▶목 차◀

성공적인 투자진출을 위한 TIP

발로 뛰면서 각종 인증, 인허가, 법 규정 등을 숙지해야

UAE의 경우는 다른 선진국에 비교하여 법 규정 등이 제대로 명문화되어 있지 않다. 따라서 관련기관 등을 일일이 찾아다니면서 정확하게 필요한 서류, 법 규정 등을 꼼꼼히 살펴볼 필요가 있다. 아울러 공무원들의 업무 형태가 비합리적인 부문이 많이 있기 때문에 설립하기까지 시간 소요가 많이 발생할 가능성이 높다. 문화적인 특성에 기인한 것으로 이해해야 하며 충분한 시간을 가지고 차분하게 진행을 해야 한다.

현지 인맥을 최대한 이용하라

UAE에서는 비즈니스 활동뿐만 아니라 전반적인 면에서 인간관계가 매우 중요하다. 인간관계가 잘 형성되어있으면 10일 소요될 일이 단 2~3일만에 해결할 수도 있다. 한번 형성된 인간관계는 지속적으로 관리를 해야 하며 중요한 시기에 결정적인 역할을 할 수 있다는 것을 명심해야 한다.

파트너 선정에 최선을 다하라

UAE의 경우, 자유무역지대 외에는 연락사무소를 개설하기 위해서는 스폰서가 있어야 한다. 보통 Sleeping Partner라고 불리는데 간혹 스폰서 선정이 잘못되어 곤욕을 치르는 경우가 있다. 스폰서를 선정하기위해서는 현지 진출업체 또는 교민 등을 통하여 조언을 들을 필요가 있다. 아울러 법인설립의 경우에도 자유 무역지대 외에는 UAE 현지인이 51%이상의 지분을 소유하게 되어 있음으로 파트너 선정에 각별히 신경을 써야 한다.

현지 자본을 최대한 활용하라

지속적인 고유가로 인한 Oil Money을 이용할 필요가 있다. 아울러 UAE 정부에서는 제조업 육성 정책으로 인하여 외국기업의 제조업 진출에 대하여 많은 관심을 가지고 있다. 현재 UAE에 소재하고 있는 제조업 중에서 약 52%가 UAE 현지인과 외국기업과의 합작으로 이루어져 있는데 이는 UAE 자본과 외국기업이 만나 제조업을 설립하는 가장 이상적인 방법이라고 할 수 있다. 이를 통하여 외국기업은 막대한 초기 비용에 대한 부담을 경감시킬 수 있다.

Ⅰ. 투자 여건

1. 투자 환경

■ 에너지 자원 풍부, 관련 산업 발달

- UAE는 세계 원유 매장량의 9.6%를 보유하고 있으며사우디, 이란, 이라크, 쿠웨이트에 이어 세계 5번째(매장량 978억 배럴)

- 가스 매장량은 소련, 이란, 카타르에 이어 세계 4번째(2,135억 큐빅피트 규모, 아부다비 93%, 샤자 5%, 두바이 1.9%, 라스엘케이마 0.1%매장)

■ 지리적 이점을 이용해 중동·아프리카 진출 거점으로 활용 가능

- 두바이는 2006년 총 수입인 889억 달러의 70%를 중동의 인근 국가, 서남아시아, 아프리카 및 동유럽에 재수출하는 물류 유통단지

- 두바이의 대표적인 물류단지 JAFZ(Jabel Ali Free Zone)에는 약 120개국 5,500여 업체가 입주하였고 항만, 항공 등 거미줄 같은 물류망 구비

■ 법인세, 소득세가 없는 기업활동의 천국

- 두바이를 포함한 UAE는 법인세, 소득세 등 일체의 세금이 없는 '세금천국'

- 물품 수입세도 술, 담배를 제외한 모든 수입품은 GCC[1] 공통

1) GCC(Gulf Cooperation Council), '걸프협력회의' 라고도 하며 1981.5월 페르시아만 6개국(사우디, UAE, 쿠웨이트, 바레인, 오만, 카타르)이 참가하여 결성되었고, 1983.3월부터 역내 관세장벽 철폐

관세 5%만 부과하고, 재수출 시 100% 환급

2. 대 UAE 진출이 유망한 이유

■ 9.11사태 이후 국제사회에 떠돌던 투자자본(주로 중동자본)이 중동으로 회귀하고 있음

<GCC 국가의 외국인직접투자(FDI) 누계>

(단위: 백만 달러)

국가	1990	2000	2001	2002	2003	2004	2005
사우디	21,894	17,577	18,265	18,718	19,946	21,430	26,066
UAE	751	1,061	2,246	3,553	7,809	16,168	28,168
쿠웨이트	37	608	494	501	434	458	708
오만	1,706	2,506	2,595	2,621	3,110	3,310	4,025
카타르	63	1,912	2,207	2,831	3,456	4,655	6,124
바레인	552	5,906	5,628	5,845	6,362	7,227	8,276
계	25,003	29,570	31,435	34,069	41,117	53,248	73,367
순증	-	-	1,865	2,634	7,048	12,131	20,119

주) 2006년 미발표, 2005년 UAE, 카타르의 FDI Stock 금액은 추정치
자료원: World Investment Report, UNCTAD (2006, 2005)

■ 국제유가 상승으로 중동국가들의 투자자본이 늘고 있음

- 세계 석유 생산량의 약 43%를 차지하고 있는 중동아프리카 산유국들이 최근 5년간 고유가로 인해 사상 최대의 오일 머니(Oil Money)를 확보

- 2006년도 중동아프리카 산유국들의 원유수출액은 전년대비 25% 증가한 5,700만 달러에 달함

■ 중동국가들의 개발전략이 SOC 확충 및 산업다각화 등 장기 성장 기반을 구축하는 방향으로 바뀌고 있음

- 중동 산유국들은 대규모 자본을 신도시 및 리조트 건설, 공항 및 항만 확충, 오일가스, 발전, 담수, 석유화학 등 기간산업에 투자

※ UAE가 중동 개발의 중심

- UAE는 향후 5년간(2007~2011년) 개발 프로젝트에 총 2,732억 달러를 투자할 예정

- 특히 두바이는 Burj Al Arab(버즈 알 아랍)[2] 등 7성급 호텔, Burj Dubai(버즈 두바이)[3] 등 세계 최고층 건물 등 관광객 및 외국인 투자유치를 위한 수많은 Land Mark 건립

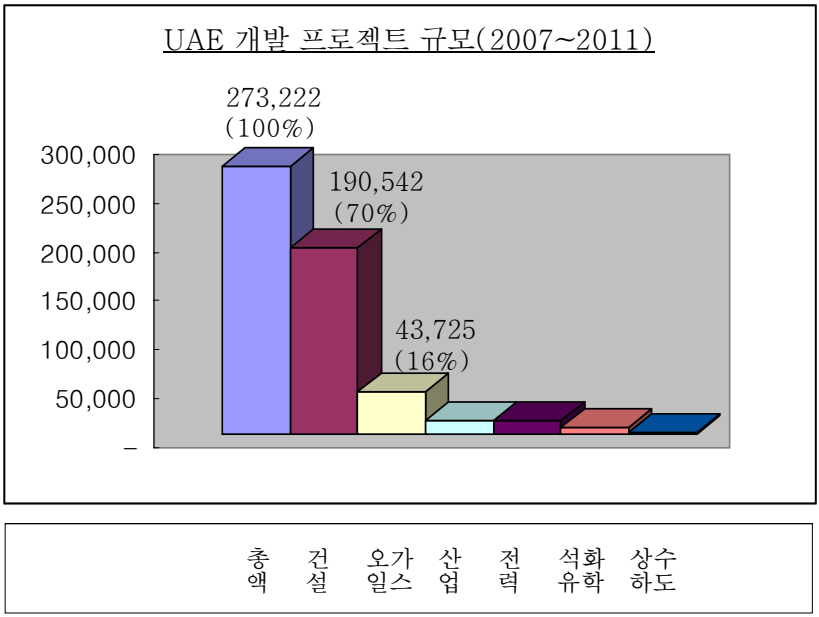
<UAE 향후 5년간(2007~2011) 주요 프로젝트 현황>

(단위: 백만 달러, %)

분야	합계	건설	오일가스	일반산업	전력	석유화학	상하수도
금액	273,222	190,542	43,725	14,640	14,465	7,475	2,375
비중	100.0	69.7	16.0	5.4	5.3	2.7	0.9

2) 두바이 정부가 첫 Land Mark로 1999.12월에 개장한 Burj는 아랍어로 탑을 의미하는 7성급호텔로, 해변에서 280m 떨어진 인공섬에 높이 321m, 28층 202개 객실로 구성되었음

3) 삼성건설이 시공 중에 있는 160층 800미터 이상(발주자 Nakheel사 미공개)의 세계 최고층 건물 프로젝트로 타워, 쇼핑몰, 레지던스, 올드타운 등 4개 분야 Business Bay중 타워 부분



자료원: Meed Projects 분석

3. 우리나라의 대 UAE 투자진출

■ 연도별 투자진출 동향

- 우리나라의 대 UAE 투자진출은 1968~2006년 기간 중 도착기준으로 총 42건 1억2,153만 달러(신고기준 53건 1억9,660만 달러, 이하 도착기준)을 기록

- 대 UAE 투자진출은 2000년대 들어 증가하고 있는데, 2006년 한해 투자진출만 18건, 금액으로는 9,600만 달러로, 1968~2006년 대 UAE 총 투자액의 79% 차지

<UAE, 카타르, 바레인 투자진출 동향(1968~2006)>

(단위: 천 달러)

국가	신고기준		도착기준	
	건수	금액	건수	금액
UAE	53	196,595	42	121,531
카타르	11	3,225	9	1,370
바레인	5	3,665	3	526

자료원: 수출입은행(www.koreaexim.or.kr)

■ 분야별 투자진출 실적

- 투자건수로 보면 도·소매업이 14건 총 1억4,383만 달러로 가장 많지만 금액 면에서는 부동산 > 건설 > 도·소매업 > 제조업 순이며, 제조업에 대한 투자가 서서히 부상 중임

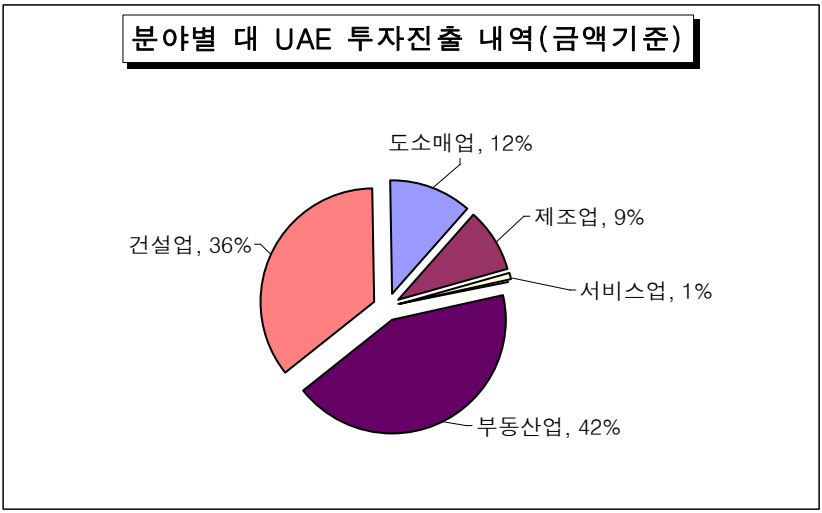
- 특히 UAE의 정책적인 개발정책의 일환으로 추진되고 있는 부동산 개발 붐으로 인해 2006년 한해만 B사, D사, S사 그리고 E사 등이 부동산 분야에 투자진출

<분야별 투자진출 실적(1968~2006년 투자기준)>

(단위: 천 달러, 건)

분 야		UAE		카타르		바레인	
		건수	금액	건수	금액	건수	금액
합 계		42	121,531	9	1,370	3	526
1	부동산업	3	50,627	1	360	-	-
2	건설업	8	43,182	5	466	-	-
3	도소매업	14	14,383	1	250	-	-
4	제조업	10	11,536	1	199	-	-
5	서비스업	6	1,228	1	95	3	526
6	숙박음식업	1	575	-	-		
7	기타	-	-	-	-	-	-

자료원: 수출입은행(www.koreaexim.or.kr)



자료원: 두바이무역관 분석

Ⅱ. 투자유치 제도

■ 외국인직접투자(FDI) 유치 법령 체제

- 아랍에미리트(UAE)를 구성하고 있는 7개 에미리트[4]는 각기 다른 법령 체제를 가짐

- 아랍에미리트 연합정부 경제부(Ministry of Economy)는 효과적인 외국인직접투자(FDI: Foreign Direct Investment) 유치를 위해 통합 외국인투자 유치법을 준비하고 있으며 2008년 발효 예정

- 기업인 조세천국 등 좋은 환경에도 불구하고 후견인 제도(Commercial Service Agent)[5] 운영으로 외국기업 설립에 애로가 있음

- 연합국의 통합된 외국인투자 유치 제도는 없지만 대부분 대동소이한 제도를 운영하고 있으며, 공통사항에 대해 아래와 같이 기술하고 특이한 경우 두바이 사례를 위주로 설명함

■ 외국인투자 유치 제도

- UAE는 소수의 자유무역지대를 제외하고는 외국인의 지분 소유를 49%까지만 허용하고 있어 외국인 경영권 보호가 과제임

- 금융업 및 석유·가스 산업을 제외하고는 대부분 투자 가능하

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4) UAE는 7개 에미리트 연합국으로 수도가 있는 아부다비(Abu Dhabi), 두바이(Dubai), 샤쟈(Sharjah), 아즈만(Ajman), 움알 케인(Umm Al Quwain), 라스 알 카이마(Ras Al Khaimah), 후자이라(Fujairah)로 이루어졌음

5) Commercial Service Agent(법령 18호, 1981년, 법령 13호 2006호)는 통상 Sponsor로 불리며 자유무역지대 외에 기업을 설립할 경우 현지인을 Sponsor로 두어야 하며 회사지분의 51%를 제공해야 하는 외국인에게는 해석과 운영이 어려운 제도임

며 금융업의 경우 경제규모에 비해 금융기관의 수가 많아 신규 설립 제한

- 과거 외국인 소유가 불가능했던 부동산은 특정지역의 경우 99년 동안 소유 가능. 두바이의 경우 일부지역에 대해 외국인 영구 소유(Free Holding) 인정

- 두바이의 경우 대규모 부동산 개발에 따른 외국인투자 확대를 위해 현재 건립 중인 대규모 Business Bay[6] 등에 외국인 부동산 소유를 확대해 나가고 있음

■ 투자유치 인센티브

- 두바이를 비롯한 UAE의 7개 에미리트는 조세혜택(법인세, 소득세 무료) 외 특별한 인센티브는 없지만 자유무역지대(Free Zone)에서는 큰 혜택을 부여

- 자유무역지대 밖에서 외국인 소유를 인정하지 않고 스폰서 제도[7]를 운영하는 것은 외국인 기업 설립 및 활동에 큰 걸림돌로 작용

  · UAE는 일반지역에서 통상 49%의 외국인 지분 참여를 허가하지만 자유무역지대 내에서는 외국인의 100% 소유권 인정

  · 두바이에 위치한 JAFZ(Jebel Ali Free Zone)은 중동·아프리카를 잇는 지리적인 이점으로 2007년 6월 기준 약 120개국

6) 삼성건설에서 시공 중인 세계 최고층 건물 버즈 두바이(Burj Dubai)가 입주한 꿈의 비즈니스 복합도시로 Burj Dubai, Old Town, The Mall, The Residences 건립사업. 건축기간 2005.6월~2012.7월, 총 공사비 220억 달러 규모의 초대형 부동산 개발 프로젝트

7) Local Service Agent로 통상 Sponsor 제도라고도 하며, 자유무역지역 외 모든 외국인 기업은 현지인 스폰서를 두고 지분 51%를 제공하여야 함(Sleeping Sponsor 유무를 가리지 않음)

5,500개사 입주

자유무역지대 투자유치 인센티브

- 외국인 100% 소유권 인정
- 자유무역관리청의 One Stop Service 이용 가능
  (회사등록, 비자발급, 직원채용, 기타 행정 서비스 등)
- 원부자재 및 완제품 수입관세 무세(본국 반입 시 CIF 5% 부과)
- 일반지역보다 낮은 회사등록 최소 요건 등

Ⅲ. 투자진출 절차

1. 아랍에미리트 상법상 회사 유형

- UAE 상법(Commercial Law, 법률 8호, 1984년)에 의하면, 우리나라 상법상의 기업과는 다소 다른 아래 7개 회사 유형이 있음 (자유무역지대는 별도)

<회사 유형별 주요내용[8]>

회사유형	주요내용
① Civil Company	• 변호사, 엔지니어, 목수 등 전문 직업군 기업 • 외국인 회사설립 인정, 단 현지인 스폰서 필요
② Partnership Company	• 2명 이상의 파트너 기업으로 현지인에게만 인정 • 최소 자본금 규정 없음 • 주주에 따른 구분 - Limited Partnership Company(2인 이상) - Joint Venture Company(2인)
③ Public Joint Stock Company(PJSC)	• 10명 이상의 주주로 회장 및 이사 절반이 현지인 • 최소 자본금 1,000만 디람(272만 달러) - 은행업 4,000만 디람(108.9만 달러) - 보험 및 투자회사 2,500디람(690만 달러) • 주식 액면금 100디람(27달러)
④ Private Joint Stock Company	• PJSC 설립요건과 대동소이 • PJSC와 상이한 점 - 최소 자본금 20만 디람(545만 달러) - 3명의 주주에 한정 - 일정 요건을 갖출 경우 PJSC 전환 가능
⑤ Limited Liability Company(LLC)	• 2명 이상 50명의 주주, 현지인 지분 51% 이상 • 일반법인 최소 자본금 30만 디람(81,744달러) • 주식 액면금 1디람(0.27달러)

8) 2항 회사설립 절차는 외국인이 손쉽게 많이 진출하는 6번 법인과 7번 지사에 대해 기술

회사유형	주요내용
⑥ Partnership Limited with Shares Company(PLS)	• 현지 아랍인에게만 인정 • 최소 자본금 AED50만 디람(136,147달러)
⑦ Branch of Foreign Company	• 현지인 Sponsor 필요 • 기업 Sponsor인 경우 현지인 소유기업만 해당

