Kuwait Companies Law No. 1 of 2016

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Law No. 1 of 2016

Promulgating the Companies Law

Articles of Promulgation

Article One

The provisions of the attached Companies Law shall be applied, and its provisions shall apply to companies incorporated in the State of Kuwait or whose head office is located therein. The rules of commercial custom shall also apply to matters for which no provision is made in this Law or in other commercial laws.

Article Two

The Executive Regulations shall determine the rules and controls for regularising the status of existing companies in accordance with the provisions of the new Law.

Article Three

The Minister of Commerce and Industry shall issue the Executive Regulations of this Law and the decisions necessary for the implementation of its provisions within two months from the date of its publication in the Official Gazette, and the other Regulatory Authorities shall – within the said period – issue the decisions which they are entrusted with issuing in accordance with the provisions of this Law. The Executive Regulations of Decree-Law No. 25 of 2012 and its amendments shall remain in force until the Executive Regulations of this Law come into force.

Article Four

The Companies Decree-Law referred to above, and its amendments, are hereby repealed.

Article Five

The Prime Minister and the Ministers – each within his competence – shall implement this Law, which shall come into force as of 26 November 2012, with the exception of the

provisions of Chapter Two of Part Thirteen, which shall apply from the date of its issuance, and it shall be published in the Official Gazette.

Companies Law

Part One – General Provisions

Definitions

Article 1

For the purposes of applying the provisions of this Law, the following words and expressions shall have the meanings assigned to each of them:
Announcement: announcement in two local daily newspapers published in the Arabic language and on the company's website, if any.
Publication: publication in the Official Gazette (Kuwait Al-Youm).
Registration: registration in the Commercial Register.
Publicity: Registration together with Publication in the Official Gazette.
Authority: the Capital Markets Authority.
Ministry: the Ministry of Commerce and Industry.
Minister: the Minister of Commerce and Industry.
Regulatory Authorities: the Ministry, the Authority and the Central Bank of Kuwait, in respect of the companies subject to any of them, or such other entities as may be determined by law.
Founder: any person who actually participates in the incorporation of a company and signs its contract in person or through his representative, and who contributes to its capital with a cash or in-kind contribution.
Company Contract: the company's memorandum of association, or the memorandum of association and the articles of association, if any.

Article 2

The provisions set out in this Part shall apply to all companies, subject to the special provisions relating to each form of company provided for in this Law.

Article 3

A company shall be incorporated by a contract under which two or more persons undertake that each of them shall contribute to a profit-seeking enterprise by providing a contribution of money or work, in order to share whatever profit or loss arises from that enterprise.

A company may, in the cases provided for by law, be incorporated by the unilateral act of will of a single person.
Non-profit companies may also be incorporated under a contract or statute setting out the rights and obligations of the partners and other conditions. The transfer of the partners' shares in such companies shall be subject to redemption by the partners in accordance with the special conditions regulated by the Company Contract, in addition to the conditions laid down in this Law. The company may not issue negotiable bonds or sukuk, nor may it receive donations. The company may adopt a special name, which shall be derived from its objects, and its firm name may include the name of one or more partners. The Executive Regulations shall regulate the provisions governing such companies and the model memorandum of association thereof, provided that the company adopts one of the forms provided for in Article (4) of this Law, as appropriate to its nature, and provided that it does not adopt the form of a public shareholding company.
A non-profit company may not be converted into a profit-making company. In the event of liquidation, all the assets of the company shall, after settlement of its obligations, pass to one of the charitable societies or charitable foundations registered in the State of Kuwait, by resolution of the Extraordinary General Meeting.
* The last paragraph was added by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 4

A company shall take one of the following forms:
1- General partnership.
2- Limited partnership.
3- Partnership limited by shares.
4- Joint venture.
5- Shareholding company.
6- Limited liability company.
7- Single person company.
Where an agreement does not take one of the forms referred to in the preceding paragraph, the persons who concluded it shall be personally and jointly liable for the obligations arising therefrom.

Article 5

The Ministry shall notify the Founders of the incorporation of the company within three working days of the completion of the documents and procedures in accordance with the provisions of this Law and its Executive Regulations.
The Executive Regulations shall regulate the procedures for incorporating a company or amending its contract, issuing the licences required to carry on its activity, and any other procedures or approvals falling within the competence of more than one entity, in a manner ensuring that all such procedures are completed through a special department at the Ministry comprising representatives of the relevant government entities.

Article 6

The approval of the Central Bank of Kuwait or the Authority, as the case may be, shall be obtained for the incorporation of companies subject to the supervision of either of them and for the approval of their Company Contract.

