares in the manner provided for in Article (235) of this Law. However, they shall reserve their right to claim the redemption of their shares from the Company as stated in clause (4) of paragraph (b) of this Article.

#### **Article (210): Company Forms**

Joint Investment Companies may adopt either of the two following forms:

- a) A company with a variable capital, that issues shares redeemable by it at a price fixed with reference to its current net assets. The Company is committed at any time to redeem these shares upon the request of a shareholder, and at the price announced weekly by the Company with the knowledge of the Market.
- b) A company with a fixed capital, that issues irredeemable shares which are negotiated in the Market in accordance with the prices determined in the Market.
- c) The increase or decrease of capital in the Company with a variable capital shall not be subject to the procedures stipulated in this Law, unless provided otherwise in its Articles or Memorandum of Association. The value of the shares of the Company shall remain nominal even after payment of same.



## **PART TEN**

### **Exempt Companies**

#### **Article (211): Definition of the Company and Acts Prohibited to be carried out**

a) An Offshore Company is a Public Shareholding Company, a Limited Partnership in Shares or a Limited Liability Company or a Private Shareholding which is registered in the Kingdom and carries out its operations outside the Kingdom. The word (Exempt Company) shall be added to the name of the said Company.-

b) An Offshore Company shall be prohibited from offering its shares for public subscription in the Kingdom.

#### **Article (212): Registration of the Company, its Capital and its Objectives-**

An Offshore Company shall be registered with the Controller in a register specially prepared for Jordanian Companies operating outside the Kingdom. The capital of such a Company should not be less than the minimum limit set in the related legislations if its activity is in the field of Banks or financial institutions.

**Article (213):** Cancelled.

#### **Article (214): Registration Procedures, Company Operations, Registration Fees and its Supervision**

The provisions and special conditions relating to the founding of an Offshore Company and its operations, the fees due by it and the supervision thereof shall be determined by a regulation to be issued in accordance with this Law.

## **PART ELEVEN**

### **Transformation, Merger and Acquisition of Companies**

#### **Article (215): Transforming a General Partnership Company and a Limited Partnership**

General Partnerships may be transformed to Limited Partnerships and Limited Partnerships may also be transformed to General Partnerships with the approval of all partners and by following the legal procedures for the registration of the company and registration of the changes effected thereto.

#### **Article (216): Procedures of Transforming a Company to a Limited Liability Company or a Limited Partnership in Shares or a Private Shareholding Company-**

A company may be transformed to a Limited Liability Company or a Limited Partnership in Shares or a Private Shareholding Company by observing the following procedures:

a) A written application by all the partners, or the decision of the Company General Assembly should be submitted to the Controller, as the case may be, expressing the desire to transform the company together with the reasons and justification for the transformation and the type of company to which the transformation will be made. The following should be attached to the application:

1. The Company's balance sheet for each of the last two years preceding the transformation application duly certified by a licensed auditor, or the balance sheet of the company for the last fiscal year if no more than one year has elapsed since the company was registered.
2. A statement made by the partners, estimating the Company assets and liabilities.

b) Subject to the provisions of paragraph (a) of this Article, the partners or shareholders, as the case may be, must consent unanimously to the transformation of the company to a Private Shareholding Company.-

c) The Controller shall, within fifteen days from the date of submission of the application, announce in at least two local daily newspapers, at the expense of the company, the transformation application. The announcement shall show whether the creditors or others have any objection to the transformation. The transformation shall not be accomplished except with the written approval of the creditors' who own more than two-thirds of the Company debts.

d) The Controller may verify the accuracy of the estimates of the net equity of the partners or shareholders, as the case may be, in the manner he deems appropriate including the appointment of one or more experts to verify the accuracy of these estimates. The company shall bear all the experts' fees as determined by the Controller.

e) The Controller may accept or reject the transformation. In case of rejection, his decision shall be subject to the determined rules of contest but in case of approval the registration and publication procedures shall be completed in accordance with the provisions of this Law.

**Article (217): Procedures of Transforming a Limited Liability Company or a Limited Partnership in Shares or a Private Shareholding Company to a Public Shareholding Company-**

The Limited Liability Company, or Limited Partnership in Shares, or Private Shareholding Company may be transformed to a Public Shareholding Company pursuant to the provisions stipulated in this Law. The application shall be submitted to the Controller together with the following:

a) The Company's General Assembly decision approving the transformation.

- b) The reasons and justifications for the transformation based on an economic and financial study of the Company's status and position after transformation.
- c) The audited balance sheet of each of the last two consecutive years preceding the transformation application, provided that the Company realized net profits during either of them.
- d) A statement that the Company's capital has been paid in full.
- e) A statement by the Company indicating the preliminary assessments of the value of its assets and liabilities.

**Article (218): Approval of the Minister on the Transformation of a Limited Liability Company or a Limited Partnership in Shares Company or a Private Shareholding to a Public Shareholding Company-**

The Minister may, upon the recommendation of the Controller, approve the transformation of the Limited Liability Company or the Limited Partnership in Shares or the Private Shareholding Company to a Public Shareholding Company, within thirty days from the date of submitting the application referred to in Article (225) of this Law, and after completing the following procedures:

- a) Evaluation of the assets and liabilities of the company wishing to be transformed by a committee of experts and specialized persons. The committee shall be formed by the Minister, provided that one member of the committee is a licensed auditor. The Minister shall determine the remuneration of the committee, at the expense of the company.
- b) The written approval of the creditors, who own more than two-thirds of the Company debts, to the transformation.

**Article (219): Announcement of the Minister's Decision to Approve the Transformation and the Right to Contest it**

- a) The Controller shall announce the Minister's decision approving the transformation in at least two local daily newspapers, and for two consecutive times, at the expense of the company. The Controller shall notify the Commission, Market and Depository Center thereof.
- b) Any concerned entity may contest to the Minister the transformation decision within thirty days from the date of publishing the last transformation announcement, indicating therein the reasons and justifications for the objection. Should the submitted objections, or any one of them, not be settled within thirty days from the date of submitting the last objection, each objector may then contest the decision of the Minister at the High Court of Justice within thirty days from the end of that

period, provided that this contest shall not suspend the transformation procedures unless the Court decides otherwise.

#### **Article (220): Completion of Registration and Publication as a Prerequisite to Transformation**

The completion of the registration and publication procedures as stipulated in this Law is a prerequisite for the transformation of the company. Should the capital resulting from the re-evaluation be less than the minimum limit of the Public Shareholding Company capital as determined by this Law, the legal procedures concerning the increase of the capital of the Public Shareholding Company stipulated in this Law shall be followed.

#### **Article (221): Continuation of the Previous Corporate Identity after the Transformation**

The transformation of any company into other company shall not necessitate the emergence of a new corporate body. The company shall preserve its previous corporate identity, and shall preserve all its rights and shall be liable for all its obligations prior to the transformation. The responsibility of the General Partner, in his private properties, for the Company debts and obligations prior to the transformation date shall remain valid.

## **CHAPTER TWO**

### **Merger of Companies**

#### **Article (222): Conditions and Methods of Merging**

a) The merger of the companies stipulated in this Law shall be accomplished by any of the following methods, provided that the objectives of the companies wishing to merge are identical or complementary.

1. Through the merger of one company or more with other companies called the (merging company). The company or companies merged therein, and the corporate identity of each, shall no longer exist. The rights and obligations of the merged companies shall be carried over to the merging company, after the merged companies registration is cancelled in accordance with the following procedures:

- The issuance of a decision by the merged company stating its merger with the merging company.
- Evaluation of the merger Company net assets and liabilities in accordance with the evaluation provisions stipulated in this Law and the regulations and instructions issued in pursuance.

- The merging Company's issuance of a decision to increase its capital by an amount not less than the evaluation value.
  - The partners and shareholders of a merger company shall bear the increase in the merging Company capital in proportion to their interest or shares therein.
  - If the merging company is a Public Shareholding Company and the period stipulated in the Securities Law has passed since its founding, then these shares can be negotiated upon their issuance.
  - Completion of the approval, registration and publication procedures stipulated in this Law.
2. Through the merger of two companies or more to form a new company which will be the result of that merger; the companies that have merged in the new company and the corporate identity of each of them shall no longer exist.
  3. Through the merger of the branches and agencies of foreign companies operating in the Kingdom, with an existing or new Jordanian company established for this purpose; the said branches and agencies shall expire and the corporate entity of each of them shall no longer exist.

b) A company may own another company in accordance with the provisions of this Law by observing the following procedures:

1. A decision is issued by the extraordinary General Assembly of the company wishing to purchase, approving the ownership of another Company shareholders' shares.
2. A decision is issued by the extraordinary General Assembly of the company wishing to sell, approving the selling of its shareholders' shares to another company.
3. Completion of the stipulated approval, registration and publication procedures to transform the shares of the shareholders of the company that decided to sell to the purchasing company. This ownership shall not be recognized until its registration and authentication are completed in accordance with the provisions of this Law and the Securities Law.
4. The purchasing company shall pay the shares' value that is agreed upon to the selling company. This will be deposited in a special account in order to be distributed among shareholders registered with it on the date of the General Assembly issuing the decision to sell their shares.
5. The company whose shares become owned by new shareholders shall invite the General Assembly in accordance with the provisions of this Law to realize the necessary amendments to its Articles and Memorandum of Association and to elect a new Board of Directors.