2. 법인 및 사무소 설립

- 설립절차는 에미리트별로 다소 차이가 있으나 법인(앞장 표의 ⑥과 ⑦, 이하동일) 및 연락사무소(Liaison Office)의 절차는 동일

- 금융업은 법인 설치가 불가능하며 연락사무소 설치만 가능(단, 2007년 6월 현재 외국인 금융업 사업 인허가 조짐이 있음)

- 제조업, 무역업, 유통업에 대한 법인 설립은 제도상으로는 가능하나 실제 극히 예외적으로만 허용하고 대부분은 연락사무소 자격만 부여

- 건설업의 경우는 법인 설립 가능

※ UAE 제도상 연락사무소(Liaison Office)는 영업활동(Business Operation)의 당사자가 될 수 없으며 해외본점과 UAE 내에 있는 고객 사이의 연락업무, 거래알선 기능만 수행

■ 필요서류

- 회사(본사) 정관 내용 중 회사의 설립목적 부문

- 회사(본사) 과거 2년간 결산서류 중 재무제표(Balance Sheet),

손익계산서, 공인회계사 의견 부문

- 위임장(Power of Attorney)
- 이사회의 지사 설립 의결서(Decision Letter)
- 사업자 등록증
- 회사소개서(Company Profile)
- 회사소개 카탈로그 및 제품 카탈로그 각 1부
- UAE에 에이전트가 있는 경우 에이전트 동의서, 없는 경우 에이전트가 없다는 확인 서한

  · 상기 서류는 모두 영어로 작성(번역)한 후 국내 공증사무소에서 공증을 득하고 대한상공회의소 및 주한 UAE 대사관에서 인증을 받아야 함(인증절차 약 3일 소요)

  · 회사 소개서, 이사회 의결서 등 자체 작성 서류는 가급적 회사의 레터헤드지를 사용하는 것이 바람직함

■ 신청순서

- 상기 국내에서 준비해온 모든 서류를 Ministry of Foreign Affairs의 두바이 지국에서 인증을 받음 (인증료는 서류 종류에 따라 상이, 소요기간 1일)
- Ministry of Foreign Affairs에서 인증을 받은 모든 서류를 아랍어로 번역 (두바이 시내 곳곳에 위치한 공인 Typing Centre에서 번역, 일주일 소요)

• 스폰서(법률상 명칭은 Service Agent이나 보통 스폰서라고 불림) 물색 및 스폰서 계약 체결 (가능하면 스폰서는 서류 준비 이전에 확보하는 것이 바람직하며 스폰서 계약서는 4부를 작성하여 두바이 법원의 공증을 득해야 함)

• Ministry of Economy & Commerce의 두바이 지국에 지사 설치 허가 신청

· 구비서류
  - 상기 아랍어로 번역된 서류 일체
  - 스폰서 계약서
  - 지사 설립 허가 신청서(소정양식)
  - 지사장 내정자 여권사본, 스폰서 여권 및 I.D. 카드사본

· 소요비용: 5,000디람 ("No-Objection Letter" 발급비 명목)
  + 10,000디람 (등록세, 등록세는 매년 납부)

· 소요기간: 1주일 이내("No-Objection Letter"를 발급하는 committee가 주 1회 개최). Ministry of Economy & Commerce에서 추가 서류 제출 요구 시 2주일 이상 소요될 수 있음

· 유의사항: 상기 모든 서류는 파일화하여 제출해야 함(원본 및 사본 각1부) 검토가 끝나면 원본 파일 1부는 돌려받고 사본 2부 추가 제출

• 두바이 Economic Department에 지사 설립 승인 신청

· 구비서류
  - Ministry of Economy & Commerce 승인서 원본
  - 지사 설립 승인 신청서 (소정양식)

- 사무실 계약서 사본

· 소요기간: 7일 (추가서류 제출 요구 시 2주일 이상 소요될 수 있음)

• Dubai Chamber of Commerce & Industry 회원 등록

· 구비서류
  - 스폰서 여권 사본
  - 지사장 내정자 여권 사본
  - 에이전트 계약서 사본 (에이전트가 있는 경우)
  - 신청서 (소정양식)

· 소요기간: 즉시

· 등록처: 두바이 Economic Department 내에 상주하는 두바이 상의

• 상기의 모든 절차가 완료 후 모든 서류사본 및 아래 예시된 수수료를 Dubai Economic Department 내의 New Licence 카운터에 제출하면 Trade Licence와 Commercial Register 발급

• 소요비용 예시 (본사직원 1인 지사 개설시)

· Employee Accommodation Fee: 2,500디람
  - 주택 임차료의 5%(주택임차료 연간 50,000디람)
· Market Fee: 5,000디람
  - 사무실 임차료의 10% (사무실 임차료 연간 50,000디람)
· Processing Fee 등: 1,700디람
· 상공회의소 연회비: 3,000디람
· 상기 수수료는 예시이며 지사 성격, 본사 파견 직원 수, 현지 채용직원 수, 사무실 임차료에 따라 변동됨

- 끝으로 두바이 Economic Department에서 발급받은 Trade License와 Commercial Register 사본을 Ministry of Economy & Commerce의 두바이 지국에 제출하고 2~3일 후 외국인 업체 등록증을 발급받으면 절차 완료

- 이후 이를 근거로 지사 사무실 내 통신시설 설치, 주재원 거주 비자 취득, 노동 허가증(Labour Card) 발급, 차량 구입, 현지 면허증 발급 등의 절차를 밟을 수 있음

■ 허가기관

UAE에서 연락사무소 및 법인 설립을 위해서는 크게 4개 업무 즉 서류인증, 설립신청, 승인신청, 회원등록 업무를 진행해야 하는데 업무별 관련기관은 다음과 같음

업무	기관명
서류인증	Ministry of Foreign Affairs
설립신청	Ministry of Economy & Commerce
승인신청	Dubai Economic Department
회원등록	Dubai Chamber of Commerce & Industry

가. 서류인증: Ministry of Foreign Affairs

- 국내에서 준비한 모든 서류는 Ministry of Foreign Affairs를 통하여 인증을 획득하여야 함. (인증료는 서류마다 다소 차이가 있으며 인증에 필요한 기간은 정형화되어 있지 않으며 공무원들의 업무 효율성이 높지 않기 때문에 시간이 지체되는 경우가 종종 있음)

- 연락처
  · Abu Dhabi Office

- 전화: (971-2) 4444488,
- 팩스: (971-2) 4449100

· Dubai Office
- 전화: (971-4) 222114,
- 팩스: (971-4) 2280979

· 이메일: mofa@mofa.gov.ae
· 홈페이지: www.government.ae/gov/en/gov/federal/mofa.jsp

나. 설립신청: Ministry of Economy & Commerce

● 설립에 필요한 모든 서류를 갖춘 이후에 Ministry of Economy & Commerce에 신청을 해야 함

● 연락처
· Abu Dhabi Office
- 전화: (971-2) 265000,
- 팩스: (971-2) 260000

· Dubai Office
- 전화: (971-4) 295 4000
- 팩스: (971-4) 295 1991

· 이메일: economy@emirates.net.ae
· 홈페이지: www.uae.gov.ae/moec

다. 승인신청: Dubai Economic Department

● 상기 Ministry of Economy & Commerce에서 허가 취득한 서류를 각 에미리트별 Economic Department에 제출하여 최종 승인을 받아야 함
· 전화: (971-4) 222 9922 (7000 40000 - Help Desk)
· 팩스: (971-4) 222 5577
· 이메일: help@dubai.ae

・홈페이지: www.dubaided.gov.ae

라. 회원등록: Dubai Chamber of Commerce & Industry

- 승인이 완료되면 상공회의소에 회원등록을 해야 함
  ・전화: (971- 4) 202 8800 /(971-4) 202 8801 /
  (971- 40202 8802
  ・팩스: (971- 4) 224 2929
  ・이메일: info.center@dcci.ae
  ・홈페이지: www.dcci.ae

3. 자유무역지대(Jebal Ali Free Zone) 진출 절차

UAE의 경우에는 15개의 자유무역지대가 존재하나 이중 가장 많은 외국기업이 관심을 보이는 두바이 Jebal Ali Free Zone 진출절차를 소개함

■ Branch Office 지사

- 지사는 외국회사의 지사로 설립자본금이나 일체의 경비가 필요치 않고 신청 시에 사업자 등록비(License Fee)만 납부하면 설립 가능

- 자유무역지대 내 대표적인 3개 회사 설립 절차 중 가장 간단한 형태

- 지사 설립 시, 초기 자본금은 없지만 1회 등록 시에 1,362달러 지불

[지사(Branch Office) 설립 시 제반서류]

- 사업자 등록증

- 회사 협약서와 회사 조합 내용

- 이사회 결의서와 위임장
  · 대표이사 (보증할 수 있는 증명서/이력서)
  · 지사장 (보증할 수 있는 증명서/이력서)
  · 지사장 위임장

- 지사장과 대표이사의 서명 견본과 여권 사본

- 회사 소개서(Company Profile)

- 프로젝트 설명서(Project Summary: UAE에서의 사업 경험 혹은 향후 진행할 사업에 대한 전반적인 내용으로 A4용지 1장 분량)

※ 참고사항
  · 제반서류와 함께 Branch Office 신청서 제출
  · 모든 서류는 UAE 대사관의 공증을 득해야 함
  · 지사의 경우 별도의 자본금 불요

■ FZE(Free Zone Establishment, 개인회사)

- 단일 주주로 구성된 회사로 설립주체는 개인(1인) 또는 기업

- FZE 초기 설립 자본금은 272,479달러

- 설립당시 은행에 증거금을 적립하고, 설립이 확정되면 인출 사용가능

- 설립 시 등록비용은 2,725달러(일시불)

■ FZCO(Free Zone Company, 주식회사)

- 2~5명 정도의 복수 주주로 구성된 회사로 설립 주체는 개인 또는 기업
- FZCO 설립 시 초기 자본금은 최소 136,240달러임
- 설립 시 은행에 증거금으로 적립하고 설립이 확정되면 인출 및 사용가능
- 설립 등록비는 4,087달러(일시불)

■ FZ-LLC(Free Zone Limited Liability Company)

- JAFZ 내의 기업 형태는 아니지만 두바이 정부가 설립한 Internet City 내의 새로운 형태의 법인

■ Jebel Ali Free Zone Authority Offshore Companies

- 2003년 법 발효로 인정된 특수 목적의 부동산 합작투자 형태

※ 자유무역지대 대표기업 FZE, FZCO 설립 시 제반서류

- 모든 서류는 UAE 대사관에서 인증 받은 것이어야 하며, 때로는 타 아랍 국가의 대사관이나 영사관 또는 JAFZA에서 공증한 서류가 필요
- 제출하는 법적서류 페이지가 1장 이상일 경우에는 반드시 봉투에 봉인하여 제출

▸ **개인 신청일 경우**

- 사업 배경 및 직업 경력 등을 포함한 신청인의 개인 신상명세서 제출 필수
- JAFZA에서 공증한 신청인의 서명 견본과 여권 사본
- 은행에서 신원을 보장한 증명서 원본
- 회사소유권자의 FZE 설립에 대한 의결서
  - 법적으로 회사 소유자 또는 대표자의 위임장
  - 지사장이 될 사람의 여권 사본과 서명 견본
  - 회사 대표자의 여권 사본과 서명 견본
  - 회사 비서의 여권 사본과 서명 견본

▸ **기업 신청일 경우**

- UAE대사관에서 공증 받은 사업자등록증 원본과 회사 협약서 및 조합 내용
- FZE/FZCO의 설립을 위한 이사회 의결서
  - 법적으로 회사 소유자 또는 대표자의 위임장
  - 지사장이 될 사람의 여권 사본과 서명 견본
  - 회사 대표자의 여권 사본과 서명 견본
  - 회사 비서의 여권 사본과 서명 견본

4. UAE 자유무역지대(Free Zones)

- UAE에는 총 27개의 자유무역지대가 개설되어 있으며 4개 추가 개설될 경우 총 31개 자유무역지대에 이를 전망

  - 총 31개(개설 예정 포함) 자유무역지대는 아부다비를 제외한 6개 에미리트에 산재해 있으며 그 중 25개가 두바이에 위치함

<에미리트별 자유무역지대 수>

구분	수	구분	수
두바이	25	움 알 퀘인	1
샤자	2	라스 알 카이마	1
아즈만	1	후자이라	1

자료원: www.uaefreezones.com

- 연대별로는 1980년대 3곳, 1990년대 4곳, 2000년 이후 20곳의 자유무역지대가 개설되어 외국기업 진출을 적극 유치하고 있음

  · 기본적으로 자유무역지대에서는 외국인 소유권 100% 인정, 수입관세 등 면세 혜택과 행정 편의를 제공하고 있음
  · UAE 진출 기업의 애로사항인 스폰서 확보 및 그에 수반 사항들을 동시에 해결할 수 있어 UAE에 회사 설립을 희망하는 기업들의 자유무역지대 활용 사례가 늘고 있음

※(참고: 가장 오래된 UAE 자유무역지대)
· 1980년: 제벨 알리 자유무역지대(두바이)
· 1987년: 후자이라 자유무역지대(후자이라)
· 1988년: 아즈만 자유무역지대(아즈만)

<에미리트별 자유무역지대 현황(2007.6월 기준)>

번호	자유무역지대명	설립	웹사이트	소재지
1	Jebel Ali Free Zone Authority	1980	www.jafza.ae	두바이
2	Fujairah Free Zone	1987	www.fujairahfreezone.com	후자이라
3	Ajman Free Zone	1988	www.ajmanfreezone.gov.ae	아즈만
4	Sharjah Airport Free Zone	1995	www.saif-zone.com	샤자
5	Hamriyah Free Zone	1995	www.hamriyahfz.com	샤자
6	Dubai Airport Free Zone	1996	www.dafza.ae	두바이
7	Ahmed Bin Rashid Port & Free Zone	1998	개설중	움 알 퀘인
8	Dubai Media City	2000	www.dubaimediacity.com	두바이
9	Dubai Internet City	2000	www.dubaiinternetcity.com	두바이
10	Dubai Cars & Automotive Zone	2000	www.ducamz.ae	두바이
11	Gold & Diamond Park	2001	www.goldanddiamondpark.com	두바이
12	Dubai Knowledge Village	2002	www.kv.ae	두바이
13	Dubai Metals & Commodities Centre	2002	www.dmcc.ae	두바이
14	Dubai Silicon Oasis	2002	www.dso.ae	두바이
15	Ras Al Khaimah Free Trade Zone	2002	www.rakftz.com	라스 알 카이마
16	International Media Production Zone	2003	www.impz.ae	두바이
17	Dubai Maritime City	2003	www.dubaimaritimecity.com	두바이
18	Dubai Healthcare City	2003	www.dhcc.ae	두바이
19	Dubai Studio City	2004	www.dubaistudiocity.com	두바이
20	Dubai International Financial Centre	2004	www.difc.ae	두바이

번호	자유무역지대명	설립	웹사이트	소재지
21	Dubai Industrial City	2004	www.dubaiindustrialcity.ae	두바이
22	Dubai Outsource Zone	2005	www.dubaioutsourcezone.com	두바이
23	Dubai Aid City	2005	www.dubaiaidcity.ae	두바이
24	Dubai Biotech & Research Park	2005	www.dubiotech.com	두바이
25	Dubai Logistics City	2005	www.dubailogisticscity.ae	두바이
26	Heavy Equipments & Trucks Free Zone	2006	www.aafz.ae	두바이
27	Dubai Flower Centre	2006	www.dubaiflowercentre.com	두바이
개설준비중인 자유무역지대				
28	Dubai Carpet			두바이
29	Mohammed Bin Rashid Free Zone			두바이
30	Dubai Textile Village Free Zone			두바이
31	eHosting Data Fort Free Zone			두바이

자료원: www.emiratesfreezone.com, A to Z guide 등

<제벨 알리 자유무역지대(JAFZ)>

※ JAFZ와 인접한 DP World

■ Jebel Ali Free Zone Authority (JAFZ 관리청)

- 위치: 두바이에서 아부다비 방향 40㎞ 거리에 소재
- 설립시기: 1985년
- 입주업체: 120개국 5,500개사
  ※ 한국기업은 28개사로 증가 추세 지속
- 규모: 100㎢(3,000만평, 서울 여의도의 10배 정도)
- 활용: 중동・아프리카・서남아시아 진출 물류유통거점
- 특징: 세금면제, 외국인 노동자 자유채용, 과실송금 규제 없음

■ 설치목적

- 원유고갈에 대비한 제조업 중심 자국 산업 육성
- 두바이를 이란, 쿠웨이트, 오만 등 중동 인근국가 및 서남아, 아프리카, 동유럽 등 연결, 중동의 중계무역 중심지 육성

■ 임차료

- 나대지: 5.45~21.8달러/㎡ (위치에 따라 가격 상이)
- 사무실: 13,171달러 (표준형 규격 26.88㎡ 기준)
- 공장건물: 연간 53,133~59,945달러/unit
  (조립식 건물, 공장 또는 창고로 사용가능, 표준 규격은 510㎡이며 여기에 46㎡의 간이 사무실이 설치)

■ DP World (Dubai Port World)

- JAFZ 입주기업에게 항만시설 및 서비스 제공
- 12개 선착장, 125개 크레인, 2006년 8백만 TEU 화물 처리

Ⅳ. 외국인 비자정책

■ 까다롭고 복잡한 비자정책

- UAE는 GCC 국가 이외 모든 외국인에 대해 입국비자 발급 원칙

- 한국을 포함한 32개국에 대해서는 입국 시 60일간 유효한 방문비자(Visit Visa)자동 발급

- UAE 거주를 위한 거주비자(Residence Visa) 획득을 위해서는 관련부서(Ministry of Labour and Social Affairs)로부터 노동허가(Work Permit) 입수가 필요하며 거주비자 신청은 원칙적으로 현지에서 진행