Article 7

With the exception of a joint venture, the Company Contract shall be drawn up in an authenticated official instrument; otherwise it shall be null and void.
The partners may invoke, as between themselves, the nullity arising from the failure to draw up the contract in the manner set out in the preceding paragraph, but they may not invoke such nullity against third parties, who may invoke the nullity against them. Where the Company Contract is adjudged null and void at the request of a third party, the company shall be deemed never to have existed in relation to that third party; whereas, where the contract is adjudged null and void at the request of one of the partners, the nullity shall have effect in relation to that partner only from the date on which the action was filed.

Article 8

The Founders of the company or its partners, as the case may be, shall be jointly liable to compensate for the damage sustained by the company, the partners or third parties by reason of the nullity of the Company Contract.

Article 9

With the exception of a joint venture, the Company Contract and any amendments made thereto shall be subject to Publicity in accordance with the provisions of this Law. If the contract is not so publicised, it shall not be effective against third parties. If the failure of

Publicity is limited to one or more of the particulars required to be publicised, those particulars alone shall not be effective against third parties. Nevertheless, third parties acting in good faith may rely on the existence of the company or on the amendments made to its contract, even if the Publicity procedures have not been completed.
The managers of the company or the members of its Board of Directors shall be jointly liable to compensate for the damage sustained by the company, the partners or third parties acting in good faith by reason of the failure of Publicity.

Article 10

The Company Contract of a shareholding company of either type shall comprise the memorandum of association and the articles of association. Other companies, with the exception of a joint venture, shall have a memorandum of association, and the partners may lay down articles of association for them. The articles of association of the company, where they exist, shall be deemed part of the Company Contract.
The Executive Regulations shall set out the model memorandum of association and articles of association for the companies provided for in this Law. Such model shall include the particulars and conditions required by the Law and the Executive Regulations, as well as the conditions to which the partners and Founders may not agree otherwise. The partners may add such conditions as they deem fit, provided that they do not conflict with the mandatory provisions of the Law and its Executive Regulations.

Article 11

Where the capital of the company, upon its incorporation or upon an increase of its capital, includes in-kind contributions, such contributions shall be valued by one of the Audit Offices accredited by the Authority, and the Executive Regulations shall determine the bases and controls for valuing in-kind contributions. The valuation of a contribution shall not be final until it has been approved by the partners, the Constituent General Meeting or the General Meeting, as the case may be, and the providers of in-kind contributions shall have no right to vote on the approval of the valuation, even if they are holders of cash shares or interests.
If it becomes apparent that the valuation of the in-kind contributions falls short by more than one-tenth of the value for which they were provided, the company shall reduce its capital by an amount equal to such shortfall, and the provider of the in-kind contribution may pay the difference in cash, or may withdraw from the subscription by way of the in-kind contribution.
In all cases, in-kind contributions may only represent fully paid shares or interests.

Article 12

A company may not have the name of any other company, or a similar name, if that name belongs to a company carrying on the same activity, unless the name belongs to a company in liquidation which consents to such naming.

A company claiming that another company has adopted its name or a name similar thereto may request the Ministry to require that company to change such name. The Ministry shall decide on such request within 60 days of the date of its submission; otherwise, the request shall be deemed rejected.

The Executive Regulations shall set out the conditions to be met by the request and the documents to be attached thereto.

Article 13

A company may change its name by following the procedures required for amending the Company Contract, and the Publicity procedures shall be completed for the new name.

A change of the company's name shall not affect its rights or obligations, or the legal proceedings taken by it or against it.

Article 14

A company shall have one or more specified objects and shall abide by the objects set out in its contract; nevertheless, the company may carry on business that is similar, complementary, necessary or related to its objects.

A company may amend its objects even if this results in a change of its activity, provided that it follows the procedures for amending the Company Contract in accordance with the law.

Special purpose companies may be incorporated to issue sukuk or for other securitisation transactions, or for any other purpose, and the Executive Regulations shall set out the controls and provisions in this regard.

Article 15

Without prejudice to the provisions of the aforementioned Law No. (7) of 2010 concerning persons licensed to operate in accordance with the provisions of Islamic Sharia, companies carrying on their objects in accordance with the provisions of Islamic Sharia shall abide by the provisions of Islamic Sharia in the transactions they conduct, and shall form an independent Sharia supervisory body to oversee the company's business, consisting of not fewer than three members appointed by the partners' meeting. The Company Contract shall provide for the existence of such body, the manner of its formation, its competencies and the manner in

which it carries out its work. In the event of a disagreement between the members of the Sharia supervisory body regarding a Sharia ruling, the company may refer the disagreement to the Fatwa and Legislation Board at the Ministry of Awqaf and Islamic Affairs, which shall be the final authority in this regard.
The Sharia supervisory body shall submit an annual report to the General Meeting of the company or the partners' meeting, containing its opinion on the extent to which the company's business complies with the provisions of Islamic Sharia and any observations it may have, and such report shall be included in the company's annual report.
In all cases, where a transaction falls within the company's objects and is in accordance with Sharia-compliant contract forms, the provisions of Articles (508, 992 and 1041) of the Civil Law and Article (237) of the Commercial Law shall not apply thereto.