**Article (223): Merging of Two Companies of the Same Kind, and Companies Permitted to Merge into a Public Shareholding Company -**

Should two companies or more of the same kind merge with an existing company or form a new company then the merging company or the company resulting from that

merger shall also be of that kind. However, a Limited Liability Company or a Limited Partnership in Shares or a Private Shareholding Company may merge with an existing Public Shareholding Company or form a new Public Shareholding Company.

**Article (224): Exemption of Merging and Merger Companies from Taxes and Fees**

The merger company, along with its shareholders or partners therein, and the merging company or the company resulting from the merger, along with its shareholders or partners therein, shall be exempted from all taxes and fees, including the title transfer fees, due to the merger or as a result thereof.

**Article (225): Statements and Documents Accompanying the Merger Application**

The application for merger shall be submitted to the Controller together with the following statements and documents:

- a) The decision of the extraordinary General Assembly of each company wishing to merge, or the decision of all partners, as the case may be, approving the merger pursuant to the terms and statements specified in the merger agreement including the date set for the final merger.
- b) The merger agreement concluded between the companies wishing to merge duly signed by the authorized signatories on behalf of their companies.
- c) The financial position statement of each company wishing to merge, whose date shall be closest to the date of the General Assembly decision of each company, or the decision of partners approving the merger. It shall be authenticated by the Company auditors.
- d) The financial statements of the last two fiscal years of the companies wishing to merge, authenticated by the auditors.
- e) A preliminary evaluation of the assets and liabilities of the companies wishing to merge, at the actual or market value.
- f) Any other statements provided for by legislation in force, or deemed necessary by the Controller.

**Article (226): Suspending the Trading of Shares of the Company Wishing to Merge Until the Completion of the Merger Procedures**

The Board of Directors of each company of those wishing to merge shall notify the Controller, the Commission, the Market, and the Depository Center within ten days of the date of issuing the merger decision. The trading of their shares shall be suspended as of the date of notification of the decision. Trading in the shares of the company resulting from the merger shall resume after the completion of the merger procedures and its registration. Should the companies reverse the merger their shares' trading shall resume.

**Article (227): Controller Recommendation to the Minister if the Merger Pertains to or Produces a Public Shareholding Company**

The Controller shall examine the application for merger and submit his recommendations to the Minister, if the merger pertains to a Public Shareholding Company, or a Public Shareholding Company will result from such merger, within thirty days from the date of submitting the application.

**Article (228): Duties of the Committee to Evaluate the Assets of Companies Wishing to Merge**

Should the Minister approve the application for merger, he shall form an (Evaluation Committee), whose membership should include the Controller or his representative, the auditors of the companies wishing to merge, a representative of each company and suitable number of specialized and experienced persons. The Committee shall undertake to evaluate all the assets of the companies wishing to merge along with their liabilities, in order to substantiate the net equity of the shareholders or partners, as the case may be, at the date fixed for the merger. The Committee shall submit its report to the Minister along with the opening balance sheet for the company resulting from the merger, within a period not exceeding ninety days from the date of referring the issue thereto. The Minister may extend this period for another similar period should circumstances necessitate that. The wages and remuneration of the Committee shall be determined by a decision adopted by the Minister, and they shall be equally borne by the companies wishing to merge.

**Article (229): Companies that have Decided to Merge shall Prepare Separate Accounts as of the Date of the Merger Decision and Until its Approval**

Companies which have decided to merge must prepare separate accounts of their operations under the supervision of their auditors as of the date of the Company General Assembly issuing the decision approving the merger, and until the date of the issuance of the Company General Assembly decision approving the final merger. The results of the operations of these companies, during the said period, shall be presented to the General Assembly referred to in Article (232) of this Law, or to their partners, as the case may be, by means of an authenticated report by its auditors for approval.

**Article (230): Executive Procedures of a Merger**

The Minister shall form an executive committee from the chairmen and members of the Boards of Directors of the companies wishing to merge, or from their managers, as the case may be, and the companies' auditors, in order to realize the executive procedures for the merger and in particular the following:

- a) Determining the shares of the shareholders, or the partners' interests in the merged companies based on the evaluation made by the (Evaluation Committee) stipulated in Article (228) of this Law.
- b) Amending the Articles and Memorandum of Association of the merging company if same is an existing company, or preparing the Memorandum and Articles of Association for the new company emerging from the merger.

c) Inviting the shareholders' extraordinary General Assembly of each of the companies entering the merger in order to approve the following, provided that decisions are taken with a majority of 75% of the shares represented for each company separately:-

1. The Articles and Memorandum of Association of the new company, or the amended Articles and Memorandum of Association of the merging company.
2. The results of the re-evaluation of the assets and liabilities of the companies, and the opening balance sheet for the new company resulting from the merger.
3. The final approval on the merger.

d) The executive committee referred to herein, shall furnish the Controller with the minutes of the meeting of the General Assembly of each company within seven days from the date of the meeting.

**Article (231): Registration of the Merging Company and Cancellation of the Merger Company and Publication of Same**

a) The approval, registration, and publication procedures stipulated in pursuance of this Law should be followed for the registration of the merging company, or the company resulting from the merger, and the cancellation of the registration of the merger companies.

b) The Controller shall announce in the Official Gazette, and in two local daily newspapers for two consecutive times, at the expense of the company, a summary of the merger agreement, and the results of the re-evaluation along with the opening balance sheet of the merging company or for the company resulting from the merger.

**Article (232): The Continued existence of the Boards of Directors of Companies that Request Merging Until the Merging Company is Registered-**

The Boards of Directors of the companies which decided to merge shall continue to exist until the completion of the registration of the merging company, or the company resulting from the merger, and the approval of the separate accounts, upon which the executive committee referred to in Article (230) shall take over the management of the company for a period not exceeding thirty days, during which it shall invite the General Assembly of the merging company or of the company resulting from the merger to elect a new Board of Directors. This should be realized after distributing the shares resulting from the merger. The General Assembly shall also elect the Company auditors

**Article (233): Issuance of Merger Procedures and Objection Settlement Instructions**

The Minister shall issue instructions for the merger procedures, and shall settle the objections submitted thereon.



**Article (234): Objection to the Merge by Corporate Bond Holders and the Merger and Merging Companies' Creditors**

a) Corporate bonds holders and the creditors of the merging companies or the merged companies, and any concerned shareholders or partners may object to the Minister within thirty days of the date of the announcement in the local newspapers in accordance with the provisions of Article (231), provided that same states the subject of the objection, the reasons on which the objection is based and the damages which same claim that the merger inflicted on them.

b) The Minister shall refer the objections to the Controller to settle them. If the Controller fails to do so for whatever reason within the period of thirty days from the date of referring the objections thereto, the objecting entity shall have the right to contest the merger before the Court. These objections or cases raised before the Court shall not suspend the decision to merge.

**Article (235): The Period and Contest Reasons of a Merger Contradicting the Law and Public Order**

If the merger did not observe any of the provisions of this Law, or should the merger contradict public order, then any party with interest may file a case before the Court contesting the merger, provided that this takes place within sixty days from the date of announcing the final merger, and provided that the plaintiff indicates the reasons on which he based his case and especially the following:

a) Should it become evident that there are deficiencies which abrogate the merger agreement or should there be an essential and clear discrepancy in the evaluation of the shareholder's equity.

b) Should the merger involve an arbitrary use of rights, or should it aim to achieve a direct personal interest to the Boards of Directors of any of the merging Companies, or to the majority of shareholders in one of the Companies at the expense of the rights of the minority.

c) Should the merger rest upon deceit or fraud, or should the merger cause harm to the creditors.

d) Should the merger lead to a monopoly, or was preceded by a monopoly, and it becomes evident that the merger inflicts harm to the public economic interest.

**Article (236): Contesting a Merger does not Halt its Procedures**

Contesting the legality of the merger shall not suspend the continuation thereof until the issuance of a final judicial decision deeming the merger invalid. The Court may, when considering the claim of invalidity of the merger, determine, as its sole discretion, a certain period to take the necessary procedures to correct the causes that led to contesting the invalidity, and it may dismiss the claim for invalidity should the concerned party adjust the positions prior to the Court issuing the judgment.

**Article (237): Responsibility of the Chairman, Board of Directors' Members, General Manager and Merged or Merging Companies' Auditors for any Claims Preceding the Merger's Date**

The chairman, the members of the Board of Directors, the general manager and the auditors, of each of the merged or merging companies, shall be considered personally responsible towards third parties for any claims, commitments or claims that may be raised against the company, and that were not registered, or were not declared prior to the final merger. The Court may acquit same from this responsibility should it become certain that such persons were not responsible for those commitments and claims or were not aware thereof.

**Article (238): The Merging Company is the legal Successor of the Merged Companies**

All the rights and obligations of merged companies shall by operation of law be transferred to the merging company or the company resulting from the merger, after the completion of merging procedures and registering the company in pursuance to the provisions of this Law. The merging company or the one resulting from the merger shall be considered a legal successor to the merged companies and shall legally replace them in all their rights and obligations.