- 특정인(예, 가족 및 근로자)의 거주비자는 고용주와의 고용계약을 토대로 고용주가 특정인의 스폰서가 되어야 함

  · 예) 특정인 가족의 거주비자는 특정인이 거주비자를 득한 후 본인이 후원자 역할

  · 즉, 주재원이 가족의 스폰서가 되는 것으로 가족은 방문비자로 입국→비자교체→Medical Test→거주비자 신청

- 비자발급에 통상 2개월 이상 소요되므로 주재원의 경우 방문비자 유효 기간 60일 경과 시 대응조치 필요

  · 예1) 1개월 연장 시, 500달러(135달러) 지불 후 1개월 연장(1회에 한함)

  · 예2) 1개월 이상 연장 시, 인근국가(오만, 카타르) 방문 후 재입국

- UAE는 거주비자 없이는 주택임차, 은행구좌 개설, 자동차 구입, 휴대폰 및 인터넷 연결 등 일체의 생활기반을 확보할 수 없음

  · 불법 체류자의 생활 기반 자체를 제공하지 않음

UAE 스폰서 제도의 이해

- 주재국은 현지법인 설립 시 지분의 51%를 UAE 현지 아랍인이 소유토록 법으로 규정

- 지사 설립 시에는 스폰서(Sponsor, 공식명칭 Service Agent) 계약을 체결하고 연간 일정액의 수수료를 지급하는 게 관례
  · 후원자, 고용인의 비자발급, 사업면허 취득 등 업무 대행

- FAFZA, DIFC[9] 등의 자유무역(금융) 지역 내 지사 설립 시에는 해당 자유무역(금융) 지역청이 Service Agent가 되어 별도의 스폰서는 고용하지 않아도 됨

■ 외국인 회사, UAE 자국민 채용 의무화

- UAE는 민간기업의 비서(Secretary)와 인사(Human Resources)관련 직종을 UAE 자국민으로 대체하는 법령을 제정 (2006.6.25일)

- 법에 의해 모든 민간기업(외국계 기업 포함)은 외국인 비서직 노동계약 만료 시점에는 UAE 현지인을 채용해야 함

- 특히 HR 직종에 대해서는 UAE 노동부(Ministry of Labour)가

9) DIFC(Dubai International Financial Center), 2002.2월 설립된 두바이 금융 센타로 100% 외국인 투자를 허용하며 뉴욕, 런던과 홍콩을 연결하는 중동의 금융허브 육성이 목적

외국인 기업들에게 법 발효일로부터 18개월 이후 모두 현지인으로 대체토록 함

- 법과 노동부 방침에 의해 현재의 약 21,000명의 비서직과 700여 명의 HR 관리직의 외국인 근로자는 전업하거나 UAE를 출국하여야 함

■ 주재원의 거주비자(Residence Visa) 발급 절차

- 방문비자로 입국 후 Work Permit 신청이 이루어지는데 통상적인 절차는 아래와 같이 복잡하고 시간이 오래 걸림

<주재원의 거주비자 발급절차>

순서(아래→위 순서)	비용
⑦ **거주비자 신청** 여권, 사진, 학위증명서, Labour Card 신청 확인서, Medical Test, 사업승인서	• 신청료, 타이핑 등 125달러
⑥ **Labour Card 신청** 여권사본, 사진, 고용계약서, 졸업증명서, 최종 학교 성적증명서[10], Medical Test, 사업승인서	• 신청료, 타이핑 등 360달러
⑤ **고용계약**	
④ **의료카드(Health Card) 신청**[11] Medical Test 여권사본, 방문비자 사본, 사진	• 카드비, 검사료 등 170달러
③ **비자교체** 여권사본, Work Permit	• 교체비용 등 300달러
② **Work Permit(노동부), Entry Visa(이민청) 신청** 여권사본, 사진, Sponsor 계약서	• 신청료, 타이핑 등 165달러 • Bank Guarantee 820달러
① **방문비자(60일) 입국** 공항도착 비자	

Ⅴ. 조세 제도

■ 법인세(Corporate Tax)

- 기본적으로 두바이를 포함한 아랍에미리트(UAE)는 법인세, 소득세 등 일체의 세금이 없는 세금천국
- 다만 은행업, 석유산업 등 두 가지 업종에서는 법인세 납부

<UAE 법인세율>

구분	전산업	예외산업	
		에너지산업	외국계 은행
세율	무세	50% (두바이 55%)	20%

자료원: 두바이 시청(Dubai Municipality)

■ 개인소득세(Income Tax): 없음

■ 부가가치세(VAT): 없음

- 연방정부는 IMF 권유로 부가가치세 도입 검토 중

■ 취득세(Withholding Tax) 및 재산세(Capital Tax)

- 기본적으로 없음
- 다만, 상업용 부동산 영업세로 연간 임대료의 10% 부과

10) 2005년부터 대학 성적증명서 요구

11) 의료카드는 저렴한 공공기관 의료기관을 이용할 수 있으며 유효기간은 1년

• 이중과세 방지협약이 체결된 국가는 상업용 부동산 영업세 면세

· 프랑스, 파키스탄, 폴란드, 터키, 중국, 루마니아, 이집트, 독일, 싱가포르, 인도네시아, 인도 등

■ 수입관세

• 세율: 5% (CIF 가격 기준)

• GCC 국가로부터의 수입은 무세

• 물품 수입관세도 술(70%), 담배(100%)를 제외한 모든 수입품에 GCC 공통 관세 5%만 부과

· 술, 담배에 부과되는 관세도 6개월 내에 재수출하면 100% 환급

■ 사업자 면허(Trade License)

• 세금과 유사한 것이 있다면 모든 기업이 매년 사업자 면허(Trade License)를 갱신시 납부하는 '등록비'가 유일할 정도로 버는 만큼 모두 가져갈 수 있음

• Trade License는 KOTRA와 같은 정부기관도 납부

■ 판매세(Sales Tax): 없음

■ 자유무역지대(Free Zone) 입주기업 조세 특혜

• 자유무역지대에서는 100% 외국인 소유 인정

• 자유무역지대 외의 지역에서의 외국인 투자의 가장 큰 걸림돌

은 외국인 소유를 인정하지 않는다는 점

- 보통 49%에 한하여 외국인 지분 참여를 허가하지만 자유무역지대 내에서는 외국인의 100% 소유권이 인정되기 때문에 외국자본의 자유무역지대 유입이 활발한 편

Ⅵ. 노무 관리

■ 연방 기본법: 연방 노동법(Federal Law No. 8, 1980)

■ 노동법 주요내용

- 법정 근무시간(법 65조): 8시간/1일, 48시간/1주

- 출산휴가(법 30조)
  - 45일: 유급휴가, 1년 이상 근무자
  - 45일: 월급여의 절반, 1년 이하 근무자

- 국경일(법 70조): 연간 10일 (단, 국경일수에 따름)

구분	산출식	비고
3년 이하	21일 급여×근무년수	최대 2년간 급여
4년~6년	28일 급여×근무년수	
7년 이상	35일 급여×근무년수	

- 퇴직금(법 132조)

■ 노동조합 원천봉쇄

- 두바이를 포함한 UAE는 노무관리도 쉬운 편으로 법으로 노조 활동을 금지하고 있음

- 노조가 아닌 일반 노사문제는 법으로 보장하고 있는데, 타결까지 짧은 시한을 두고 있음

  - 조정위원회(Conciliation Committee): 10일 이내 노사문제가 해결되지 않으면 조정위원회에서 검토 후 14일 이내 조정

  - 노사 중재원(Supreme Arbitration): 조정위원회에서 타결되지 않는 건은 노사 중재원에서 30일 이내 검토 및 중재

국가 개요

- 국　　명: 아랍 에미리트(United Arab Emirates)
- 면　　적: 83,600㎢(남한보다 약간 작음, 99% 사막지대)
- 수　　도: 아부다비(Abu Dhabi)
- 주요도시: 아부다비(Abu Dhabi), 두바이(Dubai), 샤쟈(Sharjah)
- 인　　구: 약 410만명(2005년 기준)
- 민족구성: 아랍족(33.5%), 서남아(인도・파키스탄 63%), 기타(3.5%)
- 언　　어: 아랍어(공용어), 영어(상용어)
- 종　　교: 이슬람교 수니파(70%), 시아파(30%)
- 정부형태: 7개 에미리트로 구성된 연방대통령제
- 국가원수: 쉐이크 칼리파 빈 자예드 알 나하얀 대통령 (H.H. Shaikh Khalifa Bin Zayed Al-Nahayan)
  ※ 2004.11.5일 8대 대통령 취임(임기 5년)

- 화폐단위: 디람 (Emirati Diram, AED 또는 DH로 표기)
- 환　　율: AED 3.67 / US$ 1 (2007.7.2일 기준)
- 기　　후: 고온 다습 아열대성기후 및 사막성기후(최고 53℃)
- 시　　차: GMT + 4 (아부다비 기준, 한국보다 5시간 늦음)

<부록> 투자 법령 및 관련 자료

Companies Law

Article 1

Applying this law, each of the following terms shall have the meaning assigned thereto hereunder:

State	: united Arab Emirates
Ministry	: The Ministry of Economy and Commerce.
Minister	: The Mister of Economy and Commerce.
Authority	: Local concerned authority in the relevant Emirate.
Agent	: Natural person holding the State nationality of private artificial person incorporated within the state totally owned by natural nationals.

Article 2

The provisions of this law shall apply to commercial corporations established in or that have their Head offices inside the State.

The provisions of this law shall not apply to the companies which are incorporated in the free zones of the state , concerning the matters which have been mentioned in the rules of the concerned free zones excluding acquiring the nationality of the state.

With the exclusion of holding the nationality of the state, the provisions of this law shall not apply to the oil companies operating in the field of drilling, excavation , marketing and transport, to the companies operating in the field of producing electricity , gas and water desalination and the relative activities such as transport and distribution , etc, nor to the companies on which a resolution has been issued by the cabinet for excluding them ; all that is related to all issues on which a special provision has been mentioned in their contracts of association and their Articles of association.

Article 3

Each company incorporated in the State shall hold its nationality but it shall not necessarily be entitled to privileges reserved only to U.A.E nationals.

Article 4

A company is a contract under which two or more persons are committed to participate in profit - making economic venture either with funds or efforts and to divide between them profit or loss arising from such venture .

For the purposes of the preceding sub-clause, an economic venture shall include each and every commercial, finance, industrial, agricultural, real estate or other economic activities.

Article 5

A company established in the U.A.E shall adopt either or of the following types:

General Partnership.

Commandite.

Joint - Venture.

Public Joint - stock.

Private Joint - stock .

Limited Liability companies.

Commandite Limited by shares.

Article 6

A Company that does not assume any of the types referred to in the preceding Article shall be null and void, and the individuals who enter into a contract in its name shall be personally and jointly answerable for the liabilities arising from such contract.

Provisions of this law shall apply to all companies even if under different names as long as their activities are subject to the provisions herein.

Article 7

A company in which the State or any other public body hold any share capital, irrespective of its amount, shall be incorporated only as a public joint - stock company

Should the state or the public body acquire a share in an existing company, such company shall be converted into a public joint - stock company.

Article 8

Except for joint ventures, company Memorandum of Association and any appropriate official authority, or otherwise be null and void .

Partners may invoke invalidity arising from failure to provide the Memorandum in writing or to attest the same against each other, but no protest thereby may be admitted against third parties who may protest against the partners on the basis of such invalidity.

Article 9

Where a company is decreed invalid upon the request of a third party the company shall be considered as null and void for it and the persons who contracted with it in the name of the company shall be personally and jointly responsible for the obligations resulted from that contract , but where a company is decreed invalid upon the request of one of the partners the cancellation shall only be effective from the time of that decree. In all cases procedures concerning its liquidation and settlement of its partner's entitlements shall be effected in conformity with the provisions of the Memorandum of Association.

Article 10

No evidence inconsistent with or exceeding the latitude of the company Memorandum of Association shall be admissible for settlement of disputes arising between partners..

Article 11

To the exception of joint-ventures, all Memorandums of Association as well as amendments thereto, shall be registered in the Register of Commerce.

Registration formalities shall be specified by a Ministerial decision to be issued after consultations with the Concerned Authorities in the emirates.

A Memorandum not registered as aforementioned shall be deemed invalid with regard to third parties. Where failure of registration concerns one or more particulars, invalidity toward others shall be restricted to the said particulars.

Should any damage, due to non-registration, be incurred by the company, the partners or third parties, the company managers or its board - members shall be jointly liable to indemnify.

Article12

All companies, joint ventures excepted, shall attain their respective corporate entity, and shall perform their functions only after they have been registered in the register of Commerce. The official instrument issued shall be published in the ministry's special bulletin.

Persons, who before the completion of registration formalities carry out actions or arrangements for the account of the company, shall be jointly liable for such acts. However, a company under establishment shall maintain a corporate entity to the extent required for finalizing its establishment procedures.

Article 13

A company's purpose must be lawful with due consideration given to standardization and specialization of its main objectives.

Article 14

A partner's share may be an allocated fund cash share or may be made in kind corporeal share . In cases other than those derived from the provisions hereof, such share may take the form of efforts, but in no case may the share of a partner be the reputation and the authority which such partner enjoys. The company's capital shall comprise only cash and corporeal shares.

Article15

Where a partner's share comprises a title or any other corporeal right, the partner concerned shall , in accordance with the applied regulations , in

respect of sale agreements, be liable to the guarantee of such a share in case of amortization or maturity or in the event of an evident flow or shortage therein.

In the event of a share being based merely on utilization of funds the valid regulations in respect of rent agreements shall apply to matters referred to in the preceding sub-clause.

If a partner's share involved entitlements with others, such partner's liability towards the company shall be settled only upon the settlement of these entitlements.

Unless otherwise agreed , if a partner's share is composed of efforts, then the profits arising from such efforts shall be the company's right unless such profits are achieved by virtue of a patent certificated.

Article 16

Each partner shall be indebted to the company for the share undertaken by himself and unless settled on due dates, default partners shall indemnify the company against damages caused by such delay.

Article 17

No personal creditor of a partner shall be allowed to receipt his entitlements from any unpaid share of the company's capital. However, her may receive his entitlements from dividends accrued to his debtor. If the company is dissolved, the creditor's entitlement shall evolve from the surplus balance of the share of the debtor in the company assets after liquidation.

If a partner's share comprises stocks, his personal creditor, in addition to the entitlements referred to in the preceding sub-clause, may request the sale of these stocks to satisfy his entitlements out of the sale proceeds.

Article 18

If it is agreed in the Memorandum of Association to deprive a partner form profits or relieve him from loss, such Memorandum shall be invalid. It may be agreed, however, that partners contributing only with efforts, shall be exempted form loss.

Article 19

Where a partner's share in profit or loss in not specified in the Memorandum of Association, his share thereof shall be prorate to his share capital.

Where a Memorandum determines the partner's share in profits only, his share in loss shall be equal to his share in profits. The same ruling shall also apply if only the partner's share in loss was determined in the Memorandum.

Where a partner's share is restricted to his efforts, his share in profit or in loss shall be specified in the Memorandum of Association. If, in addition to his efforts, a partner's contribution is made in cash or in corporeal shares, he shall be entitled to a share in the profit or in the loss in consideration of his efforts, and to another one share against his cash or corporeal share.

Article 20

If is not permissible to allocate nominal dividends for the partners by means of over-estimation of the company-assets. If nominal dividends are distributed among partners, the company's creditors may demand of every partner reimbursement of the amounts he so received even in good faith.

Should the company incur loss during succeeding years, partners shall not be liable to reimburse actual dividends received thereby.

Article 21

All contracts, correspondences, discharge receipts and announcements issued by a company shall show the name, hind, head office and serial number in the Register of Commerce of such company. In addition to the above requirements, in case of joint stock, commandite limited by shares and limited liability companies, the company's authorized capital and the paid-up amount thereof shall be indicated. Where a company is under liquidation, the same shall show on papers issued thereby.

Article 22

Without prejudice to commercial activities reserved only to nationals, as may be prescribed herein or in any other law, it is a requirement for the establishment of a company to have one or more national partners whose share in the company's capital is not less than 51%.

Article 23

A general partnership is a company compression two or more partners jointly liable for the company-obligations to the full extent of all their assets.

Article 24

The firm-name of general partnership shall be composed of the names of all the partners or of the name of one or more partners together with what may show the existence of company. In addition to the foregoing, it may have a special trade name of its own. Where a name of an individual, who is not a partner therein, is knowingly embodied in the name of the corporation, such person shall be jointly liable for the company's obligations.

Article 25

All partners in a general partnership must be state nationals.

Article 26

The Memorandum of Association of a general partnership shall contain the following:

a Name and purpose of the company.

B The company's registered office and the branches thereof.

C. The capital and shares undertaken by each partner whether paid in cash or in kind, the estimated value of these shares, subscription method and due dates.

D. Date of establishment, and expiry, if any.

E Management of the company and names of authorized signatories and the extent of their respective powers.

F- Commencement, and expiry, dates of the company's financial year.

G. Rate of distribution of the profit and loss.

Article 27

A partner in a general partnership shall be deemed a merchant, and the company's bankruptcy shall lead to the bankruptcy of all partners.

Article 28

Shares may not be made in the form of negotiable instruments .

Article 29

In a general partnership, shares may be assigned either by approval of all the partners or by observing the terms and conditions of the Memorandum of Association.

Any agreement whereby non-conditional assignment of the shares is allowed shall be invalid. A partner may, however, agree to assign to others the entitlements related to its share, but such agreement shall have no impact upon any other one the parties thereto.

Article 30

All partners shall be jointly liable for the company's obligations to the full extent of all their assets. Any agreement to the contrary may not be invoked against others.

Article 31

No execution may be enforced on a partner's assets against the company's commitments unless an execution- decree against the company is obtained, and the company is excused of such commitments. The execution decree shall be deemed to be evidence against the partner.

Article 32

Unless obtaining the other partners' approval, a partner shall not be permitted to conduct any of the company's activities neither for his permitted to conduct any of the company's activities neither for his own account nor for any third party's account nor to become partner in another general partnership or to be a joint or silent partner in a commandite or a limited liability company if any o the said companies carries out activities competitive with the company's activities.

Article 33

A partner who joins a general partnership shall together with the other partners, be jointly liable to the extent of all his assets for the company obligation preceding and proceeding his membership therein. any agreement between the partners to the contrary shall be inadmissible against others.

Article 34

A partner who retires from partnership shall be held harmless of such partnership-commitments as might arise after his retirement is proclaimed.