Article 16

A company shall be incorporated for the term which the Founders agree to specify in the Company Contract, and such term may be extended before its expiry by a resolution of the General Meeting of the partners or shareholders holding more than half of the shares or interests in the capital.
If no extension resolution is issued and the company continues to carry on its activity, the term of the company shall be automatically extended each time for a period equal to the term agreed in the contract and on the same conditions. A partner who does not wish to remain in the company after the expiry of its term may withdraw from it, in which case his rights shall be valued in accordance with the first paragraph of Article (11) of this Law.

Article 17

A partner's contribution may be a specified sum of money, an in-kind contribution or work serving the company's objects; a partner's contribution may not be limited to his reputation, influence or financial credit. Cash and in-kind contributions alone shall constitute the capital of the company.
The partners' contributions shall be deemed to be of equal value and to relate to the ownership of the property, not merely to its usufruct, unless there is an agreement or custom to the contrary.

Article 18

All partners shall share the profits or losses in proportion to their shares in the capital in accordance with the following rules:

1- If the Company Contract does not specify the share of each partner in the profits or losses, the share of each of them therein shall be in proportion to his share in the capital.
2- If the Company Contract contains a condition depriving one of the partners of the profits of the company or exempting him from liability for its losses, such condition shall be void and the contract shall remain valid.
3- If the Company Contract merely specifies a partner's share in the profit, his share in the loss shall be equal to his share in the profit, and the same shall apply if the contract merely specifies the partner's share in the loss.
Any condition entitling a partner to receive fixed interest on his share in the company shall be void.

Article 19

If a partner's contribution is limited to his work and the Company Contract does not specify his share in the profit or loss, he may request a valuation of his work, and such valuation shall be the basis for determining his share in the profit or loss in accordance with the foregoing rules.
Nevertheless, it may be agreed to exempt a partner who has contributed nothing but his work from sharing in the loss, provided that no remuneration has been fixed for him for such work.
If, in addition to his work, a partner provides a cash or in-kind contribution, he shall have a share in the profit or loss in respect of his contribution in work and in respect of his cash or in-kind contribution.

Article 20

Fictitious profits may not be distributed; otherwise, the creditors of the company may claim from every partner and every person who has benefited the return of what he has received thereof, even if he acted in good faith. The manager of the company or the Board of Directors that recommended the distribution of the fictitious profits shall be jointly liable for the return of such profits.
A partner shall not be obliged to return genuine profits received by him, even if the company suffers losses in subsequent years.

Article 21

The company shall be bound by the acts and transactions carried out by its manager or Board of Directors in its name and for its account, if they fall within the company's objects, even if they exceed the restrictions imposed on the authority of the manager or the Board of

Directors in the Company Contract, unless the company proves that the person with whom the transaction was made knew, or was in a position to know, of such restrictions at the time the act or transaction was carried out.
The company may not plead, against third parties acting in good faith, that it is not liable for the acts or transactions referred to in the preceding paragraph on the ground that the manager or the Board of Directors was appointed in breach of the provisions of the law or the Company Contract, unless the company proves that the person with whom the transaction was made knew, or was in a position to know, of such breach at the time the act or transaction was carried out.
The manager of the company and its Board of Directors shall exercise the care of a prudent person in exercising their powers and competencies.

Article 22

All correspondence, receipts and other papers issued by the company shall bear its name, a statement of its form and its registration number in the Commercial Register. In companies other than a general partnership, a limited partnership and a partnership limited by shares, a statement of the amount of the company's capital and the amount paid thereof shall be added to these particulars.
If the company is in liquidation, this shall be stated in the papers issued by it.
The legal representative of the company who contravenes the provision of this Article shall be jointly liable with the company for any damage sustained by third parties acting in good faith as a result of such contravention, if it is established that the company's assets are insufficient to compensate them for the damage sustained by reason of such contravention.