**Article (239): Right of Merging Company to Claim from Merger Companies Obligations it Settled on their Behalf**

Should liabilities or claims appear after the final merger on one of the merged companies, and should they have been hidden by some authorized persons or employees in the company, then these liabilities or claims shall be paid to the creditors by the merging company or by the company resulting from the merger who shall both have the right to claim what they paid from those authorized persons or employees who shall also be subject to the penalties for that act by the laws in force.

**PART TWELVE**

**Foreign Companies**

**CHAPTER ONE**

**Foreign Companies Operating in the Kingdom**

**Article (240): Definition of an Operating Foreign Company, its Form, and Conditions for Operating in Jordan**

a) For the purpose of this Law, an Operating Foreign Company means a Company or an entity which is registered outside the Kingdom, whose headquarters is in another country and whose nationality is considered non-Jordanian. In terms of its nature it shall be divided into two types:

1. Companies operating for limited period, which are awarded tenders in order for them to realize their work in the Kingdom for a limited period. The registration thereof shall cease upon the completion of such work unless the said Company obtains new contracts, in which case its registration shall extend to cover the execution of such work. Its registration shall be cancelled after completion of all its work in the Kingdom and after its rights and obligations are settled.
2. Companies operating permanently in the Kingdom under license by the competent official authorities.

b) No foreign company or entity may exercise any commercial business in the Kingdom unless it is registered in accordance with the provisions of this Law after obtaining a permit to operate pursuant to the applicable Laws and regulations.

**Article (241): Registration of a Foreign Company and Documents that should be Submitted to the Controller**

a) The registration application for the Foreign Company or entity shall be submitted to the Controller accompanied by the following data and documents, translated into Arabic, provided that the Arabic translation is certified by a Notary Public in the Kingdom.

1. A copy of the Articles and Memorandum of Association, or any other document related to its foundation, and showing the method of its foundation.
2. The written official documents which certify that such Company has obtained the approval of the concerned authority in the Kingdom for the carrying out the work, and investing the foreign capitals therein in accordance with the legislations in force.
3. A list of the names of the members of the Board of Directors of the Company, or the management committee or the partners, as the case may be, along with the nationality of each one of them in addition to the names of the persons who are authorized to sign on behalf of the Company.
4. A copy of the power of attorney according to which the Foreign Company authorizes a resident of the Kingdom to carry out its activities and receive notifications on its behalf.
5. The financial statements for the last fiscal year of the Company at its headquarters certified by a licensed auditor.
6. Any other data or information whose submittal the Controller deems necessary.

b) The application for registration must be signed by the person authorized to register the Company before the Controller or the person authorized by him in writing or the Notary Public. The application must incorporate the fundamental information about the Company, especially the following:

1. The name of the Company, its form and capital.
2. The objectives of the Company which it will realize in the Kingdom.
3. Detailed information about the founders, partners or the Board of Directors and the share of each of them.

4. Any other data or information whose submittal is deemed necessary by the Controller.

**Article (242): Controller's Power to Accept or Reject the Registration and His Notification of any Change that may Occur to it**

- a) The Controller may accept or reject the registration of the Foreign Company or entity. In the event of the approval of registration, the legal registration procedures of the Company or entity in the Foreign Companies Register shall be completed, and shall be published in the Official Gazette upon collecting the legal fees.
- b) The procedures stipulated in paragraph (a) of this Article shall be applicable to any change that may occur to the Company statements which were submitted during the registration procedures. The Company should submit the changes to the concerned authority within thirty days.
- c) The branch of the Foreign Company operating in the Kingdom, must announce in its official documents and correspondence the name of the foreign mother company, its nationality, its legal structure, address and capital in its country, and in the Kingdom, in addition to its branch registration number with the Controller.

**Article (243): Registered Foreign Company Duties**

- a) The Foreign Company or entity registered pursuant to the provisions of this Law shall undertake the following:
  1. To submit to the Controller within three months from the end of each fiscal year its balance sheet and the profit and loss account of its operations in the Kingdom duly certified by a Jordanian licensed auditor.
  2. To publish the balance sheet and the profit and loss account regarding its operations in the Kingdom in at least two local daily newspapers within sixty days from the date of submitting these statements to the Controller.
  3. The Minister may exclude any Company from implementing the provisions of clauses (1) and (2) upon the recommendation of the Companies Controller.
- b) The Controller or his representative may inspect the Company books and documents and the Company should make such books and documents available at his disposal.

**Article (244): Duties of a Foreign Company Requesting Cancellation and Provisions Applicable to it**

- a) The Foreign Company or entity shall notify the Controller in writing of the date it expects its operations to end in the Kingdom or the date specified for the termination thereof, at least thirty days prior to such date. The Foreign Company shall prove to the Controller that it has already settled all its obligations resulting from its operations in the Kingdom prior to obtaining the approval for canceling its registration.

b) The general liquidation provisions stipulated in this Law, shall apply to branches of Foreign Companies Operating in the Kingdom, and whose management head office is located abroad.

## **CHAPTER TWO**

### **Non-operating Foreign Companies in the Kingdom**

#### **(Companies Headquarters' & Representative Offices)**

#### **Article (245): Definition of a Non-Operating Foreign Company, Operations Prohibited to it, and its Headquarters**

a) For the purposes of this Law, a Non-Operating Foreign Company in the Kingdom is a Company or an entity which has its regional or representative office in the Kingdom for operations that it conducts outside the Kingdom for the purpose of using such a regional or representative office for managing its operations and coordinating them with its headquarters.

b) A Non-Operating Foreign Company is prohibited from carrying out any business or commercial activity inside the Kingdom, including the operations of commercial agents and middlemen. Otherwise, the Company shall be subject to canceling its registration, and will be responsible for compensation of any loss or damage it may have caused to others.

c) The registration of a Non-Operating Foreign Company in the Kingdom may be made in accordance with the provisions of this Law for the purpose of establishing regional or representative offices, providing services, or technical or scientific offices, and the city of Amman shall be considered its domicile for the purposes of litigation.

#### **Article (246): Request for Registering a Foreign Company and Documents that Should be presented to the Controller**

a) The application for the registration of a Non-Operating Foreign Company shall be submitted to the Controller together with the following documents and statements translated into the Arabic language, and duly certified by a Notary Public in the Kingdom:

1. The registration certificate of the Company at its headquarters.
2. The Company's Articles and Memorandum of Association, which indicate its objectives, capital and type.
3. The power of attorney by which a resident in the Kingdom is authorized to carry out the Company activities and register it for the purposes of this Law.
4. Financial statement for the Company last two fiscal years in its headquarters' country certified by a licensed auditor. The Minister may, upon a justified recommendation by the Controller, exempt the Company from submitting these documents.-

b) The registration application shall be signed before the Controller or any other person authorized by him in writing, or before the Notary Public, provided that the

application includes fundamental information about the Company, especially the following:

1. Name of the Foreign Company, its headquarters, date of its registration and its objectives.
2. Form of the Company, its nationality and address in the country of its registration.
3. The capital of the Company, names of the founders or partners, the nationality of each, and their share value, along with information about its Board of Directors.
4. Any other information whose submittal the Controller deems necessary.

**Article (247): Controller's Power to Accept or Reject Registration and His Notification of any Change that may Occur to it**

a) The Controller may accept or reject the registration of the Non-Operation Foreign Company or entity. In the event registration is approved, the legal registration procedures of the Company or the entity in the Non-Operating Foreign Companies Register shall be concluded, and publicized in the Official Gazette, after evidence is submitted to the Controller proving the actual existence of its office in the Kingdom.

b) The approval procedures and the registration and publication procedures shall be followed in the event of any changes occurring to the basic information of the Company and its representatives in the Kingdom. The Controller must be notified of the said changes within thirty days from the date of their occurrence.

**Article (248): Advantages of a Non-Operating Foreign Company**

A Non-Operating Foreign Company enjoys the following:

a) Exemption from registration and publication fees applicable to Operating Foreign Companies.

b) Exemption of profits generated by the Foreign Company from businesses conducted outside the Kingdom from both income and social services taxes.

c) Exemption from registration with the Chambers of Commerce and Industry, professional associations, and their registration fees and from any obligations towards same, including vocational trade license.

d) Exemption of salaries and wages payable by the Non-Operating Foreign Company to its non-Jordanian employees who are working at its office in the Kingdom from income and social service taxes.

e) Permission to import trade samples and models, free from customs and import taxes.

f) Exemption of imported furniture and equipment necessary to furnish its office from customs and other fees and charges.

g) Permitting the Company to import one car under a temporary entry status to be used by its non-Jordanian employees.-

h) In justified cases and upon the Controller's recommendation, the Minister may grant the Company a permit to import a second car under a temporary entry status.

i) Conditions under which exemptions mentioned herein are granted shall be specified in a special regulation.

**Article (249): Number of Jordanian Employees in Non-Operating Foreign Companies**

The number of Jordanian employees in a Non-Operating Foreign Company in the Kingdom should not be less than half of the overall number of the Company employees.

**Article (250): Right of a Non-Operating Foreign Company to Open a Non-Resident Account in Commercial Banks**

A Non-Operating Foreign Company shall be permitted to open with licensed commercial banks a non-resident account in Jordanian Dinars or in foreign currency, provided that these funds have been transferred to the Company from abroad through this bank.