Article 35

A partner who assigns his share in the company, shall not be released from the company obligations towards it creditors unless the latters approved of such assignment, in accordance with the procedures applied with regard to debt assignment .

Article 36

Unless otherwise agreed, a partner who is not a Director may not interfere in the company's management affairs. However, such partner may demand to be granted access to the partnership-operations, inspect its books and documents and instruct or direct its manager.

Article 37

Unless the Memorandum of Association allows for a majority of votes, general partnerships shall adopt resolutions made by unanimous voted the partners' unanimous votes, and unless otherwise stipulated in the Memorandum of Association, "majority" shall mean numerical majority of votes.

Resolutions pertaining to the amendment of the Memorandum of Association shall be valid only in taken by the partners' unanimous votes.

Article 38

Management of a Partnership shall be carried out by all the partners unless such management, by virtue of the Memorandum of Association or an independent contract, be vested in one or more partners or in a manager who is not a partner.

Article 39

Should the company be directed by more than one manager, each of them shall be liable only for the functions under his jurisdiction.

In the event of numerous managers who are jointly responsible for the management of affairs, their resolutions shall be valid only if reached by unanimity or by the majority of motes stipulated in the Memorandum. However, each manager may individually carry out urgent matters if omission thereof may incur substantial damages to the partnership or may cause loss of sizeable profit thereto .

In the event of numerous managers and the Memorandum fails to define the powers of each manager or the provide for them to act jointly, any one of such managers may carry out any of the management businesses, provided that the other managers shall have the right of veto against any such action before it is finalized. In this case, majority of votes shall count, and in the event of a tie, the matter shall be referred to the partners.

Article 40

A manager who is a partner, and who is appointed in accordance with the Memorandum of Association, may not be removed except by the partners' unanimous vote. Unless otherwise stipulated in the Memorandum, such removal shall necessarily entail the dissolution of the partnership.

A manager who is a partner and who is appointed under a contract independent of the Memorandum, or he who is not a partner but has been appointed either by virtue of the Memorandum of Association or a separate contract, may be dismissed by a majority of the partners' votes having to resort to partnership-dissolution.

Article 41

A managing partner, appointed under the Memorandum of Association, shall not retire form office without acceptable reasons, otherwise he shall be liable to indemnity. Unless it is otherwise stipulated in the Memorandum of Association, the resignation of such a partner shall cause partnership dissolution.

A managing- partner, appointed under a separate contract, or one who is not a partner but appointed under the memorandum of association, or by virtue of a separate contract, may freely resign office, provided that he close an

occasion convenient for such resignation and shall, reasonably in advance, notify the partners of same - otherwise he shall be liable to indemnity. Such resignation shall not cause partnership-dissolution.

Article 42

The manager may do all acts incompliance with the object of the company unless the company' memorandum act provided restricting its powers.

Article 43

Except with the partners' approval or as per an express provision in the Memorandum, it is not permissible for a manager to exceed normal management powers. The above restriction shall apply to the following acts:

Donations, except for casual minor tips.

Sale of the partnership properties, unless the same be part of the partnership's objectives.

Charge lien- decision of the partnership properties, whereunder the manager is empowered to sell such properties.

Sale or lien of the company's shop.

Article 44

No manager shall be allowed to enter into agreement with the company for his own account unless the partners' approval had been obtained in each incident independently.

Furthermore, no manager unless with the partners' permission which shall be renewed each year, is allowed to practice any activities similar to those of the partnership.

Article 45

A manager shall be liable for damages sustained by the partnership, the partners or others as a result of breach of the Memorandum of Association or default in the performance of his functions. Any provision to the contrary shall be null and void.

Article 46

Profit and loss and the share of each partner therein shall be determined at the end of the partnership's fiscal year calculated on the basis of the balance sheet and the profit-and-loss account.

A partner shall be deemed a creditor to the partnership for the amount of his share in the profit upon the determination of such share and shall, unless otherwise agreed, cover, from dividends of the following years, any capital's deficit generated by loss, Except as above stated, it is not permitted to commit a partner, except by his own consent, to complement the deficit of his share in the partnership's capital, if caused by loss.

Article 47

A commandite is a company comprising one or more jointly-associated partners liable for the company's obligations to the extent of all their assets together with one or more silent partners liable for the company's obligations only to the extent of their respective shares in the capital.

Article 48

All joint partners in a commandite must be U.A.E nationals.

Article 49

The firm-name of a commandite shall be composed of the names of the joint partners in addition to an indication showing the existence of the company. Moreover, a special trade-name may be added to the foregoing. A silent partner's name may not be incorporated in the name of the company. If knowingly incorporated, such silent partner shall, with regard to bona fide third parties, be deemed a joint partner.

Article 50

Subject to conditions hereinafter contained, a commandite shall be deemed a general partnership with regard to joint partners, and the provisions governing general partnerships shall equally apply to commandite.

Article 51

In addition to the provisions constrained in Article26, the Memorandum of Association of a commandite shall contain a partner's name, surname, nationality, place of birth and place of residence, as well as his share in the capital and the amount he paid up thereof.

Article 52

The silent partner shall be responsible to the company creditors only according to its share in the capital.

Article 53

Notwithstanding an authorization thereto, a silent partner may not interfere in the management's affairs when such affairs are related to third parties. However, within the limits prescribed in the Memorandum of Association, a silent partner may participate in the internal administrative affairs &, provided that no damage be sustained by the company, he may, furthermore, ask for copies of the profit-and loss account and the balance-sheet, to verify the accuracy of their contents by inspecting the company's books, either personally or through a representative, who may, or may not, be a partner.

Article 54

A silent partner who violates the restrictions constrained in the preceding Article shall be liable to the extent of all his assets for obligations arising from actions carried out thereby.

A silent partner may also be held liable, to the extent of all his assets, toward every and each commitment of the company if management actions carried out thereby would invite others to believe beyond doubt that he is a partner. In such a case the provisions concerning the joint partners shall apply to that silent partner.

Should a silent partner, whether under implied or expressed proxy from the joint partners, carry out the managerial business prohibited thereto, the said partners along with himself shall be jointly liable for the obligations arising from such businesses.

Article 55

Unless a majority of votes is prescribed in the Memorandum of Association, resolutions of a commandite shall be adopted by the unanimous votes of joint and silent partners. Unless otherwise stipulated in the Memorandum of Association, the number of votes shall count. Resolutions pertaining to the

amendment of the Memorandum of Association shall be valid only if endorsed unanimously by both the joint and the silent partners.

Article 56

A joint venture is an association between two or more partners to share profit or loss of a commercial business or businesses carried out in the private name of one of the partners. The association shall be restricted to the relationship between the partners but shall not operate in respect of others. Evidence of the association may be substantiated by any manner of attestation.

Article 57

A joint venture agreement shall regulate the entitlements and obligations of the partners and also the manner of distribution of obligations of the partners and also the manner of distribution of profit and loss. It is not a requirement for such an agreement to be entered in the register of Commerce nor to be proclaimed publicly.

Article 67

The capital shall be sufficient for achieving the object of establishing it , and in all cases the capital shall not be less than ten millions Dirhams.

Article 68

The memorandum of association and the Articles of association of the company shall be compliant with the terms of the form on which a resolution is issued by the minister and such a form can not be changed except by the consent of the minister.

Article 70

He shall be deemed a founder any one who signs the initial Memorandum and Articles of the Association with the intent to assume the liability arising therefrom. Incorporation of the company may be permitted only if the number of founders is not less than ten.

However, the Federal Government or the Governments of the respective member-Emirate may independently establish a company, and may involve a number of capital subscribers less than that reserved in the preceding sub-clause.

Article 71

The founders shall elect a panel inter se comprising a minimum of three and a maximum of five members to finalize establishment formalities with the concerned authorities.

Article 73

The Memorandum and Articles of Association shall be set up by the founders in accordance with the form issued under a Ministerial decree and shall contain the following details:

Name of the company and its registered office.

Purposes of Company.

Founders' names, their places of residence, profession and nationalities.

Capital, number of the capital shares and value and kind of each share.

Particulars of each share not paid in cash, name of the subscriber thereof and the conditions pertaining thereto, along with the pledges and privileges on such a share.

An approximate estimate of the company- expenditures, wages and costs payable thereby for its establishment purposes.

An undertaking on the part of the founders to finalize the establishment formalities.

Article 74

Application for a company incorporation shall be submitted to the concerned authority on the form prepared for this purpose together with its Articles of incorporation and memorandum of Association as well as the projects' profitability inclusive of the time schedule proposed for execution. The application thereof shall be entered in the register kept for this purpose with the concerned authority.

The Committee may require the applicant to supplement any necessary documents or particulars, or memorandum of Association so that they would comply with the provisions of the Law and its executive regulations.

The Committee shall prepare a report of the findings within two weeks from the date of application or of supplementing the documents required by this law or its executive regulations as the case may be.

Article 75

The concerned authority shall make a decision about the application for a company's establishment in light of the findings contained in the report of the committee referred to in the previous Article, within a maximum period of sixty days from the date of application or of supplementing the documents required by the committee, as the case may be. Non-issuance of a decision with such period shall be deemed a rejection.

Should the application be rejected, or the said period lapse, the founders may challenge the rejection before the competent Civil Court within sixty days as for the date they are notified of the rejection, or the lapse of the period referred to in the previous paragraph, as the case may be.

Article 76

If the application for a company's establishment is approved, the concerned authority shall issue a decision for licensing the company's incorporation, which decision shall be published in the official Gazette of the State at the founders' expense and notified to the ministry.

Founders shall commence the subscription of company's shares according to the procedures contained in this law and its executive regulations within fifteen days from the date of issue of the aforementioned decision.

Article 77

Invitations for public subscription shall be announced in two local Arabic dailies at least five days before the commencement of subscription. In addition to a summary of the Memorandum and Articles of association, the announcement shall contain the following details :

Payment, by the founders, for the required percentage of the value of their shares.

The maximum number of shares open for subscription.

The number of shares that should be owned by a subscriber to obtain Board membership

Date and place of, and requirements for , subscription.

Percentage of shares owned by nationals and terms of disposal thereof.

Any other matters affecting the entitlements or obligations of the shareholders.

Founders shall sign the subscription announcement and shall be jointly liable for the credibility of the contents thereof.

Article 78

Founders shall subscribe to a minimum of 20% and a maximum of 45% of Association's capital, and shall, before the publication of the subscription announcement, pay the percentage required to be paid up by the founders for each share at subscription time. Before invitation for public subscription is made the founders must provide the Ministry and the concerned authority with a bank certificate to effect that payment of the above-mentioned percentage was made thereby.

Article 79

Subscription may be made with one or more banks selected by the founders from among those banks operating within the state. Payments due upon subscription shall be deposited with such banks.

Article 80

Subscription to the shares shall be made by an application containing particularly the name, objectives and capital of the company, subscription requirements, name and address of each subscriber and his address in the State, profession and nationality and the number of shares he intends to hold and an undertaking on his part expressing his approval of the provisions contained in the company Memorandum and Articles of Association.

Subscription shall be duly made and without condition. Any condition made by the subscriber in the subscription-application shall be invalid.

Each subscriber shall receive a printed copy of the company-Memorandum & Articles of Association against a fee fixed in the Articles of Association.

Article 81

Subject to the provisions of Article67 above, initial payment of the value of each cash share upon subscription shall be not less than 25% of its nominal value. Unless otherwise stipulated in the Memorandum of Association, payment of the balance shall be made within a period not exceeding five years from date of incorporation.

The paid up portion of the share value shall be noted on the share.

Article 82

Subscription shall remain open for a minimum period of ten days and maximum of ninety days during which all shares, founders' shares excepted, shall be offered for public subscription. A company shall be duly established only after all its shares are subscribed for .In the event of incomplete subscription during the said period, the founders may, under a concerned authority's decision, extend the subscription period for a maximum period of thirty days provided that the Ministry be duly notified of the concerned Authority's decision in this respect.

Article 83

In the event of the lapse of the period referred to in the preceding Article before all shares offered for subscription are covered, the founders shall either relinquish the establishment of the company altogether or, provided that approval of the Minister is obtained, decrease its capital. Approval of capital reduction shall be by a decision from the minister approved by the concerned authority.

Also the joint founders could return the value of the paid shares to the subscribers in case of retreating from incorporating the company.
In case of reducing the capital the subscribers shall have the right to retreat from their subscription during a period not less than the period of first subscription otherwise their subscription shall be final.
In such a case the founders may re-offer the shares, whose subscription was retreated, for new public subscription.

Article85

If subscription exceeded the number of shares offered, the shares shall be allocated among the subscribers prorate to their subscriptions. Allocation shall be to the nearest complete share & provided that no shareholder is

deprived from participating in the company irrespective of the number of share subscribed thereby.

The minister may, upon a proposal by the founders and approval by the concerned authority, decide to initially distribute a number of shares whose value does not exceed ten thousand Dirhams, among all subscribers, thereafter distribution shall take place in the manner referred to in the previous paragraph.

Article 87

Subscription may be made by corporeal shares.

In that case, such shares shall be evaluated by a committee set up by order of the Minister, under the Chairmanship of a judge named by the Minister of Justice or the Chairman of the Department of Justice or him who acts on his behalf in the concerned Emirate, as the case may be and the membership of director in the concerned Chamber of Commerce and Industry to be nominated by its chairman, a member of the Municipal Council or the Department of Municipality named by the Mayor in the concerned Emirate and specialist expert member.

A corporeal share forwarded by the public body corporate may take the form of a concession or a franchise to utilize certain public funds.

The committee shall submit its report within thirty days from the effective date of its mandate. The Minister may, upon reasonable request from the Committee, extend the above period.

A copy of the Committee report shall be delivered to the founders who shall deposit an adequate number of copies thereof at the company's center and announcement to that effect shall be published in two local Arabic dailies, at least fifteen days before the meeting of the Statutory General Assembly. Anyone concerned shall have the right of access to the report.

If however the Committee's evaluation was lower than that of the founders', the person submitting the share in kind shall be requested either to cover the difference in cash or by another share in kind equal to the amount of such difference as approved by the other founders. Credibility as to the accuracy of its estimation shall be in the manner herebefore mentioned. The person who submits a share in kind may, however, withdraw the same entirely and pay its estimated amount in cash as assessed by the founders.

The Committee estimation shall be forwarded to the Statutory General Assembly for approval, refusal or decrease as the Assembly may deem fit. If the Assembly decided to decrease the estimate, the person who submitted the share may either withdraw it from the capital or pay the difference in cash money. If the Assembly resolved to refuse the share in kind, or if it was withdrawn by the owner, subscription thereto may be made in cash according to the terms and conditions concerning cash subscription, or alternatively the capital may be equally decreased, provided that the capital is not reduced below the limit fixed hereby and that the Minister's approval is obtained for same decrease.

Resolutions concerning the assessment of a share in kind shall be adopted by a majority of votes of holders of shares paid in cash, provided that such majority should represent a minimum of two-thirds of the said shares. Holders of corporeal shares, even if they hold shares in cash, shall have no right of vote.

If corporeal shares are submitted by all the subscribers, their evaluation of these shares shall be final, provided it does not exceed the value estimated in the Committee report.

Corporeal shares shall represent only paid-up shares.

Article 88

Founders shall, within three days from date of closure of subscription, invite the subscribers to a Statutory General Meeting, and copies of the invitation shall sent to the Ministry and the concerned authority.

If the founders fail to extend such invitation before the lapse of the period referred to in the preceding para, the Ministry shall do so.

The convening of the Statutory General Meeting shall be valid if attended by the owners of three quarters of paid-up shares either personally or by proxies. The Meeting shall be chaired by a founder elected for the purpose by the General meeting.

If the above quorum is not achieved, a second Meeting shall be convened within thirty days from the date of the first Meeting. Presence of one half of the shareholders, or their proxies, shall be lawful quorum. In the event of failure to acquire such a quorum the present shareholders, or any one of them, may either call for dissolution of the company or for a third Meeting to be held within fifteen days from the date of second Meeting. Any number

of subscribers represented in such a meeting shall constitute a quorum. Resolutions of the Statutory General Meeting shall be adopted by absolute majority of the shares represented therein. Each of the ministry and the concerned authority may dispatch one or more representative to attend the meeting as observers without a voting right, and their attendance shall be indicated in the minutes of the general meeting.

Article 89

The Statutory General Meeting shall discuss the following matters in particular:

Founders report on the incorporation of the company and the costs it entailed.

Election of the first Board of Directors and appointment of auditors.

Approval of the corporeal shares evaluation.

Final proclamation of the company establishment.

Article 90

The minister shall issue a decision declaring incorporation of the company within 30 days from the date of submitting the request. The resolution shall be published in the official gazette accompanied with the company' memorandum of association and its Articles of association on the expense of the company.

Article 92

Within 15 days from the date of declaring the incorporation of the company the Board shall adopt the procedures of entering it in the commercial register.

Article 93

If a company was not incorporated, a public notice to that effect shall be published by the Ministry. Subscribers shall have the right to reimburse amounts paid thereby from the date of such notice and the banks wherein subscriptions were made shall repay the subscribers. The indemnity, if necessary, Incorporation expenses incurred during the establishment process shall also be borne by the founders and they during the period of establishment.

Article 94

Results of all actions carried out by the founders to the account of the company prior to its proclamation shall devolve to the company upon its entry in the Register of Commerce and all expenses incurred by the founders to this effect shall be borne by the company.

Article 95

The management of a company shall be vested in a board of directors comprised in accordance with the Articles of Association which shall also state the number of the Directors and their term of office, provided that their number is not less than three, and not more than five directors and their term of office does not exceed three years. A Director may be elected for more than one term.

Article 96

The ordinary general assembly shall elect members of the Board of Directors by secret ballot. As an exception, the founders may appoint inter se the first board of directors for a maximum period of three years.

Article 97

A director must be not convicted in a crime relating to honour and honesty unless he in reinstated or granted amnesty by the concerned authorities.

Article 98

No director, either in his personal capacity or as a representative of a corporeal body, shall be a director in more than five joint-stock companies having their head offices within the State. Nor shall he be a chairman of more than one company having its Head offices within the State,

The membership shall be invalid if he violates that term for the boards of the companies which exceed the legal quorum according to his recent appointment , and thus he shall return to the company which ceased its membership the amounts he received from it.