Article 23

With the exception of a joint venture, a company shall have legal personality from the date of Registration. Every company incorporated in the State of Kuwait shall be of Kuwaiti nationality and shall have a domicile in the State, the particulars of which shall be recorded in the Commercial Register. Such domicile shall be the one relied upon for directing correspondence and judicial notifications to the company, and no change of such domicile shall be recognised unless it has been registered in the Register.

Article 24

A company may not carry on its activity until after Publicity and the obtaining of the licences required to carry on the activity.

Article 25

Contracts and transactions concluded by the Founders in the name of the company under incorporation shall be effective against the company after its incorporation, provided that they were necessary for such incorporation, and the company shall bear all the expenses they have incurred.

Article 26

No transaction made between the company under incorporation and its Founders shall be effective against the company after its incorporation, unless such transaction is approved by the Constituent General Meeting of the company at a meeting in which the interested Founders have no votes counted, unless the transaction was made by all the partners.
In all cases, the interested Founder shall submit a report on the particulars and information relating to such transaction at the company's head office seven days before the Meeting is convened; any shareholder shall have the right to inspect it, and reference thereto shall be made in the invitation to the Meeting.

Article 27

Without prejudice to the rules of criminal liability, a Founder shall, during the incorporation stage of the company, exercise the care of a prudent person in his dealings conducted in the name and for the account of the company during that stage, and the Founders shall be jointly liable for any obligations or damage that may be sustained by the company or third parties as a result of their acts or as a result of any breach of this obligation.
If a Founder receives any funds or information belonging to the company under incorporation, he shall return such funds to the company, together with any profits he may have obtained as a result of his use of such funds or information. The Founders shall be jointly liable for what they have undertaken.

Article 28

In all companies, actions brought by the creditors of the company against its partners shall not be heard, upon denial, after the lapse of five years from the dissolution of the company or, in respect of actions directed against a partner, from that partner's exit from the company.
If the debt became established against the company while the partner was in it and fell due after his exit from it, the period in this case shall commence from the due date.
Subject to the provision of the preceding paragraph, the period after which the action shall

not be heard shall run from the date of completion of Publicity in all cases where Publicity is required.

Article 29

If the Company Contract is adjudged null and void, the company shall be deemed a de facto company, and the terms of the contract shall be followed in its liquidation and in settling the rights of the partners among themselves. The nullity of the Company Contract shall not entail the nullity of the company's transactions during the period preceding the date on which a final judgment of nullity is issued, unless such transactions are void for another reason.

Article 30

The Founders, shareholders or partners may, in the period before or after incorporation, conclude an agreement regulating the relationship among them. Such agreement may not contain a condition exempting the Founders, or any of them, from liability arising from the incorporation of the company, nor may it contain any other conditions stipulated to apply to the company unless such conditions are approved by the competent body in the company. The shareholders' agreement shall be binding on its parties, and in the event of its breach the parties to the agreement may apply to the Judge of Summary Matters for an order on petition neutralising the shares or interests subject to the agreement from voting for a period determined by the issuing judge, or until the subject matter of the dispute is decided by the competent court, unless otherwise agreed.
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 31

The Company Contract shall be kept at the company's head office and on the company's website, if any, and any person may obtain a true copy of such contract against an appropriate fee determined by the company.

Article 32

Any interested party may inspect, at the Ministry, the Company Contract, the minutes of the meetings of its General Meetings and other information and documents kept by the Ministry concerning the company, and may obtain a true copy thereof against a fee determined by the Ministry.

Part Two – General Partnership

Chapter One – Preliminary Provisions

Article 33

A general partnership is a company formed between two or more persons and operating under a specific firm name, in which the partners are personally and jointly liable for the obligations of the company to the extent of all their assets. Any agreement to the contrary shall be void.

Article 34

Every partner in a general partnership shall acquire the capacity of a merchant and shall be deemed to be carrying on commercial business under the firm name of the company. The bankruptcy of the company shall entail the bankruptcy of all its partners. Nevertheless, the partner's acquisition of the capacity of a merchant shall not render him bound by the duties of merchants, unless he has other commercial business requiring this.

Article 35

The firm name of the company shall consist of the names of all the partners, or of the name of one or more of them with the addition of the words ("and Partner(s)" or "and their Partners"). The firm name shall be consistent with the existing composition of the company and true to reality, and shall be followed by the words ("General Partnership").
The firm name of the company may not include the name of a person who is not a partner therein. If it includes the name of a non-partner with his knowledge, he shall be personally and jointly liable with the partners for the obligations of the company towards third parties acting in good faith.
Without prejudice to the provision of the preceding paragraph, the company may retain in its firm name the name of a partner who has withdrawn from it or died, if the withdrawing partner or the heirs of the deceased partner so consent.