**Article (251): Situations justifying the Cancellation of the Registration of Foreign Non-Operating Companies-**

The Minister may, upon the recommendation of the Controller, cancel the registration of a Non-Operating Foreign Company in the Kingdom, shall it become evident that the Company conducts any commercial business in the Kingdom, or no longer has an actual location therein, or violates the provisions of this Law, any regulations or instructions issued pursuant thereto.

**PART THIRTEEN**

**Liquidation of a Public Shareholding Company**

**CHAPTER ONE**

**General Rules for Liquidation**

**Article (252): Voluntary and Compulsory Liquidation**

a) A Public Shareholding Company shall be liquidated either voluntarily, by virtue of a decision adopted by its extraordinary General Assembly, or compulsory by virtue of a binding Court decision. The Company shall not be dissolved until completing the liquidation procedures in accordance with the provisions of this Law.

b) Liquidation procedures, their regulation, and implementation, and the reports that shall be submitted to the liquidator will be specified in accordance with a special regulation issued for this purpose.-

**Article (253): The Liquidation Decision shall require the Appointment of a Liquidator**

Should a decision be issued for liquidating a Public Shareholding Company and a liquidator was appointed, then the liquidator shall supervise the ordinary operations of the Company and safeguard its properties and assets.

**Article (254): A Company whose Liquidation has been Decided and has a Liquidator Appointed shall Suspend its Operations and Add the phrase ‘Under Liquidation’ to its Name**

a) The Company under liquidation shall suspend its operations as of the date of the General Assembly decision, in the event of voluntary liquidation, or as of the date of the Court order in the event of mandatory liquidation. The corporate identity of the Company shall continue to exist, and shall be represented by the liquidator, until its dissolution after finalizing its liquidation.

b) The entity that decides to liquidate the Company shall provide the Controller the Commission, Market, and Depository Center with a copy of its decision within three days from its issuance. The Controller shall publish same in the Official Gazette and in at least two local daily newspapers within a period not exceeding seven days from the date of his notification of the decision.-

c) The liquidator must add the phrase (Under Liquidation) to the name of the Company on all its stationery and correspondence.

**Article (255): Actions Prohibited from being carried out by companies under Liquidation, and methods for seizure, and the Duties of the Execution Officer, and methods for Selling its Assets**

a) The following actions shall be considered null and void:

1. Any disposal of the properties and rights of a Public Shareholding Company under liquidation, and any trading of its shares and transfer of ownership.
2. Any change or modification of the obligations of the chairman and members of the Board of Directors of the Company under liquidation, or of the obligations of others towards the Company.
3. Any impounding of the properties and assets of the Company, and any other disposition or execution made on such property or assets, after the issuance of the Company liquidation decision.
4. All mortgage contracts or insurance policies on the Company properties and assets, and contracts and other procedures that give rise to obligations or preference on the companies properties and assets, should these be affected during the three months preceding the issuing of the Company liquidation



decision, unless it is proved that the Company is capable of settling all its debts after finalizing the liquidation. The nullification shall not be applicable except to the amount which exceeds the amounts paid to the Company, as per those contracts, when concluded or thereafter, in addition to the lawful interest thereon.

5. Any transfer of the property and assets of the Company under liquidation or any assignment thereof, or disposition of same in a fraudulent manner to give preference to some creditors of the Company over others.

b) A judgment creditor of the Company loses his right to the properties and assets of the Company which he has attached, and in any other actions taken in that regard, unless the attachment or the action was executed prior to the commencement of Company liquidation procedures.

c) Should the Execution Officer be notified of the Public Shareholding Company liquidation decision, prior to the sale of its attached properties or assets, or prior to finalizing the transaction of execution thereon, he shall be obliged to hand over those properties and assets to the liquidator including what was received from the Company. The execution fees and expenses shall be considered a privileged debt on those properties and assets.

d) The Court shall permit the liquidator to sell the assets of a Public Shareholding Company under liquidation, whether the liquidation is voluntary or mandatory, if the Court is satisfied that the Company interest necessitates that.

#### **Article (256): Deduction of the Liquidation Expenses and Settling its Debts**

The liquidator shall settle the Company debts in accordance with the following order, after deducting liquidation expenses, including the remuneration of the liquidator, and any violation of this order shall be considered null and void:

- a) Amounts due to the Company employees.
- b) Amounts due to the Public Treasury and the municipalities.
- c) Rents due to the owner of any real estate leased to the Company.
- d) Other amounts due in accordance with the order of their priority in accordance with the Laws in force.

#### **Article (257): Responsibility of the Chairman, Board of Directors' Members and General Manager over the monies of the Company under Liquidation, and Application of the Commercial Code Provisions Dealing with Bankruptcy on same**

a) Should any founder of a Public Shareholding Company, or chairman or a member of its Board of Directors, or any manager or employee thereof, abuse the use of the properties of a Company under liquidation, or retain that property or becomes committed for its repayment or responsible for it, then he shall be obliged to return it to the Company with the legal interest, and shall also be liable to compensate any

damage caused to the Company or third parties, in addition to bearing the criminal liability imposed on him in pursuance to the legislations in force.

b) Should it appear during the liquidation that some of the Company operations were accomplished with the intention of defrauding its creditors, then the current chairman and members of the Board of Directors and the chairman and members of any previous Board of Directors of the Company who took part in those operations shall be considered personally liable for the Company debts and liabilities or for any of them as the case may be.

c) The provisions of Part Two of the Commercial Code relating to bankruptcy shall apply to companies, individuals, members of the Board of Directors or the like, who are mentioned in this Law.

**Article (258): Liquidation Period and Depositing of the Money by the Liquidator at a Bank Specified by the Controller**

a) Should the liquidation not be finalized during one year of the commencement of its procedures, the liquidator shall send the Controller a statement illustrating the details of the liquidation and the stage it has reached. Under all circumstances, the liquidation period shall not exceed three years except in exceptional cases that shall be considered by the Controller in the event of voluntary liquidation and by the Court in event of mandatory liquidation.

b) Every creditor and debtor of the Company shall have access to the statement stipulated in paragraph (a) of this Article, and if it appears from the statement that the liquidator is still holding any amount of the Company properties that has not been claimed by any one, or has not been distributed after the lapse of six months from the date of receiving it, the liquidator shall immediately credit that amount to the Company account opened with the bank appointed by the Controller.

## **CHAPTER TWO**

### **Voluntary Liquidation**

**Article (259): Voluntary Liquidation of a Public Shareholding Company**

A Public Shareholding Company shall be voluntarily liquidated in any of the following circumstances:

a) Upon the expiry of the specified period of the Company unless the General Assembly issues a decision to extend the period.

b) Upon fulfillment or disappearance of the objectives for which the Company was established, or due to the impossibility of achieving these objectives or their disappearance.

c) Upon the General Assembly issuing a decision to dissolve or liquidate the Company.

d) In other circumstances stipulated in the Company Memorandum of Association.

**Article (260): Appointment of a Liquidator and Commencement of the Liquidation Procedures**

a) Upon its issuance of a liquidation decision, a Public Shareholding Company General Assembly shall appoint a liquidator or more. If it fails to do so the Controller shall appoint a liquidator and decide on his remuneration.

b) The Company liquidation procedures shall commence as of the General Assembly issuing a decision to that effect, or as of the date of the liquidator's appointment if he was appointed after the issuance of the liquidation decision.

**Article (261): Procedures Taken by the Liquidator to Settle the Company's Rights and Obligations and to Liquidate its Assets**

The liquidator shall settle the Public Shareholding Company rights and obligations and liquidate its assets in accordance with the following procedures:

a) The liquidator shall exercise the powers conferred upon him by the Law for carrying out the Company compulsory liquidation.

b) The liquidator shall organize a list of the names of the Company debtors, and submit a report on the transactions and procedures he carried out to claim the payment of the debts due to the company by its debtors. This list shall be considered a primary evidence of the persons whose names appear in the list as debtors of the company.

c) The liquidator shall pay the Company debts and shall settle its rights and obligations.

d) Should more than one liquidator be appointed, their decisions shall be adopted pursuant to what is stipulated in their appointment decision, and should there be no stipulation in this regard then their decisions shall be taken unanimously or by absolute majority, and the Court shall have the final decision in the event of any disagreements arising among them.

**Article (262): Binding of the Agreement between the Liquidator and the Company Creditors and Contesting Same**

a) Every agreement concluded between the liquidator and creditors of a Public Shareholding Company shall be considered binding over the Company, should the Company General Assembly approve that agreement. It shall also be binding to the creditors, should it be accepted by a number of them whose total debts amount to three quarters of the debts due by the Company. Creditors whose debts are guaranteed by a mortgage or preference or a security, shall not be allowed to participate in voting for the said decision. The said agreement concluded pursuant to this paragraph shall be published in two daily newspapers within a period not exceeding seven days from the date of conclusion.

b) Any creditor or debtor may contest the agreement stated in paragraph (a) of this Article before the Court within fifteen days of the date of the announcement.

**Article (263): Settling Issues Arising from Voluntary Liquidation Procedures in accordance with Compulsory Liquidation Provisions**

The liquidator and any debtor or creditor of a Public Shareholding Company, and any other person with interest, may apply to the Court to adjudicate any issue that arises in voluntary liquidation procedures, in accordance with the manner by which issues arising in mandatory liquidation procedures are adjudicated pursuant to the provisions of this Law.