No director, either in his personal capacity or as a representative of a corporeal body, shall be member in the board of directors for more than five joint stock companies located in the state , nor to be chairman or vice-chairman of more than two companies located in the state, nor to be

managing member of the administration of more than one company located in the state.

If the Board of Directors exceed the legal quorum, a director whose office is invalidated shall reimburse all amounts received thereby from the company concerned.

Article 99

The Board of Directors shall inter se elect a chairman, and also a vice-chairman who will act for the chairman in the latter's absence. The chairman must be a UAE national.

Article 100

The majority of the directors must be UAE nationals. Should the said rate of UAE nationals on the board of directors be decreased, it shall, within a maximum period of three months, be made good in compliance with the provisions of this Article, otherwise, the board resolutions adopted after the lapse of the said period shall be null and void.

Article 101

Before 1st January of each year, each company shall provide both the Ministry and the Concerned Authority with a defiled list, endorsed by the chairman, of the names, offices and nationalities of the chairman and members of the board of directors.

The Ministry and the Concerned Authority must be notified by the company of any change in that list instantly upon its occurrence.

Article 102

In event of a vacancy on the board of directors, the Board may appoint a director to fill the vacancy, provided that the General Assembly be instantly notified of such appointment during its first meeting following approval of the same, or to elect a replacement, unless otherwise provided for in the company Articles of Association. The newly elected director shall complement the term of his precedent.

In the event of vacancies amounting to one fourth of the board of directors, the General Assembly shall be convened within a maximum period of three months from the date of the last office vacated, in order to fill the vacancies.

Article 103

The Board of Directors shall assume all the powers necessary to execute the businesses required in satisfaction of the company objectives, save such powers as may be vested by the law or the company Articles of Association in the General Assembly. However, it is not permitted for the Board of Director to enter into loan agreements whose term exceeds three years nor to dispose of the company properties or place of business or to mortgage the same, release company debtors from their commitments, concile or refer to arbitration unless the same are expressly granted by the company Articles of Association or embodied by nature thereof in the company objectives. In other than those two cases, it is a condition for the conclusion of such actions to obtain the approval of the General Assembly.

Article 104

The Board chairman shall be deemed the president of the company who represents it before courts. The chairman's signature shall be deemed to be the board's signature in so far as the company relationship with third parties is concerned. He shall enforce the Board resolutions and comply with its recommendations. The chairman may, in some of his authorities, delegate powers to others.

Article 105

Board meetings shall be valid only if attended by the majority of directors. Resolutions shall be adopted by majority of votes of those present of represented. In case of a tie, the chairman shall have a casting vote.

A director may delegate another director to vote on his behalf during his absence, provided that a director is not allowed to hold more than one proxy .Voting by mail is not permitted.

Article 106

If a director has been absent from attending the meetings of more than three consecutive sessions with no excuse accepted by the board he shall be considered resigned .

Article 107

Minutes of the board meetings shall be entered in a special register. The present Directors and the Board Secretary shall sign every minutes entered therein. Any dissenting director may enter his objection in the minutes of the meeting.

Article 108

Unless prior approval, renewable annually, be obtained from the General Assembly, neither the Chairman nor any other director shall be allowed to participate in any business competing with the company business or to carry out trade activities for their own account or for the account of others in any of the company activities. The company may otherwise demand indemnity therefrom or consider businesses carried out for their account as for the company account.

Article 109

A director who maintains an interest conflicting with the company's interests in a deal, submitted before the Board of Directors for approval, shall notify the Board of the same and enter his approval in the minutes of the meeting. Such director shall have no right in voting on the said deal.

Article 110

The company shall be committed with actions taken by the Board of Directors within the latter's jurisdiction. The company shall also indemnify damages caused by unlawful actions taken by the Directors in the course of the management of the company.

Article 111

The chairman and the Directors shall be liable toward the company, the shareholders and third parties for acts of fraud and misuse of powers and for any act of default with regard to the law or the company regulations and for mal-administration. Any provision to the contrary shall be hereby revoked.

Article 112

With regard to the provisions of the preceding Article, all members of the Board of Directors shall be jointly liable in cases where the default arises from a resolution adopted unanimously. However, in the event of resolutions reached by majority votes, dissident directors shall be held harmless if they entered their objection in the minutes of the meeting.

In the event of any director who was absent during the meeting at which a resolution was adopted, he shall be held liable unless and until it is proven that he was not aware of the resolution or the he, despite his awareness of the same, was unable to protest against the resolution.

Article 113

The company shall have the right to institute an action versus the Board of Directors due to such defaults as would cause damages to all share-holders. A General Assembly's resolution shall be required assigning the body who would institute same action in the company's name.

If the company is in the state of liquidation, then the liquidator shall, by a General Assembly's resolution, undertake the same action.

Article 114

In the event of an act of default causing particular damage to a shareholder in hid capacity as a such, he may institute and action in his own right if the company failed to redress the same, provided that he had notified the company of his intent to do so. Any provision in the company by laws to the contrary shall be hereby revoked.

Article 115

A resolution adopted by the General Assembly shall in no way release the Board of Directors or dismiss a civil liability action against Board members because of defaults committed in the course of their functions. If the liability action was forwarded to the General Assembly and it was endorsed thereby, the liability action shall drop one year after the date of the meeting. However, if the act attributed to the directors creates a criminal action, the liability claim shall drop bar only if the public claim was dismissed.

Article 116

The General Assembly may, even if it is otherwise stipulated in the company Articles of Association, discharge all or part of the Board members, and in such case the General Assembly shall elect other members to replace them and shall notify of such action, both the Ministry and the Concerned Authority.

Article 117

A director who has been discharged from his office may not be renominated for board membership before the lapse of three years from the effective date of the resolution concerning his discharge.

Article 118

The Articles of Association shall explain the methods adopted to determine the directors remuneration which may not exceed 10% of the net profit after depreciation and reserve were deducted and dividends of not less that 5% of the capital were distributed among share-holders.

Article 119

The Ordinary General Meeting of share-holders shall be held at the invitation of the Board of Directors at least once every year within four months following the end of the financial year at the place and date fixed in the company Articles of Association. However, the Board may, whenever it deems necessary, call for the Meeting to convene

Article 120

If at least 10 ten shareholders representing at least 30% of the capital should for serious reasons request the General Meeting to convene, the Board shall act accordingly and shall, within fifteen days from the date of such request, send invitations for the purpose. In case the Board fails so to do, the Ministry, after consultations with the Concerned Authority, may, within fifteen days of the date of application send such invitations at the request of the said shareholders or at the request of a lesser number of shareholders representing at least 30% of the share capital.

Article 122

After consultation with the Concerned Authority, the Ministry shall have to convene the General Meeting in any of the following cases:-

In the event of failure to extend invitations to the meeting after the lapse of thirty days from the date fixed in Article 119.

If the Ministry discovered at any time a breach of law or of the company's Articles of Association or a mismanagement.

In all the cases mentioned herein and in the preceding three Articles, both the Ministry and the Concerned Authority may delegate one or more of its representatives to attend the General Meeting as observers with no tight to vote. Their presence shall be entered in the minutes of the Meeting.

Article123

Invitation to all shareholders shall be extended by publishing announcements to this effect in two local Arabic dailies and by registered letters twenty one days at least before the date fixed for the meeting.

The announcement shall contain the meeting agenda. Subject to the date of the preceding paragraph, a copy of the invitation papers shall be sent to both the Ministry and the Concerned Authority.

Article 124

The agenda of the Annual General Meeting shall contain the following:

Attention to recital of the report of the Board of Directors on the company's activities and its financial position during the preceding year and the auditor's report, and approval of both of them.

Discussion & approval of the company balance sheet and profit-and-loss accounts.

When necessary, election of members of the Board of Directors, and appointment of auditors and, unless reserved in the company's Articles of Association, the fixture of the auditors' remunerations.

Consider the dividends proposed by the Board of Directors.

Discharge the Directors and Auditor of liability, or else decide to take liability action against them, as the case may be,

Article125

Each shareholder shall have the right to attend the general assembly and shall have the number of votes that equals the number of its shares.

Article 126

Whoever is entitled to attend the General Meeting may appoint a proxy other than the Directorate-members. Such appointment shall be made in writing. In such capacity. no authorized proxy may hold more than 5% of the company capital.

Persons of incomplete or non-legal capacity shall be represented by their legal representatives.

Article 127

The General Assembly shall be chaired by the Chairman of the Board of Directors or his deputy on whoever the board might assign for such mission. In case of absence of the said persons, the General Assembly shall appoint a chairman and a secretary for its meeting inter se. If the General Assembly is discussing a matter related to the Chairman of the meeting, it shall select a chairman from among the shareholders.

Article 128

The General Meeting shall be valid only if attended by shareholders representing at least one half of the company's capital. In the event of lack of quorum during the first meeting, the General Meeting shall hold a second meeting within a period of thirty days succeeding the first meeting. The second meeting shall be valid in all cases.

Subject to the provisions of Article132 hereunder, the General Meeting resolutions shall be taken by absolute majority of votes represented in the meeting.

Article 129

During their meetings, the General Assembly, shall consider all matters pertaining to the company affairs other than those reserved by law or company Articles of Association for the Extra-Ordinary General Meeting.

The General Assembly shall not consider matters if not mentioned in the agenda. However, the Assembly may deliberate on significant matters discovered during the meeting in accordance with at least one tenth of the company capital .

.For entering particular issues on the agenda, the Board of Directors shall have to comply, otherwise those present shall have the right to decide to discuss such matters.

Article 130

Each shareholder shall be entitled to discuss matters on the agenda of the General Meeting and to address queries to the Board of Directors. The Board shall give replies to the extent not detrimental to the company interests.

A shareholder who is not satisfied with the reply may refer to the general assembly whose resolution shall be binding.

Any Provision in the company Articles of Association to the contrary shall be hereby revoked.

Article 131

Articles of Association shall determine the method of voting with regard to the General Assembly resolutions. If involving election removal, or questioning of Board-members, voting shall be held by secret ballot.

Article 132

Directors shall not participate in voting in the General Meetings on matters concerning their discharge or personal interests or disputes arising between them and the company.

Article 133

The Minutes of the General Meeting shall indicate the names of attending shareholders either in person or by proxy, the number of shares held or represented by those present, the number of votes allocated thereto, resolutions made and the number of votes for , or against, them and the list of discussions held during the meeting.

Article 134

Minutes of the General Meeting shall be duly recorded after each session in a special register whose keeping must company with the provisions

prescribed by an order issued by the Minister. The Meeting Chairman, Secretary and Auditor shall sign each minutes.

Signatories to the minutes shall be liable for the correctness of the contents thereof.

Article 135

Resolutions adopted by the General meeting in compliance with the provisions of the Law and Articles of Association shall be binding on all the shareholders whether present at or absent from the meeting at same or not.

The Chairman of the Board of Directors shall enforce the resolutions, deliver copies of the same to both the Ministry and the Concerned Authority within 15 days from the issuance.

Article 136

Without prejudice to the rights of bona fide third parties, any resolutions made inconstant with the provisions of this law or Articles of Association shall be null and void.

Any resolution, made in favor of or causing damage to, a particular group of the shareholders or that may afford a special privilege to the Board members or others regardless of the company's interests shall be abrogated.

In the event of abrogation of a resolution, such resolution shall be deemed not existing with regard to all the shareholders. The Board shall publish the abrogation of the resolution in two local Arabic dillies. Any claim for the abrogation shall bar after the lapse of one year the enforcement of the resolution.

Filing the case shall not result in ceasing the execution of the resolution unless otherwise is ordered by the court.

Article 137

Subject to other powers prescribed herein, the Extra-Ordinary General Meeting shall have the power to amend the company Memorandum and Articles of Association. The same meeting, however, may not amend the company Articles in a manner leading to increased burdens on the shareholders or amend the main objectives of the company or remove the company's head office incorporated in the State to any other foreign country.

Any provisions stipulating otherwise shall be null and void. The Extra - Ordinary General meeting may also undertake to:

Increase or reduction of capital.

Dissolve the company or amalgamate it with another company.

Sell the venture carried out by the company or dispose of it in any other manner.

Extend the term of company.

Article 138

Subject to provisions stipulated hereunder, the provisions pertaining to the Ordinary General Meetings shall apply to the Extra-Ordinary General Meetings.

Article 139

The Extra-Ordinary General Meeting shall convene only at the invitation of the Board of Directors. The board shall cause such invitation to be extended, if so requested by a number of shareholders representing at least 40% of the company - capital. In the event of the Board's failure to do so within fifteen days as of this request, the application may request the Ministry to cause same invitation to be extended. The Ministry, after consultation with the Concerned Authority, shall carry out the extending of invitations.

Both the ministry and the concerned authority may delegate one or more representatives to attend the meeting with no right to vote, and their presence shall be entered in the minutes of the meeting.

Article 140

An Extra-Ordinary General Meeting shall be valid only if attended by shareholders representing at least three quarter of the company capital.

If no quorum is attained in the second meeting, a third meeting shall be called to be held within a period of thirty days from the lapse of the second one. The third meeting shall be valid irrespective of the number of the shareholders present. Resolutions reached by the latter meeting shall be valid only if approved by the Concerned Authority.

Article 141

Extra-Ordinary General Meeting resolutions shall be reached by a majority of shares represented in the meeting unless such resolutions pertained to increase or reduction of capital, extension of the Articles of Association, amalgamation or conversion of the company. In all such cases the resolutions shall be valid only if adopted by a majority of three quarters of the shares represented in the meeting .

The Chairman of the Board of Directors shall enforce the resolutions of the Extra-Ordinary General Meetings and forward, within fifteen days from date of issue thereof, a copy of the same to both the Ministry and the Concerned Authority.

Article 142

Prior to the date fixed for Ordinary or Extra-Ordinary General Meetings, shareholders shall enter their names in a special register prepared for this purpose at the company head office. The Register shall show shareholders names, number of shares represented thereby and name of the owners of such shares. Attorneys shall submit their proxy documents and shall be given access cards indicating the number of votes vested therein whether in their respective own right or by proxy.

Article 143

Requirements pertaining to the proclamation of the company Memorandum of Association shall apply to the resolutions of the Extra-Ordinary Association.

Article 144

Each shareholding company shall have one or more auditors appointed by the General Assembly for a renewable one year term. The General Assembly shall determine the auditor's remunerations.

The foregoing concern may not be vested in the Board of Directors. The founders however, may appoint an auditor who will carry out his duties until the first General Meeting were convened.

Article 145

The auditor shall fulfill the following:

He must have his name entered in the list of auditors in compliance with the provisions of Law No.9 for 1975 regulation on organizing the profession of accounting and auditing.

He is not permitted to be simultaneously auditor and a participant in the establishment or a Director of a company or to carry out any technical, administrative or advisory capacity therein.

He is not allowed to be partner or an attorney or a relative to the fourth degree of a company founder or Director.

Article 146

The Auditor shall examine the company accounts and inspect the company's balance-sheet, and the profit- and - loss account. He shall also take notice of the proper implementation of the Law and the company Articles of Association. He shall submit a report of his finding to the General meeting and deliver copies of the same to both the Ministry and the Concerned Authority.

Article 147

The Auditor shall have at any time right of access to all the company books, records documents and other papers. He may request explanations as he may deem necessary for the performance of his mandate and verify the company assets and liabilities. The Chairman of the Board of Directors shall facilitate his mission. n the event of obstruction of the auditor's mission, the Auditor shall enter the same in a report to the Board of Directors. If the Board did not facilitate his mission, the Auditor shall send copies of his report to the Ministry and the Concerned Authority and refer the issue to the General meeting.

Article 148

The Auditor shall convene the General meeting in the event of failure on the part of the Board of Directors to do so and whenever extreme exigencies so require. In either of such cases, the Auditor shall draft and publish the agenda.

Article 149

The Auditor shall hold the company secrets and shall not except in the General Meeting, disclose to the shareholders or to others any of the company secrets which came to his knowledge by virtue of his assignment. In the event of failure to abide by the above provisions, he shall be subject to dismissal and indemnity.

Article 150

The Auditor shall attend the General Meetings and present his views with regard to matters relating to his assignment particularly with regard to the company balance sheet and shall read out his report before the General Meeting. The report must include the following:

First: The particulars clearly and honestly reflect the financial position of the company.

Third: Whether the company keeps proper books.

Fourth: Whether stocktaking was conducted according to established principles.

Fifth: Whether the information contained in the Board of Directors' report complies with the company records.

Sixth: Whether the provisions of the law or the company's Articles of Association were violated during the financial year to an extent that affects the company's activities or financial position, and shall further explain whether, to the best of his knowledge, such defaults remain to exist.

If two Auditors are employed by a company, each shall submit his report independently. The Auditor's report shall be recited at the General Meeting and each shareholder shall have the right to discuss and request explanations with regard to its contents.

Article 151

The Auditor shall be responsible to the company with regard to auditing and credibility of details contained in his report and shall indemnify the company against damages sustained thereby as a result of defaults on his part. In the event of more than one auditor, each shall be liable toward damages caused by his default .

Claims concerning the liability described in the preceding sub-clause shall not be heard one year after the General Meeting in which the Auditor's report was recited. If a felony-act is attributed to the Auditors, the claim shall stand valid throughout the duration of the public claim.

Article 152

Stocks issued by the company are shares and debentures. It is not permissible to create founders' shares nor to grant the founders or others any particular preferences. It is further not permissible for the company to issue preference shares of any kind.

Article 153

The company capital shall comprise equal shares. The nominal value of each share shall be not less than one dirham and not more than one hundred dirhams. Upon incorporation of the company it is not permitted to issue shares at a lower or higher price than the nominal value plus issue charges.

All company shares shall maintain equal rights and obligations.

Article 154

Shares issued shall be nominative and negotiable. It is not permitted to cause their issue to bearer. Form and term of the profit coupons shall be determined by the Articles of Association and may be issued as nominal or to bearer.

Article 155

A share is indivisible. However, if the title of a share devolves by heritage to a number of heirs or if its title is acquired by number of persons, they shall elect one of them to represent them before the company and all such persons shall be jointly liable for the obligations arising from the ownership of the share.

Article 156

No shareholder shall be released from paying the share value. Further set-off between such obligation and the shareholder's entitlements from the company is not allowed.