**Article (264): Liquidator's Right to Invite the Company General Assembly to Obtain its Approval on any Issue he Deems Necessary, and his Right to Invite the Creditors to Show same the Debt of Each-**

a) The liquidator may, in the course of carrying out the process of voluntary liquidation, invite the Company General Assembly to a meeting to obtain its approval of any issue he deems necessary, including reversing its liquidation. The Controller may also invite the General Assembly pursuant to a request submitted to him by shareholders or partners who own more than 25% of the Company subscribed capital, for the purpose of discussing the liquidation procedures or dismissing the liquidator and electing another.

b/1) The liquidator shall publish in a prominent place in at least two local daily newspapers and within thirty days of the date of issuing the liquidation decision an announcement notifying the creditors of the necessity of submitting their claims towards the Company whether they are due or not within two months if they are residents of the Kingdom and within three months if they reside abroad.

b/2) This announcement shall be republished in the same manner upon the lapse of fourteen days as of the first announcement's publication. The period for submitting the claims is calculated as of the date of the first announcement's publication.

b/3) If the liquidator or competent Court is convinced of the existence of a legitimate excuse for the creditor not being able to submit his claim within the period specified in clause (1) of this Article then the period shall be extended for another three months at most.

c) Notwithstanding the provision of paragraph (b) of this Article, should the creditor fail in submitting his claim within the specified period then he may submit his claim at any later stage, provided that his claim in this case fall in the rank following that of the creditors' claims submitted within the period specified in this Article.

**Article (265): Transforming Voluntary Liquidation into Compulsory Liquidation**

The Court may, upon an application submitted thereto by the liquidator, the Attorney General, the Controller or any person with interest, decide to convert the voluntary liquidation of a Public Shareholding Company into compulsory liquidation, or to

continue the voluntary liquidation, provided that the liquidation is carried out under its supervision and pursuant to the terms and limitations determined thereby.

## **CHAPTER THREE**

### **Compulsory Liquidation**

#### **Article (266): Cases for Submitting a Liquidation Request and Halting Liquidation**

a) An application for mandatory liquidation shall be submitted to the Court by a pleading from the Attorney General, Controller or any person authorized by him in any of the following circumstances:

1. Should the Company commit serious violations of the Law or of its Memorandum of Association.
2. Should the Company fail to fulfill its commitments.
3. Should the Company suspend its operations for one year without a legitimate or justified cause.
4. Should the losses of the company exceed 75% of its subscribed capital, unless its General Assembly issues a decision to increase its capital.

b) The Minister may request from the Controller or Attorney General to halt the liquidation procedures of the Company, if it reconciles its position before the issuance of its liquidation decision.

#### **Article (267): Commencement of Liquidation, Liquidator's Appointment and Suspension of Cases Filed Against the Company**

a) The Court shall be deemed to have commenced the liquidation of the Company as of the date of submitting the liquidation pleading thereof. The Court may adjourn the hearing, dismiss the claim or order the liquidation, along with the payment of the costs and expenses by the person responsible for the cause of liquidation.

b) The Court may, upon considering the Company liquidation and prior to the issuing the liquidation decision, appoint a liquidator. It shall also determine his powers and obligate him to submit a guarantee to the Court. The Court may also appoint more than one liquidator, and it may dismiss or replace them, and it shall notify the Controller of these instructions.

c) The Court may, upon the recommendation of the person requesting the liquidation, suspend the progress in any case that was filed or the procedures that were realized against the company whose liquidation is requested before the Courts, provided that the hearing of any new case or judicial procedures is prohibited if same were filed against the company or realized against its after the liquidation case is filed.

d) The issuance of the compulsory liquidation decision will result in the following:-

1. Suspension of any authorization or signatory power issued by any entity in the Company. The granting of any authorization or signatory power required by liquidation procedures is limited to the liquidator.
2. Suspension of the calculation of any interest due to the company debts unless the interest of these debts is secured with proper mortgages or securities.
3. Suspension of the calculation of the passing of the preclusive time for hearing a case dealing with any rights or due or valid claims to the Company for a period of six months as of the date of issuing the liquidation decision.
4. Suspension of proceeding with any case and judicial procedures instigated by the Company or against it for a three-month period, unless the liquidator decides to proceed with same before the end of that period, in accordance with the provisions of paragraph (c) of this Article.
5. Suspension of proceeding with any procedural or executory transactions against the Company, unless it was pursuant to the request of a mortgagee and related to the mortgaged property itself. In this case these transactions shall be halted or their acceptance shall be denied for a three-month period as of the date of the issuance of the liquidation decision.
6. Abatement of the periods agreed upon with the Company debtors to settle their obligations.

**Article (268): Presenting the Liquidator with the Company Property and Assets**

a) The Court may, upon the request of the liquidator, issue an order authorizing him to take possession of all the properties and assets of a Public Shareholding Company, and deliver it to the liquidator. The Court may, after issuing its Company liquidation decision order any debtor, agent thereof, bank, representative or employee, to pay, deliver, transfer to the liquidator immediately all such properties, registers, records and correspondence in his possession belonging to the Company.

b) The Court decision issued against any debtor shall be deemed conclusive evidence that the amount for which the decision has been issued for the payment thereof is due to the company. The said debtor shall reserve the right to file an appeal against such order.

**Article (269): Procedures taken by the Liquidator to Liquidate the Company**

a) The liquidator may carry out all the decisions and procedures which he deems necessary in order to complete the liquidation actions, including:-

1. Managing the Company's operations to the extent necessary for the liquidation procedures, including the execution of contracts concluded before the liquidation.
2. Inventory of the Company's sources and assets, and compiling its debts.
3. Appointing any of the experts and persons to assist him in completing the liquidation procedures or appointing special committees and authorizing them with any of the duties and powers entrusted to him under his supervision.
4. Submitting any case or commencing any legal proceedings in the name of the Company or on its behalf, in order to collect its debts and preserve its rights,

including the appointment of an attorney to represent the Company in any of these cases and procedures.

5. Entering in all cases and judicial proceedings related to the Company properties and interests.

b) Any creditor or debtor may refer to the Court in relation to the manner by which the liquidator is exercising the powers indicated in the preceding paragraph, and the Court's decision on this matter shall be conclusive.

#### **Article (270): Duties and Obligations of the Liquidator and the Right of Contesting his Decisions**

a) The liquidator of a Public Shareholding Company undertakes to comply with the following issues:

1. To deposit the monies he has received on behalf of the Company in the Bank designated by the Court for this purpose.
2. To provide the Court and the Controller at the set times, with a statement of account duly audited by the liquidation auditor, indicating his receipts and payments. This account shall not be considered final until certified by the Court.
3. To keep registers and accounting books properly organized in accordance with generally accepted practices for liquidation procedures. Any Company creditor or debtor may inspect such books and records upon obtaining the Court's approval.
4. To summon the creditors or debtors to general meetings to ascertain their claims and listen to their suggestions.
5. To comply with the Court's orders and decisions related to the creditors and debtors while supervising the properties and assets of the Company and distributing them to its creditors.

b) Any person aggrieved by the liquidator's acts, procedures or decisions may contest them at Court, which may uphold, annul or amend such actions, procedures or decisions, and its judgment shall be final.

#### **Article (271): Appealing the Court's Decision during Liquidation**

The order of the Court for liquidating a Public Shareholding Company, or any order that it may issue during the liquidation procedure may be appealed to the Court of Appeal. This should be done in accordance with the rules and conditions for appeal stipulated in the Civil Procedures Law in force, provided that no violation be made to the provisions of this Law concerning the final orders of the Court.

#### **Article (272): Termination of the Company after the Issuance of a decision to dissolve it**

a) After completing the liquidation of a Public Shareholding Company, the Court shall issue a decision to dissolve the Company. The Company shall be deemed dissolved as

of the date of such a decision. The liquidator shall notify the Controller of this decision who shall publish it in the Official Gazette, and in at least two local daily newspapers at the expense of the liquidator. Should the liquidator fail to execute this procedure within fourteen days of the date of issuing the decision he shall be fined ten Dinars for each day of negligence.

b) If the existence of movable and immovable assets or Company rights becomes evident after its dissolution and the cancellation of its registration the Controller may refer this matter to the Court in order to appoint a legal liquidator or to entrust the previous liquidator for the purposes of dealing with these assets, or to collect and settle these rights in accordance to the liquidation provisions stipulated in this Law.

## **PART FOURTEEN**

### **Supervision Over Companies**

#### **Article (273): Minister and Controller's Right to Take the Necessary Procedures to Supervise the Companies**

All shareholders must abide by the provisions of this Law and observe their articles and memoranda of association and prospectus bulletin, and shall implement the decisions taken by their General Assemblies. The Minister and the Controller may take any procedures which they deem appropriate to supervise the Companies in order to ensure that they comply with those provisions, articles and memoranda of association and decisions. The supervision shall include the following in particular:

- a) Examining the accounts and records of the Company.
- b) Ensuring that the company abides by the objectives for which it was established.

#### **Article (274): Right to Examine the Company Documents**

a) Each shareholder and each partner in the companies registered pursuant to the provisions of this Law shall have the right to examine the published information and documents related to the company which are kept with the Controller and to obtain a certified copy thereof upon the Controller's approval. Same shall also have the right to obtain, through a Court order, a certified copy of any unpublished statement against the fees stipulated in the regulations issued pursuant to the provisions of this Law.

b) Each person shall have the right to examine the information related to a registered company. However examining the Company record which is kept with the Controller and obtaining a certified copy of any document therein shall not be realized without the approval of the competent Court and under the supervision of the Controller against the stipulated fee.

#### **Article (275): Right of the Shareholders' to Request the Controller to Audit the Company Operations after Submitting a Guarantee to Cover the Auditing Expenses**



a) Shareholders holding not less than 15% of the capital of a Public Shareholding Company, a Private Shareholding Company, a Limited Partnership in Shares, or of a Limited Liability Company, or at least one-fourth of the members of the Board of Directors or Management Committees of any of them, as the case may be, may request the Controller to audit the Company operations and books. Should the Controller be convinced of the justifications of this request, he shall delegate one or more expert for this purpose. Should the auditing uncover any violation that necessitates investigation, the Minister may refer the issue to an investigation committee from the Directorate's employees to verify the violation and to study the report prepared by the expert. In this respect, the committee may look into papers and documents it deems necessary or audit anew some issues whose auditing it deems necessary. The committee also has the right to recommend to the Controller to direct the Company to apply the recommendations issued by it or to refer the issue to the competent Court, as the case may be.

b/1) Persons requesting auditing of Company operations should submit a bank guarantee in favor of the Ministry in the amount determined by the Controller to cover the auditing expenses should it be evident in the result thereof that the parties requesting auditing were not entitled to their request.

b/2) If persons requesting inspection are entitled to such a request the Company shall bear the auditing expenses. The decision of the Controller to specify the remuneration of the auditing committees in this case can be executed by the Procedural Departments. The Company is entitled to recover what it paid in auditing expenses and the value of the damage from the person who has been proven to have committed the violation shown in the committee's report.

**Article (276): Minister's Right to Audit a Public Shareholding Company Accounts with the Exception of Banks and Insurance Companies-**

a) The Minister, upon the recommendation of the Controller, may assign the employees of the Directorate or any special committee he forms, to audit the accounts and operations of the Public Shareholding Company. And they may when carrying out this task, inspect the Company registers, books and documents and to audit them at the Company headquarters. They are also entitled to direct any inquiries to the

Company employees and auditors. If the Company refrains from responding, then it shall be considered a violator of the provisions of this Law.

b) Banks and insurance companies are exempted from the provisions of this Article.

**Article (277): Cancellation of Public and Private Shareholding Companies, Limited Partnership in Shares and Limited Liability Companies if they do not Commence their Operations within a Year from their Registration and their Right to Contest the Cancellation Decision**

a) If any Public Shareholding Company, or Private Shareholding Company, or Limited Partnership in Shares, or Limited Liability Company fails to commence its operations within a year of the date of its registration, or suspends its operations for a period not less than a year without a legitimate reason. And it was proven after its notification in writing and announcement by the Controller in a local daily newspaper, for one time, of the suspension of its operation or non-submittal of any documents proving its operations and rectification of its status within thirty days of the Publication of the announcement. Then the Minister may, upon the recommendation of the Controller, cancel the registration thereof, and announce this cancellation in the Official Gazette and two local daily newspapers once. The responsibility of the founders or partners towards others remains existent as if the cancellation of the Company registration did not occur. This action shall not affect the power of the Court to liquidate the Company whose name has been cancelled from the register.

b) Any person may contest the cancellation decision at the competent Court within three months from the date of publication of the notice in the Official Gazette. If the Court is convinced that the Company was carrying on its operations or had corrected its status in accordance with the provisions of this Law within the period referred to in paragraph (a) of this Article, then it shall issue a decision to restore its registration. The Company shall be considered as if it was not cancelled, and its existence remains in continuity, after the application of the fine provided for in pursuance to the provisions of this Law and the payment of the due fees and expenses. The Court shall send a copy of the decision to the Controller to enforce it, and publish an extract thereof in the Official Gazette and at least one local daily newspaper at the Company expense.

## **PART FIFTEEN**

### **Penalties**

**Article (278): Acts of Persons that are Penalized with Imprisonment of One to Three Years and a Fine of One to Ten Thousand Dinars**

a) Any person who commits any of the following acts shall be liable to be penalized by imprisonment from one to three years, and by a fine not less than one thousand Dinars and not more than ten thousand Dinars:

1. Issuing shares, share certificates, or delivering them to their owners, or offering them for negotiation, prior to the approval of the Company Memorandum of Association, and the approval of the founding of the company, or permitting the company to increase its authorized capital before announcing that in the Official Gazette.
2. Making fictitious subscriptions for shares, or accepting subscriptions therefore in an illusory or unreal manner for non-existent or unreal Companies.
3. Issuing corporate bonds and offering them for negotiation prior to its maturity, in a manner which violates the provisions of this Law.
4. Preparing the balance sheet of any company and its profit and loss account in a manner which does not reflect reality, or incorporating in the report of the Company Board of Directors or in the its auditors' report incorrect statements, and conveying to its General Assembly incorrect information, or concealing information and clarifications, which should be clearly declared by the force of Law, with the intention of concealing the real status of the Company from the shareholders or other concerned parties.
5. Distribution of profits which are fictitious or incompatible with the real position of the Company.

b) The penalties stipulated in paragraph (a) of this Article shall be applied to any person who is involved in the crimes indicated therein and is the instigator therefore.

**Article (279): The Penalty of a Public Shareholding Company, Limited Partnership in Shares, Limited Liability Company and Private Shareholding Company Upon Violating the Provisions of this Law**

a) Should a Public Shareholding Company, a Limited Partnership in Shares, a Limited Liability Company or a Private Shareholding Company commit any violation to the provisions of this Law, it shall be penalized by a fine not less than one thousand Jordanian Dinars and not more than ten thousand Jordanian Dinars, along with nullification of the violating act if the Court deems so.-

b) Should it appear that any one of the Companies stated in paragraph (a) of this Article did not maintain proper books of account prior to its liquidation, then its manager and auditor shall be deemed guilty of a crime and shall be penalized by imprisonment for a period not less than one month and not more than one year.

c) Notwithstanding any tougher penalty stipulated in another law, each person who deliberately obstructs auditors or persons charged by the Minister or the Companies Controller from realizing their duties specified pursuant to the provisions of this Law or their examination of its books and registers or refrains from submitting the information and clarifications required by same shall be punished with a fine of not less than one thousand Dinars and not more then ten thousand Dinars.

**Article (280): The Penalty of the Auditor Violating the Provisions of this Law**

An auditor who violates the provisions of this Law by submitting reports or statements incompatible with the real position of the Company which he audited, shall be deemed to have committed a crime, and shall be penalized therefore by imprisonment for a period not less than six months and not more than three years, or

by a fine of not less than one thousand Dinars or by both penalties, and that shall not preclude subjecting him to the penalties provided for under the auditing profession laws in force.

**Article (281): The Penalty of Partners in General Partnership and Limited Partnership Companies who Defaults on Executing any Amendments to the Company Articles of Association**

Every general partner in a General Partnership or in a Limited Partnership, who defaults on executing the amendments made to the Company Articles of Association, shall be penalized with a fine amounting to one Jordanian Dinar per day for each day the default continues to exist after the lapse of one month from the date of occurrence of such change.

**Article (282): The Penalty Imposed on Violations of this Law's Provisions or any Regulation or Order Issued in Pursuance that have no Penalties Imposed thereof**

Any person who commits any violation of any provisions of this Law or any regulation or any order issued pursuant thereto, for which no penalty has been assigned, shall be liable to pay a fine not less than one hundred Dinars and not more than one thousand Dinars.

**Final Provisions**

**Article (283): Controller's Right to Examine Company Registers and Controller's Representation before Different Courts-**

a) The Controller and Directorate employees, authorized in writing by the Controller, shall have the right to examine all the Company registers, books and documents and to obtain copies of same for the purposes of enabling them to carry out their duties in accordance with the provisions of this Law. The competent official authorities and companies' officials and employees shall extend them the necessary help for this purpose.

b) The Minister, Controller or Directorate shall be represented before different courts in civil and administrative cases and others that arise upon the application of this Law and the regulations issued in pursuance and that either of them are party thereto, by the employee authorized by the Minister or the Controller from amongst the Directorate employees who are lawyers. Each of them shall exercise the authority of the aide of the Civil District Attorney in accordance with the provisions of the Civil Courts Formation Law in force. The Minister may, upon the approval of the Council of Ministers, also appoint a lawyer for the purposes of this paragraph.