A company creditor may file his claim in his own name against the shareholder for the payment of the share value.

Article 157

A shareholder may not demand reimbursement of the amounts paid thereby to the company as capital share.

Article 158

Following its incorporation, the company shall replace subscription receipts with provisional share certificates signed by two Directors showing the name of the shareholder and the number of shares he subscribed to, methods of payment of their value, paid up amount and date of payment in addition to the serial number of the provisional certificate, numbers of shares owned thereby and the company capital and its head office. These certificates shall substitute shares.

Article 159

Within six months from the date of registration in the Register of Commerce, the company shall substitute the provisional certificates for shares. The share stocks shall be signed by at least two Board members. If the value of the share is paid in installments, the company liabilities with regard to delivery shall be deferred until full settlement.

Shares representing corporeal shares may be delivered only after their title of the corporeal share is transferred to the company.

The share shall particularly bear the date of the permit for the company establishment and of its publication in the Gazette, the company capital and number of the capital shares, in addition to the company registered office and term.

Article 160

Profit Coupons shall be enclosed wit the share. These coupons may be nominal or to bearer and in all cases shall be negotiable. Any restriction to their negotiability shall be null and void.

Article 161

Shares, names of shareholders, their nationalities and place of residence and the paid up amount of the share value shall be registered by the company in a special register named The Share Register. The company shall, at the end of each financial year, provide the Ministry and the Concerned Authority with copies of these particulars and of any amendments thereto.

Article 162

The title of a share shall be transferred upon entry of the conveyance in writing in the company register. The same shall be marked on the share. Protest against the company or others with regard to the disposal transaction may be made only as from the date of entry in the Register.

The company, however, may decline entry of the disposal of the share in the following events:

If such disposal is inconsistent with the provisions of this law or Articles of Association.

If the share is under lien or sequestration by court order.

If the share was lost and no substitute was given.

If the share is indebted to the company, registration of the share may be withheld by the company, until final settlement of such debt had been effected.

If a party to the contract is of incomplete or no legal capacity, or declared bankrupt or insolvent.

Article 163

Articles of Association shall determine methods and conditions of disposal of shares provided that disposal of shares does not decrease the portion of UAE nationals represented in the company capital as prescribed herein.

Article 164

Shares may be pledged by delivery of the same to the mortgagee after satisfying the procedures prescribed in Article162 above.

Unless otherwise agreed in the mortgage deed, the mortgagee shall have the right to collect dividends and utilize entitlements attached to the share.

Article 165

If a title of a share devolves by heritage or will, the heir or legatee shall request registration of the transfer of the title in the Register of Shares.

If the title is transferred by a mandatory court order, registration shall be made accordingly and entry to that effect shall be marked on the share.

Whoever acquires the share title may utilize the entitlements arising therefrom only as from the date of registration.

Article 166

No sequestration on the company assets due to debts of a shareholder is allowed. Creditors of the indebted shareholder may, however, place sequestration on the share and profits accrued thereby and sequestration shall be noted on the share entry in the Register of Shares by court order and thereafter on the share itself to verify such sequestration.

Article 167

If a shareholder fails to pay the installment of the share value on due date, the board of directors may issue and order of execution on the share by registered letter to the shareholder calling for the payment of the due installment. In the event of failure to pay within thirty days, the company may sell the share by auction sale and collect the amount of outstanding installments together with interest and expenses from the proceeds of the sale. The balance shall be paid to the shareholder. If the sale proceeds fail to satisfy the company entitlements, the company shall have the right of recourse on the private properties of the shareholder.

The company shall expunge the share under execution, and deliver to the purchaser a new share under the same number of the deleted share and enter the sale and the name of the new owner in the Share Register.

Article 168

The company shall not mortgage or purchase its own shares, unless for the purpose of decreasing the capital amount or for depreciation of the shares. Shares acquired by the company shall have no vote in the General Meeting.
However the company may purchase a percentage of its shares not exceeding 10% for the purpose of selling them if the market value thereof decreased to less than the book value according to the following controls:

1- A resolution is issued by the extraordinary general assembly of the company approving the purchase and authorizing the board of directors to execute the purchase within a period not exceeding six months from the date of issuance of the resolution.
2- The company gets the approval of the Securities and Commodities Authority before purchasing according to the controls put by the Authority on that regard.

3- The company has cash surplus for facing the purchase process , without using the capital or the legal reserve in purchasing.
4- The purchase process shall be published for the public in two local dailies issued in Arabic with the passage of a period not less than two weeks between the date of publication on the company desire for purchasing and the date of actual execution of purchase.
5- The purchased shares shall be sold within a period not exceeding a year from the date of last purchase. If no selling was made during the period of the year the purchase process shall be considered for decreasing the capital , thus the purchased shares shall be destroyed.
6- Selling was not made during the six months decided for purchase.
7- Selling and purchase is made through one of the financial markets licensed in the country.
8- The company shall not issue any new shares before completing selling the purchased shares.
9- The company shall not re-offer the issue to its extraordinary assembly concerning buying its shares for the purpose of selling them except after the passage of a period not less than two years from the date of last selling of its shares purchased by a previous decision issued by that assembly.
10- The company, if it is a bank, gets the approval of the central bank before purchasing , and to finance the purchasing process from the sources of finance according to the rules determined by the central bank on that regard.

The shares purchased for the purpose of selling them shall lose their right to obtain profit and in voting in the general assembly till re-sold.

Article 169

A shareholder shall attain all the rights attached to the share, particularly the rights to receive dividends and his portion in the company assets upon liquidation. Also to attend sessions of the General Meeting and cast his vote about its resolutions, all of which shall be in compliance with the restrictions and conditions herein and in Articles of Association.

Article 170

As prescribed in the company's Articles of Association, the shareholder may inspect the company books and documents, only so by permit from the Board of Directors or the General Assembly

The Court may instruct the company to provide the shareholders with specific information not detrimental to the company's interests.

Article 171

Articles of Association may provide for share depreciation during the life of the company if its venture depreciates gradually or is based on temporary rights. Part of the profit and annual reserve for share depreciation, shall be allocated by ballot provided that the shareholder whose share is depreciated shall obtain a bonus share.

Amortization may be effected by the company's purchase of its own shares, and the shares thus obtained shall be written off by the company.

Article172

The company Article of Association shall determine the rights attached to bonus shares. However, Articles of Association shall allocate a portion of the net profits for undepreciated shares with priority given thereto as opposed to the bonus shares. Upon the termination of the company, holders of undepreciated shares shall have priority in collecting from the liquidation proceeds and amount equal to the nominal value of their own shares.

Article 173

Corporeal shares and cash shares subscribed to by the founders may not be disposed of before the publication of the balance sheet and the profit and loss account for at least two financial years after the announcement of the company's establishment. These shares shall be marked to show both their kind and the date of the company's establishment.

It is permissible, however, during the restricted period, to transfer the title of cash shares by means of sale by one founder to another or to a Director for submission as security for his functions or by heirs of a founder, in the event of his death, to others. The provisions contained in thisArticleshall also apply to subscriptions made by the founders in the event of increase of the capital, before the lapse of the restricted period.

Article 174

Any resolution issued by the Ordinary or the Extra-Ordinary General Meetings affecting the shareholder's rights derived under the provisions of this law or the company's Articles of Association or increasing his liabilities shall be deemed null and void.

Article 175

The company's Articles may restrict trading the shares or the shares provisional certificates, for amounts exceeding the nominal value plus issue charges, before the publication of the balance sheet and the profit-and-loss account for the initial financial year.

Article 176

If Articles of Association provide for redemption in favor of the shareholders, share-owners shall, before disposal therewith, notify the company of the name of the purchasing party and the price agreed. The shareholders may, within a period fixed in the Articles of Association, substitute for the purchasing party. If the Board of Directors decided that the price was over-valued, they i.e. the Board my instruct the Auditor to fix a fair price for the share.

PART II

Debentures

Article 177

Under approval of the General meeting, the company may enter into loan contracts against negotiable stocks of equal value issued thereby. The General meeting may authorize the Board of Directors to fix the amount and terms of the loan. The loan shall be entered in the Register of Commerce and notified to both the Ministry and the Concerned Authority.

Article 178

Debentures shall be nominal or to bearer, but shall continue to be nominal until full payment of its value.

Article 179

Company shall not issue debentures before full payment of its capital by the shareholders and the publication of its balance sheet and loss-and-profit account for one financial year at least.

Nevertheless, the company may issue debentures before the publication of the balance sheet only if the State or an operating bank therein guarantees the payment of these debentures or if guaranteed by instruments issued by any of the above parties.

Article 180

The value of the debentures shall in no way exceed the available capital as shown in the recently approved balance sheet unless the company was permitted to do so under its incorporation decree. The resolution concerning the issue of loan debentures shall be effective only after it is registered in the Register of Commerce.

Article 181

Debentures issued for a single loan shall grant their holders equal rights, and any provisions to the contrary shall be hereby revoked.

Article 182

Debentures declared for public subscription shall be made through one or more banks operating within the State. They shall be offered to the public at least fifteen days in advance by notice published in two local Arabic dailies signed by the members of the Board of Directors and containing the following:

The decree approving the issue of debentures and its date.

Number of debentures, their nominal value and last date of subscription.

Interest rate.

Date of maturity, terms of payment and payment guarantees, if any.

The company's paid-up capital.

Number of debentures already issued, their guarantees and the unpaid amount thereof upon the issue of the new bonds.

Article 183

Income bonds may be issued by the Board of Directors only under the approval of the Concerned Authority. The company may also issue debentures payable with share premium upon depreciation or settlement of the same. The company may further issue stocks with cumulative value.

Article 184

Within one month from the last date of subscription, the Board of Directors shall provide the Ministry and the Concerned Authority with a statement on the subscription progress and names and nationalities of subscribers and their respective subscriptions.

Article 185

Resolutions adopted during the Assemblies' General Meetings shall apply to stock holders..

Article 186

Debentures shall not be converted into shares unless so stipulated in the loan conditions in accordance with the terms provided for in the preceding Article. If conversion is allowed, the stockholder may, at his discretion, either accept the conversion or collect the nominal value of the stock.

PART III

Loss and damage of shares and debentures

Article 187

If a share or a nominal stock was misplaced or destroyed, the owner thereof whose name is shown in the Company Register may demand a new instrument in replacement thereof. The owner shall publish in two local Arabic dailies the serial numbers of the misplaced or destroyed instruments, their number as well as the number and serial numbers of the dividend coupons attached thereto. If, within thirty days from the date of publication, no objection was received by the company, it shall provide the owner with a new instrument wherein it shall be stated that it was issued in replacement of a misplaced or a destroyed one. Such document shall grant its holder all the rights and obligations related to the misplaced or destroyed instruments.

Article 188

As per the preceding Article, whoever protests against the issue of an instrument in replacement of a misplaced one, may, within fifteen days from date of publication, file his claim before the competent court, and, in the event of failure to do so, the protest shall be deemed null and void. The court shall issue its judgment expediently.

Article 189

Upon being notified of the final judgments, the Company shall deliver the substitute bond to the beneficiary thereof.

Article 190

The company shall have a financial year fixed by its Articles of Association.

Article 191

At least one month before the annual General Meeting, the Board of Directors shall, in each financial year, prepare the company's balance-sheet, profit-and-loss account, and a report on the company's activities and financial position during that year. The Board shall also propose the method of allocation of net profits. The Board of Directors' Chairman shall sign the report, the balance sheet and the profit-and-loss account.

Article 192

Unless a higher rate is fixed by the company's Articles of Association, ten percent of the company's net profit shall be deducted annually to create the statutory reserve. The General Assembly may stop making such deduction whenever the statutory reserve amounts to one half of the paid-up capital. The statutory reserve may not be allocated to the shareholders, but any excess, beyond one half of the paid up capital, may be used for the distribution of dividends to the shareholders in years where the company does not attain net profit enough to cover the rate fixed for them in the company's Article of Association.

Article 193

Articles of Association may provide for laying by a special portion of the net profit, for creating provisions to be used for the purposes described therein.

Such provisions may not be used for any other purposes, except under a resolution adopted during an Ordinary General Meeting.

Article 194

Articles of Association shall fix the rate of net profit which must be distributed among shareholders after the deduction of the statutory reserve and provisions allocations. A shareholder is entitled to his share in profit upon the issue of the General Assembly's resolution approving such distribution and the Board of Directors shall implement the said resolution within thirty days from the date of the resolution.

Article 195

It is not permissible to distribute fictitious profits. The Board of Directors shall be liable to the shareholders and the company with regard to such measures.

Article 196

A company whose establishment requires a long time may, in its Articles of Association, allow for the grant of a fixed interest to the shareholders during the establishment period.

Article197

The Company shall neither grant cash loans of any kind whatsoever to its Chairman or to any of its Directors nor shall it guarantee any loan agreement entered into thereby with third parties. As an exception to the foregoing, banks and trust companies may, within the limits of their objectives and under the terms established for their customers, grant loans to the Chairman or any of the Directors or sponsor them in any loan agreement entered into thereby.

Article 198

Except after two years from its incorporation the company shall not make donations of any kind with the exception of casual,. minor donations, and provided profit was attained.

With regard to other kinds of donations, credibility shall depend on a resolution by the Board or Directors based on clearance from the General Assembly, and provided that it does not exceed 2% of the company's net

profit realized during the two financial years preceding the year during which the donation was paid.

Article 199

The company capital may be increased by a resolution adopted during an Extra -Ordinary General Meeting stating the increased amount and the nominal value of new shares. The aforesaid Assembly may, however, authorize the Board of Directors to fix a date for the enforcement of the said resolution provided it does not exceed five years after its issue, other it shall be null and void.

Article 200

No increase in the company capital may be effected except after the principal capital was fully paid-up.

Article 201

Capital increase shall be affected by either of the following methods:

Issue of new shares,

Merger of reserves into the capital, or

Conversion of debentures into shares.

Article 202

Regulations pertaining to subscription in the principal shares shall apply to subscription in the new ones.

Article 203

New shares shall be issued with a nominal value equal to the nominal value of the principal shares. However, the General meeting, during an Extra-ordinary Meeting may a add a share premium to the nominal value of the share and determine its amount provided that approval of Concerned authorities and the Ministry are obtained. The premium shall be added to the statutory reserve even if it thus exceeded half of the capital.

Article 204

The shareholders shall have priority to subscribe in new shares. Any term in Articles of Association or the resolution for increasing the capital stating otherwise shall be hereby revoked.

Article 205

The Chairman shall, by notice published in two local Arabic dailies, notify the shareholders of their priority in subscription, its commencement and expiry date, and of the prices of the new shares.

A shareholder who, within the period fixed for subscription, wishes to practice such right shall express his desire in writing.

Article 206

Allocation of shares to applicant shareholders shall be pro rata to the shares held thereby provided that it does not exceed their respective applications. The remaining shares shall be allocated for the shareholders who applied for more than the rate pertaining to the shares owned thereby. The balance shall be offered for public subscription.

Should corporeal shares be allowed for subscription in such capital increase, evaluation of such shares shall be done in accordance with the provisions concerning the same, provided that the Ordinary General Meeting shall supersede the Statutory General Meeting.

Article 207

Merger of reserve in the capital shall be affected either by the creation of gratis share distributed among the shareholders pro rata to the shares held by them, or by means of increase in the nominal value of share equal to the increase in the capital, provided that the shareholders shall not be liable to any financial burdens arising from such act.

Article 208

Conversion of the debentures into shares shall be made by appropriation of the capital reserve, in full or in part, for this purpose.

Article 209

Subject to the Ministry's approval, capital shall not be decreased except under a resolution adopted during an Extra-ordinary General Meeting and after the Auditor's report is heard, such decrease may be made in either of the following two cases.

If the capital exceeds the company's needs.

If the company sustain loss which may not likely be recovered from future profits.

Article 210

Decrease of the capital shall be made by one of the following measures:

Decrease of the nominal value of shares, either by reimbursement of part of their value to the shareholders or by releasing them from the unpaid amount of their share in full or part.

Decrease of the value of shares by calling off a part of such value equal to the loss sustained by the company.

Write off a number of shares equal to the portion intended to the decreased.

In all cases, the provisions ofArticle153 above shall be observed and the General Assembly resolution shall fix the method to be adopted for effecting the decrease.

Article 211

The Board of Directors shall cause publication of the resolution in two local Arabic dailies, calling for the reduction of the capital, and, within sixty days from the date of publication, the creditors shall provide the company with documents in support to their debts to enable the company to pay their due debts and provide adequate securities for deferred ones.

Article 212

If the capital is decreased by reimbursement of part of the nominal value of the shares to the shareholders or by releasing them from unpaid among of shares value in full or part, such reduction may not be invoked against the creditors who either submitted their demand with the period fixed in the preceding article or who obtained adequate securities for the payment of deferred debts.

Article 213

If the capital is decreased by writing off a number of shares, equity between the shareholders shall be observed. The shareholders whose shares are resolved written off shall, within the fixed period, provide the company with shares decided to be written off, and in the event of failure to do so that company may declare such shares cancelled.

Provided always that such action does not deprive the shareholder from participating in the company.

Article 214

If it is resolved to decrease the company capital by the purchase and destruction of a number of its shares, all shareholders shall be invited to offer their shares for sale. Such invitation shall be published in two local Arabic dailies, or sent by registered letters. If the number of shares offered for sale exceeds the quantity decided to be purchased by the company, sale offers shall be reduced pro rata to the excess. Purchase price shall be fixed according to the provisions of articles of Association. If no provision is contained in this respect, the company shall pay fair prices fixed by the company Auditors in accordance with the prevailing evaluation methods or the market price, whichever is higher.

Article 215

A number of founders, not less than three, may, among themselves, establish a private joint-stock company whose shares are not offered for public subscription and they may subscribe to the full amount of the capital which not be less than two million dirhams.

Article 216

Except for provisions concerning public subscription, all provisions contained herein with regard to public joint-stock shall apply to private joint-stock shall apply to private joint stock companies.

Article 217

A private joint stock company may be converted into a public joint stock company if satisfying the following requirements:

Nominal value of issued shares must be paid up in full.

The company must have been more than two financial years old.

The company must, during the two years preceding the application for conversion, have realized net profits distributable to other shareholders at an average of not less than ten per cent of its capital.