**Article (284): Companies-Related Cases Enjoy Expeditious Status and the Manner of Notification**

a) Civil and criminal cases related to companies and arising from the application of the provisions of this Law will be granted an expeditious status before the competent Courts.

b) The notification of the concerned person of any letter, decision or notice issued by the Minister or Controller in accordance with this Law, regulations or instructions issued in pursuance shall be done either by personal delivery to him or to his legal representative or by dispatch in registered mail to his last address kept in the Directorate's records.

c) Each letter, decision or notice dispatched pursuant to the provisions of this Article shall be regarded as having been properly delivered in accordance with proper procedures, to the recipient who shall be considered to have been notified in case he refuses its receipt.

d) If the notification is realized through registered mail, the concerned person shall be considered notified of the document after the expiry of fifteen days from the date of its dispatchment if the aforementioned resides inside the Kingdom or thirty days from the date of its dispatchment if same resides outside the Kingdom. It is sufficient in order to prove notification, to produce evidence that the notified paper was dispatched by mail to the address referred to in paragraph (b) of Article.

e) If notification in accordance with the provisions of paragraphs (b), (c) and (d) of this Article becomes impossible, then it shall be accomplished through publication in two daily local newspapers at least twice, provided that the publication fees be at the expense of the concerned person or the related company in accordance with what is decided by the Controller. This publication shall be considered a legal notification in all aspects.

**Article (285): Compulsory Liquidation of the Company by the Controller and Permissibility to Disregard Same**

a) Notwithstanding the provisions of compulsory liquidation provided for in this Law, if a company fails to reconcile its status in accordance with the provisions of the Law or if it becomes evident to the Controller that it no longer has headquarters or if it stops carrying out its operations or duties decreed upon it in pursuance to this Law, or if a period of more than a year elapses without the Company General Assembly electing a manger or a Management Committee or a Board of Directors, as stipulated in its Memorandum of Association, then the Controller may, after warning the company in writing for a period of one month and after publishing an announcement in two local daily newspapers, suspend the operation of that company and transfer it to a special register for suspended companies. In such an event the company shall be prohibited from undertaking any actions or operations and its managers or Management Committee or Board of Directors shall also lose all their powers. However this shall not prevent deciding the continuation of the Company operation and its registration in the interest of others or deciding the suspension of that Company operation and registering it in the suspended companies register for the interest of others. In all events the chairman of the Company Board of Directors or the chairman of the Management Committee or the Company manger shall be considered jointly liable with the company for any damage that may occur to others.

b) The Controller may decide to re-transfer the company from the suspended companies register to the operating companies register in pursuance to the request of the Company in order to enable it to continue its operations and activities, if it becomes evident that it rectified its positions in accordance with the provisions of this Law.

c) If the Company's registration in the suspended companies register continues for a period exceeding a year without the company or the partners therein realizing the operations and procedures requested thereof for the purpose of its re-registration in the operating companies register in accordance with the provisions of paragraph (b) of this Article, the Controller may proceed with the procedures necessary for that Company compulsory liquidation in accordance with the provisions of this Law.

**Article (286): Application of this Law to Established Companies and Adjusting their Status thereof**

a) All companies registered pursuant to Laws in force before enacting this Law, shall be deemed established as if registered pursuant to the provisions of this Law.

b) Companies established on the date of this Law coming into force shall adjust their status to render them compatible with the provisions of this Law, and they shall make the necessary amendments to their Articles and Memoranda of Association, during a maximum period of one year from the date this Law coming into force and without convening their General Assemblies to approve these amendments.

**Article (287): Council of Ministers may Issue Regulations Necessary to Implement the Law's Provisions**

The Council of Ministers may issue the necessary regulations to implement the provisions of this Law, particularly in relation to the following:

a) Determination of the fees to be collected for implementing the provisions of this Law.

b) Organizing the forms related to the Articles of Association and other documents stated in this Law.

c) The Minister may delegate part of his powers provided for in this Law to the Controller, who may then delegate any of his powers to any of the employees of the Companies Control Directorate at the Ministry, provided that the power is limited and in writing.

**Article (288): Cancellations**

The Companies Law No. 12 for the year 1964, and the amendments introduced thereon and the terms and provisions of any other legislation which contradict the provisions of this Law are hereby cancelled.

**Article (289): Persons Responsible for Applying this Law**

The Prime Minister and the Ministers are responsible for the implementation of the provisions of this Law.

**Persons Responsible for Applying this Law**

The Prime Minister and the Ministers are responsible for the implementation of the provisions of this Law.

## Companies Regulation and its Amendments

### No. (50) for 1997<sup>2</sup>

#### **Article (1):**

This Regulation shall be called the Companies Regulation for 1997 and shall come into force as of the date of its publication in the Official Gazette.

#### **Article (2):**

The following words wherever used in this Regulation, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Law:                   The Companies Law No. (22) for 1997.

The Controller:           The Companies Controller in the Ministry of Industry and Trade.

The Company:             The company that should be registered in accordance with the Law.

#### **Article (3):**

The Controller shall prepare the registration forms of companies, the data and contracts related thereto that are necessary for the implementation of the provisions of this Law especially the following forms:

a) The registration form of every general partnership and limited partnership, its articles of association and the amendments that may occur thereon. One Dinar shall be collected as a fee against every form.

b) The articles of association and memorandum of association of a limited liability company and a public shareholding company. Three Dinars shall be collected as a fee against such form.<sup>3</sup>

c) A public shareholding company establishment form. One Dinar shall be collected as a fee against such form.

d) A registration form for a foreign company operating and non-operating branch in the Kingdom.

e) Registration certificates forms of the companies stipulated in paragraphs (a), (b), (c) and (d) of this Article.



f) Any other forms and data whose preparation is stipulated by the Law or whose preparation and approval are deemed necessary by the Companies Controller.

**Article (4):**

The Ministry shall collect in return of the registration of companies and the procedures related thereto, which are listed underneath, the following fees.<sup>§</sup>

a) Ten Dinars for the registration of every general partnership and limited partnership contract. An equivalent amount shall be collected for any increase that may occur to the capital of any of such companies.

b)<sup>§</sup> 1. 0.002 of the value of the capital of a limited liability company or a limited partnership in shares that is registered in the articles of association or any increase that may occur thereto provided that its capital does not exceed ten million Dinars.

2. 0.0002 of the value of the capital of a limited liability company or a limited partnership in shares that is registered in the articles of association or any increase that may occur thereto that exceeds ten million Dinars and up to fifty million Dinars subject to the provisions of clause (1) of this Paragraph.

3. No fees shall be collected against the capital of a liability company or a limited partnership in shares that is registered in the articles of association or any increase that may occur thereto that is in excess of fifty million Dinars subject to the provisions of clauses (1) and (2) of this paragraph.

c)<sup>§</sup> 1. 0.003 of the value of the capital declared in the articles of association of a private shareholding or public shareholding company or any increase that may occur thereto provided that its capital does not exceed ten million Dinars.

2. 0.0002 of the value of the capital declared in the articles of association of a private shareholding or public shareholding company or any increase that may occur thereto that is in excess of ten million Dinars and up to fifty million Dinars subject to the provisions of clause (1) of this paragraph.

3. No fees shall be collected against the capital declared in the articles of association of a private shareholding or public shareholding company or any increase that may occur thereto that is in excess of fifty million Dinars subject to the provisions of clauses (1) and (2) of this paragraph.

d) One thousand Dinars against the registration of a foreign company operating in the Kingdom shall its capital registered in its headquarters equal one million Dinars or less and two-thousand Dinars shall its capital exceed the equivalent of a million Dinars.

e) Two Dinars against the issuance of a company registration certificate.

f) Five Dinars against the registration of any change that may occur to the company after its registration or any certificate issued for such changes.

g) Four Dinars against providing any statement or certificate in pursuance to the documents maintained at the companies register.

h) Five Dinars against allowing a partner or shareholder to examine the company register or its file and ten Dinars against the examination of the company register or file by others by court order.

i) Five Dinars against providing an authenticated copy of company data and documents maintained with the Controller.

j) Five Dinars against depositing or registering any data or document whose registration is prescribed by the law including the company dissolution request and its liquidation decision.

**Article (5):**

The Companies Regulation No. (16) for 1989 shall be cancelled.

Regulation No. (44) for 2003  
Administrative Organization of the  
**Companies Supervision Department Regulation**

**Article (1):**

This Regulation shall be called (Administrative Organization of the Companies Supervision Department Regulation for 2003) and shall come into force as of its publication in the Official Gazette.

**Article (2):**

The following words wherever used in this Regulation, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Minister:	Minister of Industry and Trade.
Department:	Companies supervision department.
The Controller:	The companies general controller.
The Directorate:	Any directorate in the Department.
The Committee:	The planning committee in the Department.

**Article (3):**

The organizational framework of the Department shall be formed of the following:

- a) The Controller.
- b) The following Directorates:
  - 1. Directorate of Administrative and Financial Matters.
  - 2. Directorate of Registration and Assistance Services.
  - 3. Directorate of Legal Matters.
  - 4. Directorate of Financial Control.

5. Directorate of Foreign Companies.
6. Directorate of Research and Computer.

c) The following units:

1. Investment and Foreign Relations Unit.
2. Internal Supervision Unit.

d) The Minister may, upon the recommendation of the Controller, appoint an assistant or more for same shall the requirements of work necessitate that.

**Article (4):**

a) The Controller is attached to the Minister and shall be responsible for the implementation of the duties of the Department and the good management of the work therein.

b) The Controller shall be attached to each of the following:

1. The assistances.
2. The consultants and experts.
3. Manager of Directorates.

c) It shall be permissible to attach any of the managers of Directorates and the heads of units to any of the assistants of the Controller in accordance with the instructions issued by the Controller for such purpose.

**Article (5):**

a) A committee called the (Planning Committee) shall be formed in the Department. It shall be headed by the Controller or the person delegated by same from amongst the members of the Committee, and the membership of:

1. Assistants.
2. Managers of the Directorates.
3. The consultant or expert named by the Controller.
4. One unit head or more named by the Controller.

b) The Committee shall undertake the examination of the following matters and shall present the Minister with recommendations to (enable same) to take the necessary decisions in their regard:

1. Plans and programs related to the work of the Department and periodic follow-up on their implementation and evaluation in a manner that guarantees the efficient achievement of their aims.
2. Draft of training and qualification programs for the Employees of the Department.
3. Organizational framework of the Department and the correlation of the Directorates, units and divisions.
4. Annual balance sheet draft of the Department and the lists of job arrangements therein.
5. Drafts of laws, regulations and instructions related to the work of the Department.
6. Any other matters referred by the Controller thereon.

**Article (6):**

- a) The Committee shall convene by invitation of its president at least once a month. The legal quorum of its meetings shall be formed by the presence of not less than a majority of its members provided that the president or his delegate is amongst same. It shall issue its recommendations by the majority of the votes of its present members at least.
- b) The president of the Committee may invite any of the consultants or any Department Employee or any foreign person to participate in its meetings so as to take his opinion into consideration without same having the right to vote.
- c) The Controller shall name an Employee of the Department as the secretary-general of the Committee to undertake the preparation of its work lists, record its meetings and recommendations, follow-up on its implementation and maintain its documents and correspondence.

**Article (7):**

- a) The Minister may upon the suggestion of the Controller that is based on the recommendation of the Committee:
  1. Institute any Directorate or unit in the Department, merger same with another or cancel.
  2. Institute any Department branch or office in the Kingdom, merger same with another or cancel.
- b) The Controller may, upon the recommendation of the Committee, institute any division or office in the Directorates or units, merge same with another or cancel.

**Article (8):**

The Controller may, if the need arises, form specialized committees to examine specified matters that are delegated it by same and present its recommendations thereto in order to take the necessary decisions in their regard.

**Article (9):**

The Minister shall issue, upon the recommendation of the Controller, the necessary instructions to implement the provisions of this Regulation, including the following:

- a) Specify the duties and responsibilities of the Directorates, units, branches, offices and divisions.
- b) Describe the duties of the Employees of the Department.
- c) Determine the relationship and communication and coordination methods between the Directorates and the remaining units and divisions.

Scientific Research and Vocational Training Fund

**Regulation No. (66) for 1998**

**Article (1):**

This regulation shall be called (Scientific Research and Vocational Training Fund Regulation for 1998) and shall come into effect as of the date of its publication in the Official Gazette.

**Article (2):**

The following words wherever used in this Regulation, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Ministry: Ministry of Industry and Trade.

The Minister: Minister of Industry and Trade.

The Fund: Scientific Research and Vocational Training Fund.

The Committee: The Management Committee of the Fund.

**Article (3):**

A Fund shall be established in the Ministry; it shall be called the (Scientific Research and Vocational Training Fund) and shall have an independent balance sheet. The financial resources of the Fund shall be set up in accordance with the provisions of this Regulation.

**Article (4):**

a) Public shareholding companies are required, in accordance the Companies Law in force, to transfer the scientific research and vocational training allocation amounting to 1% of its net profits to the Fund if same or any remaining part thereof is not spent during any year of the three years following the year during which that allocation was deducted from its profits.

b) The amounts transferred to the Fund shall be deposited in a special account with a bank chosen by the Committee for such purpose. The Committee shall also appoint the persons delegated to sign and draw from this account.

**Article (5):**

The Fund aims at supporting scientific research and vocational training including the following:

- a. Offer monetary support to scientific research projects, development, studies and technical consultation to the Jordanian industry.
- b. Proffer help to solve technical problems facing companies in the development of their industries and products and enable same to improve their competitive abilities.
- c. Cooperate with local and Arab institutes and international and global organizations so as to coordinate in the field of scientific research.

**Article (6):**

a) The management of the Fund shall be undertaken by a committee formed in the following manner:

1. The Minister President
2. The Secretary-General of the Higher  
Council for Science and Technology Vice-president
3. The General Manager of the Vocational  
Training Institute Member
4. Companies Controller Member
5. A Representative of the Royal Scientific  
Society named by the President of the  
Society Member
6. Dean of scientific research in one of the  
public universities Member
7. Two members specialized in scientific  
research in the industry or services sector Member

b) The members stipulated in clauses (6) and (7) of paragraph (a) of this Article shall be appointed for a renewable three-year period by a decision issued by the Prime Minister in pursuance to a recommendation by the Minister.

**Article (7):**

The Committee shall undertake the following duties and powers:



- a) Indicate the fields of scientific research and vocational training that shall be financed by the Fund.
- b) Examine and approve scientific research projects and select the nominated programs so as finance same by the Fund.
- c) Participate in offering and preparing the human resources and technical capabilities of scientific and technological research centers.
- d) Discuss the annual report and balance sheet of the Scientific Research Fund.
- e) Lay the foundations of cooperation and coordination with other entities concerned with scientific research, especially the applied part thereof.

**Article (8):**

The Committee shall convene by an invitation of its president. The meeting shall be legal with the presence of the majority of the (committee) members provided that the president or the vice-president, in case of his absence, is amongst them. It shall take its decisions with the majority of the votes of those present and in case of a tie in the votes the side which the president voted with shall have preponderance.

**Article (9):**

Public shareholding companies shall be required to provide the Committee with a detailed statement showing the method of disbursing the scientific research and vocational training allocation upon presenting its annual financial accounts to the Companies Controller.

**Article (10):**

The accounts of the Fund shall be reviewed by an auditor appointed by the Committee. The annual balance sheet and closing accounts of the Fund shall be presented to the Higher Council of Science and Technology.

**Article (11):**

The Committee shall issue the instructions necessary for the implementation of this Regulation.

Fees for the Supervision of the General Assembly

**Meetings Regulation No. (51) for 1997-**

**Article (1):**

This Regulation shall be called (Fees for the Supervision of General Assemblies Meetings Regulation for 1997) and shall come into force as of its publication in the Official Gazette.

**Article (2):**

The following words wherever used in this Regulation, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Ministry: Ministry of Industry and Trade.

The Minister: Minister of Industry and Trade.

The Controller: Companies Controller at the Ministry.

The Employees: Employees of the Ministry.

**Article (3):**

a) Public shareholding companies shall be obliged to pay an amount of four-hundred Dinars in the name of the Controller in addition to his position in every meeting convened by its general assembly as remuneration for the Controller and Employees supervising the implementation of the procedures of convening the meeting. Such amount shall be paid within fifteen days as of the date of convening the meeting.

b) The amounts stipulated in paragraph (a) of this Article shall be deposited in a special fund within the account of the Ministry with a bank or more of those licensed in the Kingdom chosen by the Minister. The Minister and Controller shall be jointly delegated to withdraw therefrom.

**Article (4):**

The Controller shall be paid from the amounts stipulated in Article (3) of this Regulation, subject to the approval of the Minister, an annual remuneration that does not exceed one thousand and two-hundred Dinars. Every Employee who participated or was delegated by the Controller to supervise such meetings shall also be paid an annual remuneration that does not exceed six-hundred Dinars in accordance with the decision of the Controller.

**Article (5):**

The delegated signatories authorized to withdraw may approve the disbursement of any amount for the purpose of facilitating and improving the work of the Ministry through providing it with the necessary equipment and preparing and training the Employees after distributing the remuneration those deserving same.

**Article (6):**

The Controller shall name an Employee or more from the Employees of the companies supervision directorate to organize the registers and records pertaining to the implementation of the provisions of this Regulation.

## Instructions for Implementing the Procedures to Enforce a Judicial Decision to Sell

Shares of

### **Partners in a Limited Liability Company for 1997-**

#### **Article (1):**

These instructions shall be called the (Instructions for Implementing the Procedures of Enforcing a Judicial Decision to Sell a Share or more of a Partner in a Limited Liability Company).

#### **Article (2):**

The Companies Controller, in case of his notification of any judicial decision to sell a share or more of a partner in the capital of a limited liability company whether by being directly notified of such a ruling through the Court or through the company, realize the following procedures:

- a) Send a written notification of the issuance of the judicial decision concerning the share of one of the partners to the company. The managers committee or the general manager of the company, as the case may be, shall notify all the partners of this decision within a period that does not exceed a week as of the date of receiving the letter of the Controller to grant them the right of utilizing their priority in buying that share if they wish to do so. The company shall inform the Companies Controller of its notification of all the partners to utilize their legal right within the period stipulated.
- b) The partners shall inform the Companies Controller of their wish to practice the priority right within two weeks as of the date of the company notifying the partners of (their right) to practice the priority right in buying.

#### **Article (3):**

The Companies Controller shall notify the procedural head of the Court, which issued the judicial decision, with the result of the partners in the company practicing the priority right in buying.

#### **Article (4):**

The Controller shall notify the Court, which issued the decision to sell a share or more of any partners for which the decision was issued in an auction in accordance with the legal procedures in force if none of the partners practice the priority right within (30) days as of the issuance of the Court decision.