The resolution calling for the conversion of the company is adopted by a majority of three quarters of the company's capital in the Extra-ordinary

General Meeting. The Minister shall issue a decision declaring the Company's conversion in a public joint stock company. This decision, along with the Company's Articles of incorporation and memorandum of Association, shall be published, at the Company's expense, in the Official Gazette.

Article 218

A limited liability company is an association of a maximum number of fifty and minimum of two partners.

Each of them shall be liable only to the extent of his share in the capital, and the partners shares are not made in the form of negotiable instruments.

A limited liability company shall have a name derived from its objectives or from the name of one or more partners.

The term "with limited liability" shall be annexed to the company's name and so shall the amount of its capital. In the event of failure on the part of the Directors to observe the provisions hereabove they shall be jointly liable to the extent of their personal assets towards the company obligations in addition to indemnity.

Article 220

With the exception of insurance, banking and investment of funds for the account of others, a limited-liability company may practise any legal activity.

Article 221

A limited liability company shall neither seek public subscription for the creation or increase of its capital or for obtaining loans needed thereby, nor issue negotiable stocks or shares.

Article 222

All cash and corporeal shares shall be distributed, between the partners according to Articles of Association and the value of each share shall have to be paid in full upon incorporation.

Cash shares shall be deposited in a bank operating in the State. The bank may not release the same except to the company Directors and only so upon submittal of evidence to the effect that the company is entered into the Register of Commerce.

Article 223

A corporeal share offered by a partner shall be evaluated in the company Memorandum of Association. Its kind, name of subscriber and the amount it represents in the capital shall also be included therein. The partner who submits the corporeal share shall be liable for the correctness of its amount stated in the the company Memorandum of Association toward others. If it is proven that the share was over evaluated the said partner shall pay the difference in cash to the company and the founders shall be jointly liable to the extent of their private assets for the payment of such difference.

Article 224

Founders shall make a Memorandum of Association involving the following details:

Name and objectives of the company and its head office.

Names of the partners, their nationalities, places of residence and addresses.

Amount of the capital, share of each partner and particulars of the corporeal shares, their amounts and names of subscribers therein if any.

Names and nationalities of the company Directors, and names of the members of the board of trustees in the cases where it is requirement by law to create such board.

Date of commencement and expiry of the company.

Methods of distribution of profits and loss.

Means of notices to be given by the company to the partners.

The Ministry may draft a specimen Memorandum of Association containing the above and such other particulars as it may deem fit.

Article 225

The manager of the company shall apply for its entry in the Register of Commerce. Such application shall be annexed to the company's memorandum and such other documents showing the distribution of shares between the partners, payment of their value in full and deposit of the same in a bank operating in the State.

Article 226

If during the establishment period the number of partners exceeded the limit fixed by the law, the authorities concerned shall notify the company to rectify its position. If the company fails to do so within six months, it shall be deemed dissolved and the partners shall be jointly liable inter se of the debts and obligations borne by the company from date such excess occurred. However, the partners who are proven ignorant of such excess shall be exempted.

Article 227

The capital of a Limited-Liability company may not be less than one hundred fifty thousand dirhams. It shall be composed of equal shares of a minimum value of one thousand dirhams each.

A share shall be indivisible, and if the share is held by more than one person, they shall appoint one of them who will be considered by the company as the owner of such share. The company may fix a date for such owners to declare their appointee, failing which the company shall have the power to sell the share to the account of its owners, and in this case the partners shall have first option.

Unless otherwise stipulated in the Memorandum of Association. Profit and loss shall be divided equally between shareholders.

Article228

In its head office, the company shall maintain a special register the partners showing the following details:

Names and surnames of the partners, their places or residence, nationalities and professions.

Number and value of shares owned by each of the partners.

Transactions carried out with regard to the shares and date of the same transactions.

The company's managers shall be jointly liable for the said register and the credibility of its contents. The partners, and whoever holds an interest, shall have the right of access to the said register.

Article 229

In January each year, the company shall provide the Ministry and the Concerned Authority with the particulars recorded in the register referred to in the preceding article along with the amendments thereto.

Article 230

In compliance with the Memorandum of Association, a partner may, under an official instrument, assign his share to another partner or to other parties, such assignment shall be valid with regard to the company and others only from the date of entry of the same in the company's register and the register of Commerce.

The company may not refrain from causing entry of the assignment in the register unless it is inconsistent with its Memorandum of Association. In all cases, the assignment may not cause decrease of the national partner's share in the capital to a rate below 51% of the total number of the shares, or may it increase the number of shareholders than that reserved inArticle218.

Article 231

A partner who intends to assign his share to a person who is not a partner in the company, whether against or not against consideration, shall, through the company manager, notify the other partners of the assignment terms. Upon receipt of such notice, the manager shall notify the partners instantly. Each partner may request recovery of the said share at an agreed price. In the event of disagreement over the price, the company's auditor shall fix that price as on the recovery date. If, after thirty days, no partner requested recovery the share, the said partner shall be free to dispose of his share.

Article 232

If more than one partner used the right of recovery, the shares, or the sold share, shall be divided among them pro rata to their share holding, subject to provisions ofArticle227 above.

Article 234

In the event of commencement of the execution procedures by a creditor against the share of his debtor, such creditor may agree with the debtor and the company on the method and terms of sale, otherwise the share shall be put forward for auction sale. The company may recover the share sold to one or more partners under the same conveyance terms awarded thereto within

fifteen days from the date thereof. The above provisions shall apply in the event of a partner's bankruptcy.

Article 235

The management of the limited liability shall be assumed by one or more managers. They shall be selected either from the partners or from other provided that their number does not exceed five.

The managers shall be appointed under the company Memorandum of Association or a separate contract for a limited or an unlimited period.

In the event of failure to appoint the managers in the above mentioned manner, they shall be appointed by the Partner's General Assembly.

Article 236

A manager who is appointed under the company Memorandum of Association for an unlimited period, shall maintain his office throughout the company term unless his removal is provided for in the Articles of Association. In such an event, removal of the manager shall be effected by the majority required for amendment of the company Memorandum of Association unless a different majority is reserved in the same Memorandum.

In the event of failure to provide for the removal of the manager in the company Memorandum of Association, he may be removed either by a unanimous vote of the partners or by a court-order, where significant reasons justify such action.

Article 237

Unless the powers of the manger are fixed in the company Memorandum of Association, the company manager shall have full powers to carry out management affairs of the company, and his actions shall be binding on the company, provided that they are substantiated by the capacity under which he acts.

Provisions pertaining to liabilities of Directors of a joint-stock company shall apply to the said manager, and any condition stipulated in the company Memorandum of Association to the contrary hereby shall be revoked.

Article 238

Within three months from the expiry date of the financial year, the company managers shall prepare the company balance sheet and the profit and loss account and shall prepare an annual report on the company activities and financial position in addition to there proposed dividends.

Within ten days from the approval of the balance sheet and the profit-and-loss account, the managers shall provide the Ministry and the Concerned Authority with the aforesaid documents.

Article 239

In the event of more than one manager, the Memorandum of Association may provide for the formation of a penal of managers and determine both the business of the said panel and the majority needed for the validity of their resolutions.

Article 240

Should there be more than seven partners there, supervision shall be vested in a board comprising at least three partners. The said board shall be appointed by the company Memorandum of Association for a limited period. The General Assembly may re-appoint them after the expiry of the said period or appoint others, and may, for a good reason, remove them at any time.

The managers shall have no vote whether in the election of the supervisory board, or in matter related to the removal thereof.

Article 241

The supervisory board shall inspect the company books and documents and shall carry out stocktaking of the treasury, goods, financial papers and documents in support of the company entitlements. Also, it may, at any time, instruct the managers to submit a report on their activities and control the budget, the annual report and distribution of the profits, and shall, at least fifteen days before its convention, submit a report to this effect to the partners' General Assembly.

Article 242

Members of the supervisory board shall not be liable for the actions of managers unless they became aware of the defaults therein and failed to refer to the same in their report to the partner General Assembly.

Article 243

Partners who are not managers in the companies where no supervisory board exists shall have the same rights of supervision as those assumed by joint partners in General Partnerships in accordance with the provisions ofArticle36.

Article 244

A company with limited liability shall have a general meeting comprised of all the partners. The meeting shall convene at the invitation of the managers at least once every year within the four months preceding the expiry of the financial year at the venue and date fixed in the Memorandum of Association.

The managers shall invite the General Assembly to hold a meeting if same be requested either by the supervisory board or by a number of partners holding not less than one quarter of the capital.

Invitations to the General Meeting shall be addressed by registered mail to each partner at least twenty one days before the date of convention. The invitation letter must include agenda, venue and time of the meeting.

Article 245

Each partner is entitled to attend the General Meeting irrespective of the number of shares he holds. He may appoint a partner, other than a manager, to represent him by proxy at the General Meeting. Each partner shall have a number of votes equal to the number of shares owned or represented by him.

Article 246

The Annual General Meeting agenda shall include the following:

Receive the managers report on the company activities and financial position during the year, the supervisory report and the auditor's report.

Approval of the balance sheet and the profit-and-loss account.

Fix dividends to be distributed to the partners.

Appoint the manager or the supervisory board members and fix their remunerations.

Other matters within their jurisdiction in accordance with the provisions of the law or the Memorandum of Association.

Article 247

The General Meeting may not deliberate on matters outside the scope of the agenda except, if, during the meeting, certain significant facts demanding discussion, be disclosed.

If a partner requested the inclusion of a specific item on the agenda, the managers shall comply therewith, otherwise the partner shall be entitled to refer to the General Meeting.

Article 248

Each partners shall be entitled to discuss items on the agenda and the managers shall give replies to their questions to such an extent that be not detrimental to other company interests. If a partner considered the reply to his query insufficient, he may refer to the General Meeting whose resolution shall be enforceable.

Article 249

Unless otherwise stipulated in the Memorandum of Association, the General Meeting resolutions shall be valid only if adopted by a number of votes representing at least one half of the capital. If such majority is not achieved during the first meeting, a second meeting, within twenty one days from the first, shall convene. Unless otherwise stipulated in the Memorandum of Association, resolutions in the latter meeting shall be adopted by majority of the votes present.

Article 250

An adequate summary of minutes of the General Meeting deliberations shall be prepared, Together with the General Meeting resolutions these minutes shall be entered in a special register kept at the company head office. Any of the partners, either in person or through an attorney, may inspect that register as well as the company balance sheet, profit-and-loss account and annual report.

Article 252

It is not permissible to amend the company Memorandum nor to increase or decrease its capital, save by the approval of a number of partners representing three quarters of the capital, unless, in addition to the above quorum, a numerical majority of the partners is stipulated in the company Memorandum of Association. Nevertheless, the partners obligations may not be increased except by the unanimous approval thereof and no decrease in the company capital shall be valid except after approval of the Concerned Authority was obtained.

Article 253

The company shall have one or more auditors appointed each year by the partners General Assembly. These auditors shall be subject to the same provisions concerning the auditors in the joint-stock companies.

Article 254

Without prejudice to the entitlements of bona fide third parties, then null & void shall be any resolution adopted by the partners General Assembly inconsistently with the contents of this law or the Memorandum of Association, or when issued in the interest of certain partners or made to cause damage to others without due consideration to the interests of the company. Only the partners who protested against such decision and those who, for good reasons, were unable to protest, may demand the abrogation thereof.

A nullified resolution shall be invalid with regard to all the partners.

After the lapse of one year of the same resolution, claims involving nullification are inadmissible, and, unless otherwise ordered by the court, filing of the claim does not necessarily suspend the enforcement thereof.

Article 255

In order to create a statutory reserve, each year, the company shall lay by as savings 10% of its net profit. If such savings should amount to half of the capital, the partners may opt to suspend same.

Article 256

A Commandite limited by shares is an association comprising both partners who are jointly liable in all their assets toward the company obligations, and

shareholding partners who are liable only to the extent of their shares in the capital.

Article 257

In so far as the joint partners are concerned, the company shall be deemed a general partnership, and the joint partner shall be deemed a merchant even if he had not attained such capacity prior to his participation in the company. All joint partners shall be UAE nationals.

Article 258

The capital of a partnership limited with shares shall be divided into negotiable shares of equal value.

Article259

The name of the "Commandite limited by shares" shall contain the name of one or more joint partners. In invented name or one derived from its own object may be annexed to the partnership's original name. It is not permissible to insert the name of the shareholding partner in the company name, but if inserted knowingly, he shall, with regard to bona fide others, be deemed a joint partner. In all cases the term "Commandite limited by shares" shall be added to the company name.

Article 260

Provisions pertaining to the establishment of a joint-stock shall apply to the establishment of a "Commandite limited by shares" subject to the following:

All joint partners and other founders shall sign the Memorandum of Articles of Association. In so far as their liability is concerned, the provisions concerning a joint-stock company founders shall equally apply thereto.

Names, surnames, nationalities and places of residence of the joint partners shall be mentioned in the Memorandum and Articles of Association. Company capital shall be not less than five hundred thousand dirhams.

Article 261

Stocks issued by the a "Commandite limited by shares" shall be subject to the provisions concerning the stocks issued by the joint-stock companies.

Article 262

The company management shall be assumed by one or more joint partners, and the Memorandum and Articles of Association of the company shall name the persons who are entrusted with the management and their respective powers. In so far as their responsibility is concerned, the provisions concerning founders and directors of joint-stock companies shall apply thereto.

Article 263

The provisions concerning the functions and removal of the directors of joint-stock companies shall also apply to the managers of the Commandite limited by shares.

Article 264

A shareholding partner, even if he holds an authorization, may not interfere in the management of affairs related to others. He may, however, within the limits allowed by the Articles of Association participate in the internal administrative affairs.

Article 265

If a shareholding partners violate the provisions of the preceding Article, he shall be liable to the extent of all his assets toward obligations arising from the administration business conducted thereby. If he carried out such actions under authority from the joint partners, the party who had authorized him so to do shall be liable therewith toward the obligations arising from such actions.

Article266

Each "Commandite limited by shares" shall have a supervisory board comprising at least three members appointed by the General Assembly either from the shareholding partners, or from others for a period of one year subject to renewal in accordance with the Articles of Association. The joint partners shall have no vote in the election of the members of the supervisory board. The first supervisory board shall verify that procedures of incorporating the company have been in accordance with the provisions of this law. Its members shall be jointly liable for that.

Article267

The supervisory board shall monitor the company business. For the purpose, the board may request the managers to provide it with a report on their management. It may also examine the company books and documents and conduct a stocktaking of its assets. The board shall give its views on such matters as the company managers may refer thereto, and to pronounce its consent of the transactions whenever, under the Article Association, such consent is required thereof.

If a significant default in the company management is discovered, the board may invite the General Meeting to convene.

The board shall present to the general assembly at the end of each fiscal year a report on the results of its control of the company issues. The members of the supervisory board shall not be responsible for the defaults except for those discovered or came to other knowledge but failed or ignored notifying the General Association of them.

Article268

A Commandite limited by shares shall have a General Assembly comprising all the shareholding partners. Such Assembly shall be subject to the same provisions governing the General Assembly of the joint-stock companies.

Except under the manger's approval, the General Assembly shall not Adopt resolutions pertaining to the Company's relation with third parties.

Article269

Unless it is otherwise provided for in the Articles of Association, the extra-ordinary general meeting may amend the Articles of the Commandite limited by shares only by consent of all the joint partners.

Article270

A Commandite limited by shares shall have one or more auditors who shall be subject to the same provisions governing the auditors in the joint-stock companies.

Article271

The provisions concerning the accounts of the joint-stock companies shall equally apply to the commandite limited by shares.

Article272

In the event of vacancy in the post of the manager of the Commandite limited by shares, the supervisory board shall appoint a temporary manger who will attend to urgent administrative affairs until the General Meeting convenes.

Such temporary manager shall, within fifteen days from date of his appointment, invite the General Meeting to convene in accordance with the procedures established by the Articles of Association, failing which the supervisory board shall extend the invitation without delay.

Article273

A company may be re-organized to take another status and such re-organization shall be in compliance with the provisions concerning the amendment of the company Memorandum or Articles of Association and the incorporation formalities pertaining to the form it is transferred into.

A resolution for re-organization shall be accompanied by the company statement of assets and liabilities and the estimated amount of both these.

Re-organization of a company and its evaluation shall be entered in the Register of Commerce.

Article274

A company shall continue to maintain such entitlements and liabilities of hers as they were preceding its re-organization. Re-organization shall not release the joint partners from the company liabilities preceding the transfer unless it is approved otherwise by creditors and such approval shall be assumed given if no protest was submitted by the creditors in writing within three months from the date they are formally informed of the transfer in accordance with the procedures decreed by the Minister.

Article275

In the event of re-organization into a joint-stock, a Commandite limited by shares or a limited liability company, each partner shall have share or stocks equal to the value of his shares.

If the partner's share fall short of the minimum limit of a share in a limited liability company, he shall have to complement the same.

Article276

Even if under liquidation, a company, may be amalgamated with another company of the same or of different, kind. Amalgamation shall be by either of the following methods.

By merger; i.e. say by the dissolution of two or more concerns and transfer of their liabilities to an existing concern.

By consolidation; i.e. by the dissolution of two or more concerns and the incorporation of a new concern whereto all the liabilities of the dissolved concerns are transferred. Am amalgamation resolution shall be adopted by mutual agreement between desirous parties of the same in accordance with the established status concerning the amendment of the company Memorandum or Articles of Association. The amalgamation resolution shall be effective only after the obtainment of approval of the concerned local authorities as defined herein in conformity with the form to which the company was transferred.

Article277

Amalgamation by merger shall be as follows:

A resolution shall be issued by the amalgamated concern calling for its dissolution.

Net assets of the amalgamated concern shall be evaluated according to the provisions concerning evaluation of the corporeal shares contained herein.

The mother company shall issue a resolution increasing its capital in accordance with the evaluation of the amalgamated concern.

The increase in the capital shall be distributed among the partners in the amalgamated concern pro rata to their shares.

In the event of the shares being represented by stocks and provided that two years have elapsed since the date of incorporation of the mother company, the said stocks may be negotiated upon their issue.

Article278

Amalgamation by consolidation shall be effected by resolutions issued respectively by each of the concerns in question calling for dissolution and thereafter new company is established in accordance with the provisions stipulated herein. If the new company is a joint-stock company, the experts' report on the evaluation of the corporeal shares shall suffice without need for reference to the Statutory Assembly.

Article279

Each amalgamated company shall be given a number of shares equal to its share in the capital of the new company. Such shares shall be distributed on the partners of each amalgamated company according to its percentage of their shares.

Article280

The resolution of amalgamation shall be executed three months after the date of recording it in the commercial register . During the said period the company creditors shall have the right to object the merging with a registered letter . Merge shall remain suspended unless the creditor gave up his objection or the court refused it with final judgment or the company pays the debt if it is due or by presenting guarantees suffice paying it if it is deferred.

If no one objected during the said period the merge shall be considered final and the merging or the new company shall replace the merged companies concerning all rights and obligations.

Article281

The company shall be dissolved for one of the following reasons:

Expiry of the term fixed in the memorandum or the Articles of association unless renewed according to the rules mentioned in the company memorandum or Articles of association.

Depreciation of all or most of capitals of the company so that it becomes difficult to invest the rest seriously.

Amalgamation

The partners agreed on terminating its term unless the company contract provided that a certain majority shall suffice.

Article282

The court may dissolve any of the general partnerships, simple limited partnerships or joint-ventures at the request of the partner therein if reasonable causes justified the same. Any stipulation depriving partner from exercising such right shall be null and void.

If the reasons justifying dissolution are attributed to actions by a partner, the court may order his dismissal from the company, and in this case the company shall remain valid between the remaining partners. The partner's share shall be set aside when estimated in accordance with the recent stocktaking or any other method decided by the court.

The court may also order the dissolution of the company at the request of a partner in the event of failure on the part of the other partner to fulfill his undertakings.

Article283

In addition to the provisions ofArticle281 above, General partnerships, simple limited partnerships or joint-ventures shall dissolve in any of the following events:

Withdrawal of a partner, if the company is composed of two partners, provided that if such withdrawal was made in mala fides or at an inappropriate timing, judgment may be made for the partner to maintain the company in addition to indemnity, if necessary.

Except for good reasons sustained by the court, a partner may not request withdrawal from a company of limited period.

Death of a partner or the issuance of a judgment of sequestration, bankruptcy or insolvency against him. The Memorandum of Association may, however, include a provision for the validity of the company with the heirs of the deceased partner, even such heirs were minors. In the event of the death of a joint-partner and the successor being a minor, the latter shall be deemed a silent partner to his lot in his legator's share. In the latter case the existence of the company shall depend on a court-order to maintain the minor assets in the company.

Article 284

If, in the Memorandum of Association of general partnership, simple limited partnership or joint venture, there is no provision for the maintenance thereof in the event of withdrawal or death of a partner, judgment of sequestration, bankruptcy or insolvency against him, the partners may, within sixty days from the occurrence of any of the above events, unanimously resolve to maintain the company by themselves. Such agreement may not, however, invoked against third parties except after it is entered in the Register of Commerce.

In all cases where the company is maintained by the remaining partners, the share of the withdrawing partner shall be estimated on the basis of the recent stocktaking unless, in the company Memorandum, any other evaluation method is provided for.

Neither the said partner not his successors shall have any portion of the accrued entitlements of the company except if same entitlements arise from transactions carried out prior to his withdrawal from the company.

Article 285

If a joint-stock company sustains loss amounting to one half of the capital the Board of Directors shall convene an Extra-Ordinary General Meeting and resolve whether the company shall be maintained or dissolved before the term fixed in its Articles of Association. Should the board fail to invite the Extra-ordinary General Meeting of it was impractical for the General Assembly to adopt a resolution on the matter in question, any interested party may file an action demanding dissolution of the company.

Article 286

Unless otherwise provided for in the company Articles of Association, a partnership limited by shares shall dissolve upon withdrawal or death of a joint partner who is entrusted with the management of the company or upon a judgment of sequestration or bankruptcy or insolvency against him. If nothing in the company Articles provided therefor, the Extra-Ordinary General Meeting may resolve to maintain the company. Established procedures concerning amendment of the Articles shall apply in this case.

Article 287

Should all joint partners in a partnership limited by shares be involved in the retirement, death, sequestration, bankruptcy or insolvency, the company shall be dissolved, unless its Articles of Association provide for its another kind of company.

Article 288

A limited liability company shall not dissolve upon withdrawal or death of partner or a judgment of sequestration, bankruptcy or insolvency against him unless otherwise stipulated in the Memorandum of Association.

Article 289

If a limited liability company sustains loss amounting to one half of the capital, the Directors shall refer dissolution of the company to the General Assembly. It is a requirement that a valid resolution for dissolution be adopted by the same majority required for the amendment of the company Memorandum of Association.

If the loss amount to three quarters of the capital, partners holding one quarter of the capital may request its dissolution.

Article 290

To the exception of joint-ventures, proclamation of the dissolution of a company shall, in all cases, be made by inserting same both in the Register of Commerce and publication, & in two local Arabic dailies. Dissolution of a company may be invoked against third parties only from the date of its proclamation. The company Directors or the Chairman of the Board of Directors, as the case may, shall pursue the execution of the above procedure.

Article 291

Upon the dissolution of the company, the powers of either the Directors or the board of Director shall cease. They shall, however, continue to assume the company management, and with regard to other, they shall be deemed liquidators until a liquidator is appointed. Throughout the period of liquidation, the company structures shall remain valid and their functions shall be restricted to liquidation-affairs that do not fall within the liquidator's powers.

Article 293

For the liquidation of the company, provisions of Articles hereunder shall be complied with, unless a method for liquidation is provided for in the company Memorandum or Articles of Association, or an agreement between the partner is reached upon dissolution.

Article 294

Liquidation shall be carried out by one or more liquidators appointed by the partners, or by the General Assembly with the normal majority whereby the company resolutions are being issued.

If liquidation is effected under a court decree, the court shall define the method of a liquidation and appoint the liquidator. In all cases, functions of liquidator shall not end as a result of death of the partners or their bankruptcy, insolence or sequestration, even if he was appointed thereby.

Article 295

The liquidator shall effect entry in the Register of Commerce of the resolution vide which he was appointed and the partners agreement or the General Meeting resolution concerning the method of liquidation, or else the court-order related thereto.

Appointment of the liquidator, or the method of liquidation, shall not invoke against third parties, except after the date of entry in the Register of Commerce.

The liquidator's remuneration shall be fixed in his letter of appointment, otherwise it shall be fixed by the court.

Article 296

Upon his appointment, and in coordination with the Directors or the Chairman of the Board or Directors, the liquidator shall carry out a stocktaking of the company assets and obligations. The abovementioned administrators shall provide the liquidator with their accounts, and deliver to him the company assets, books and documents.

Article 297

The liquidator shall prepare a detailed list of the company assets and entitlements and a balance-sheet on which the directors of the company or the chairman of its board or directors shall sign along with him. The liquidator shall maintain a register for the liquidation process.

Article 298

The liquidator shall take all necessary actions to ensure the safeguarding of the company interests and rights, and shall, without delay, collect from others amount due thereto and shall deposit amounts collected thereby in bank for the account of the company under liquidation.

Unless it is a liquidation-requirement, he may not demand the partners to pay the remainder of their respective shares, provided they are treated equally.

Article 299

The liquidator shall assume all functions required for liquidation purposes, particularly to represent the company before courts, settle the company debts and sell its movable or immovable properties either by auction or in any another manner, unless a certain sale-procedure is fixed in the liquidator's appointment-instrument. Except by the consent of the partners or the ordinary general meetings, the liquidator, shall not be allowed to sell the company assets as one lot.

Article 300

Unless it is a necessity for the completion of previous transactions, it is not permissible for the liquidator to carry out new transactions. The liquidator shall be liable to the extent of all his assets, and in the even of more than one liquidator, all the liquidators shall be jointly liable with regard to what they perform of new transactions not required for liquidation purposes.

Article 301

Upon the dissolution of a company, the terms of all its debts shall lapse. the liquidator shall notify all creditors, by registered mail, of the commencement of liquidation and shall invite them to submit their demands. Notice to this effect may be made by publication in two local Arabic dailies in the event of unknown creditors or if their places of residence are unknown. In all cases, the notice of liquidation shall grant the creditors a grace period of al least forty five days from the date of such notice for submittal of their demands.

Article 302

If the company assets fall short of settlement of all the debts, the liquidator shall effect the settlement pro rata to such debts without prejudice to the rights of preferred creditors . Debts arising from the liquidation process self-name shall, with preference against other debts, be paid from the company funds.

Article 303

Should any creditor fail to submit his demand, his debt shall be deposited in the court treasury. Sufficient funds shall also be deposited for the settlement of debts in dispute, unless the creditors concerned had obtained sufficient guarantees, or it was decided to delay distribution of the company monies until dispute with regard to the said debts was settled.

Article 304

Should there be more than one liquidator, their actions shall be valid only by their unanimous approval, unless otherwise provided for in their appointment instrument. This requirement shall not invoke against third parties except after it is entered in the Register of Commerce.

Article 305

The liquidator shall complete his assignment within the period prescribed therefor in his appointment instrument, and if such period is not fixed therein, each partner shall have the right to ask the court to fix the liquidation period.

Said period may not extend except by resolution of the partners or the General Assembly, as the case may be, following inspection of the liquidator's report, in which causes delaying the completion of the liquidation in due time are defined. Should such period have been fixed by the court, it may not be extended except by order of the court.

Article 306

The liquidator shall provide the partners or the General Assembly with a provisional account on the liquidation-affairs every six months. He shall also provide the partner with any information or data they request with regard to the liquidation affairs.

Article 307

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Article 308

Company assets arising from the liquidation shall, after company debts are deducted therefrom, be distributed among the partners. Each partner shall receive an amount equal to the value of the share he contributed to the capital.

The remaining company assets shall be distributed among the partners pro rata to their respective shares in the profit.

Article 309

If the net assets of the company do not suffice for the payment of all the shares of the partners, the loss shall be distributed among them at the rate fixed for the distribution of loss.

Article 310

Upon completion of the liquidation assignment , the liquidator shall submit to the partners or the General Assembly a final account of the liquidation functions which shall cease upon the approval of same final account.

The liquidator shall enter the completion of the liquidation assignment in the Register of Commerce. Completion of the liquidation shall be invoked against third parties only from the date of its entry in the Register of commerce which the liquidator shall cause deletion of the company's entry from the Register of after Commerce.

Article 311

The liquidator shall be liable for the company if he, during the period of liquidation, had adversely conducted its affairs. He shall also be liable for indemnity with respect to damages sustained as a result of hid defaults by third parties.

Article 312

Removal of the liquidator shall be in the same manner whereby he was appointed, and any resolution or decree for his removal must appoint a

substitute. Removal of the liquidator shall be entered in the Register of Commerce and may not be invoked against third parties except from the fate of registration of the same

Article 313

Without prejudice to the special agreement entered into between the Federal Government or a local Government on the one hand, and certain companies on the other, the provisions hereof, to the exception of the provisions concerning the incorporation of companies, shall apply to foreign companies that practise their main activities in the State or have their administrative centers therein.

Article 314

Except for foreign companies operating under special licences within duty-free areas in the State, foreign companies shall not practice their main activities or establish offices or branches thereof in the State until permit to this effect be obtained from the Ministry after prior approval of the Concerned Authority had been obtained. The issued permit shall specify the activity which a company is authorized to carry out. Such permit shall be issued if the company engages an agent to be a natural person holding the state nationality or a company fully owned by natural citizens, and whose entire partners be nationals too.

The Agent's responsibilities towards the company and third parties shall be limited to rendering necessary services to the company without his h\bearing any financial liabilities or obligations related to the company or its branches and offices inside and outside the State.

Foreign Companies licensed to operate within the state, under the preceding para, shall not start their business except after registration at the Ministry in the Foreign Companies Commercial Register. Entries in the said Commercial Register as well as control of same Foreign Companies' accounts & balance-sheets shall be regularized vide a ministerial decision to be issued in this respect.

The Foreign Company's officer or branches shall be governed by the laws applied within the State.

Article 315

A foreign company or its offices or branches referred to in the preceding Article shall not commence their activities in the State except after entry in the Register of commerce.

They shall have a separate balance-sheet, a separate profit a-and loss account and shall appoint auditors.

Article 316

If a foreign company or its office or branch assume activities in the State before effecting the procedures defined in the preceding Article, the persons who assumed such activity shall be severally and jointly liable therefor.

Article 317

In the event of denial or lack of lawful excuse after the lapse five years, claims against the liquidator arising from the liquidation functions and claims against the company managers, Directors, Supervisory Boards or the auditors shall be inadmissible, unless a shorter period is prescribed by the law.

The duration of the above period shall be calculated from the date of proclamation of the liquidation for the first event and from the date of removal justifying liability in the second.

Article318

In coordination with the local authority concerned, the Ministry may monitor joint-stock companies and "partnerships limited with shares: company Articles of Association. The Ministry and the authority concerned, severally and jointly , at whichever time, may further inspect the company through one or more inspectors_ and examine its managers as they may deem fit.

The Ministry or the concerned authority may also demand the dissolution of the company if it is incorporated or if it is law. The concerned Civil Court shall have jurisdiction with regard to said demand.

Article 319

Partners who own at least one quarter of the capital in joint-stock companies may request the ministry to inspect the company with regard to significant defaults attributed to the Directors or the Auditors in the course of their duties as prescribed in this law or in the company Articles of Association,

provided that causes in support of the occurrence of such defaults are provided.

The application must include evidence showing the applicants, seriousness to take such measures and that their application was not submitted for mischievous or defamatory purposes.

The application submitted by the partners must be accompanied by the shares owned thereby and such shares shall remain in custody until final judgment is given . After consultation with the Concerned Authority and hearing the applicants, the directors and the auditors in a private session, the Ministry may resolve to inspect the company and its books and delegate one or more experts for this purpose at the expense of the inspection applicants.

Article 320

The Directors and employees must allow the inspectors access to all the books, documents and papers of the company as may be requested thereby and offer the necessary information and explanations thereto.

Article 321

If proven to the Ministry that what was attributed by the inspection applicants to the Directors or Auditors was incorrect, it may cause publication of the result of inspection in the local Arabic dailies and instruct the inspection applicants to pay the expenses without prejudice to their liabilities with regard to indemnity, if any. If proven to the Ministry and the Concerned Authority that what was attributed to the Directors or the Auditors was correct, the ministry shall, after consultations with the Concerned Authority , take urgent measures and convene a General Meeting instantly. In this event the Meeting shall be presided over by a Ministry representative named by the Minister, who holds as a minimum, the position of an Assistant Undersecretary.

The General Meeting may remove the Directors and institute liability action against them . Its resolution shall be valid if adopted by partner holding one half of the capital after the share of the Director whose removal is under consideration was deducted from the capital. It may also demand the replacement of the Auditors and the institution of a liability action against them.

Article 322

Without prejudice to a more severe punishment prescribed in any other law, he shall be imprisoned for a minimum period of three months and a maximum of two years and fined a minimum of ten thousand Dirhams and a maximum of one hundred thousand Dirhams and a maximum of one hundred thousand Dirhams or by either penalty:

Any one who willfully enters false information or details inconsistent with the provisions of this law in the company memorandum or Articles of Association or in any other company documents and so too shall be any one who knowingly signs or distributes any such documents.

Every founder or manager who invites the public for subscription in the stocks or shares of a limited liability company, and so too shall be any one who offers such documents to the account of the company.

Any one, who in mala fides, evaluates corporeal shares submitted by the partners for more than their actual value.

Any manager or director who distributes dividends or interests to the partners in a manner inconsistent with the provisions of this law or with the company Memorandum or Articles of Association and any Auditor who, while knowing their inconsistency, had approved such distribution.

Any manager, director or liquidator who willfully enters false information in the balance sheet or the profit - and - loss account or who willfully omits substantial facts from such documents with the intent to conceal the actual financial position of the company.

Any auditor who deliberately makes a false report on the result of his auditing or who willfully conceals substantial fact in such report.

Any manger, director , member of the supervisory board, consultant, expert or auditor or an assistant or employee thereof and any inspector which divulges the company secrets which he and any inspector who divulges the company secrets which he obtains ex officio or utilizes the same for a personal interest or to the benefit of any third parties.

Any officer appointed by the Ministry or the Concerned Authority to inspect a company who willfully enters in his report on the inspection process false incidents or willfully omits to enter in such reports substantial facts that may affect the result of the inspection.

Article 323

Without prejudice to a more severe punishment prescribed in any other law, he shall be punished with a fine of not less that ten thousand Dirhams and not more than one hundred thousand Dirhams:

Any one who disposes of stocks inconsistently with the provisions established by this law.

Any one who issues shares, subscription receipts, temporary certificates or stocks or who offers the same for circulation inconsistently with the provisions of this law.

Any one who appoints a director or an auditor in a join-stock company and any one who obtains a security or loan therefrom adversely to the restriction provisions contained herein and so too shall any Chairman of the board of directors of a company wherein any such violation occurs.

Any company who violates the provisions concerning the established portion of the U.A.E nationals in the company capital share or the manager or Chairman of the board of directors therein.

Anyone who purposely obstructs access to the company books and documents by the auditors or the officers delegated by the Ministry or the Ministry or the local authority concerned for inspection of the company, or one who withholds information and explanation required thereby.

Any company who violates the provisions of this law or the resolutions in implementation thereof and any founder , director or chairman of the board therein.

Article 324

Penal liability with regard to the violations prescribed in this Chapter committed by a company shall be addressed against the legal representative of the company.

Article325

This ArticleNo. 325 shall be revoked according to the Federal Law No. 13 of 1988.

Article 326

After coordination with the competent authorities in the Emirates, the Minister shall issue the Executive Regulations necessary for the implementation of this Law.

Article 327

Officers delegated by the Minister or the Concerned Authority, as the case may be, shall have judicial powers in substantiating violations to the provisions of this Law and its implementing decisions. They shall have the right of access to all the company books, registers and documents. The company's in -charge officers shall provide the abovementioned officers with all the information, data and documents they might request for the performance of their assignment.

Article 328

Each term contradicts with the terms of this law shall be cancelled

Article 329

This law shall be published in the Gazette and shall become effective as of the first of January 1985.