Article 36

A general partnership may not borrow by issuing bonds, or obtain financing by issuing sukuk, by way of public subscription.

Article 37

The capital of the company shall be sufficient to achieve its objects. The Executive Regulations shall specify the minimum capital of the company, and the capital shall be divided into indivisible shares of equal value.

Chapter Two – Conditions of Incorporation

Article 38

The contract of a general partnership shall include the following particulars:
1- The firm name of the company and its trade name, if any.
2- The head office of the company.
3- The objects of incorporating the company.
4- The term of the company, if any.
5- The names and surnames of the partners and the place of residence of each of them.
6- The manner of managing the company, the persons responsible for management and their powers.
7- The amount of the company's capital, the share of each partner therein, and a statement of the in-kind contributions provided, their nature and the value at which they were valued. The ownership percentage of Kuwaitis in the company shall not be less than 51% of the capital.
8- The provisions governing the distribution of profits and losses among the partners.
9- The financial year of the company.
10- The provisions governing the liquidation of the company and the division of its assets.
The partners may add other particulars.

Chapter Three – Partners' Shares

Article 39

The shares of the partners in a general partnership may not be in the form of negotiable securities.

Article 40

A partner may assign his share in the company to the other partners, but may not assign his share to persons other than the partners in the company unless the Company Contract provides otherwise. Such assignment shall not be effective against third parties unless all Registration procedures have been completed.

Article 41

A partner may assign the financial rights attached to his share in the company, and the provisions on assignment of rights shall apply to such assignment.

Article 42

A partner may pledge his share in the company. The pledge shall be concluded in writing, and shall not be effective against the company and third parties except from the date of Registration of the pledge in the Commercial Register.

Article 43

The creditors of a partner under a personal debt may not attach the assets of the company, but may attach the share of their debtor.

If a creditor of a partner initiates execution proceedings against the share of his debtor, he may agree with the debtor and the company on the method and terms of sale, in which case the shares shall be assigned in accordance with the provisions set out in Article (40) of this Law.

If no agreement is reached on the method of sale within fifteen days of the date of the attachment, the share shall be offered for sale at public auction in accordance with the procedures prescribed in the Civil and Commercial Procedures Law, and the reserve price shall be determined after valuing the share in accordance with the first paragraph of Article (11) of this Law. With the exception of the partner whose shares have been attached, the Judge of Sales shall grant the partners three days to raise their objection to the admission to the company of the person who submitted the best bid; if none of the partners raises an objection within the said period, the judgment awarding the auction shall be issued, and the Company Contract shall be amended on the basis of the judgment awarding the auction. Such amendment shall not be effective against third parties unless all Registration procedures have been completed. The company or any of the partners may, at any time before the judgment awarding the auction is issued, discharge the partner's debt to the attaching creditor, and the company may, within the said period, redeem, for the benefit of the partners or some of them, such portion of the attached shares as is sufficient to discharge the creditor's debt.

In the event that any of the partners objects to the admission to the company of the person to whom the auction was awarded, and the company or the partners have not discharged the debt of the attaching creditor or redeemed the shares in accordance with the provisions of the preceding paragraph, the Judge of Sales shall issue a judgment dissolving and liquidating the

company and appointing a liquidator. The judgment issued in this regard shall be subject to appeal in accordance with the law.

Chapter Four – Rights and Responsibilities of the Management

Article 44

The company shall be managed by one or more managers from among the partners, and the Company Contract shall specify the manner of the manager's appointment and removal and the limits of his management authority.
If there are several managers and the Company Contract does not provide for a specific rule, decisions shall be taken by an absolute majority of them; in the event of a tie, the managers shall refer the matter to the partners for decision, and its approval shall be by a majority of the partners.

Article 45

If no manager is appointed for the company and the Company Contract does not stipulate that the company shall be managed by the partners jointly, each partner shall have the power of management, and any partner shall have the right to object to any act to be carried out by another partner before its execution, in which case the matter shall be referred to the partners for decision, and its approval shall be by a majority of the partners.

Article 46

The manager may not carry out acts exceeding ordinary management except with the approval of all the partners or by an express provision in the Company Contract. This prohibition shall apply in particular to the following acts:
1. Donations.
2. Selling the real property of the company, unless disposal thereof falls within the objects of the company.
3. Pledging the assets of the company.
4. Selling or pledging the company's commercial establishment.
5. Borrowing.
6. Guaranteeing the debts of third parties.
7. Arbitration by way of amiable composition.
8. Settlement and release.

Article 47

Partners who are not managers may not interfere in the acts of management; nevertheless, they shall have the right to inspect, at the head office of the company, in person or through an agent, the books and documents of the company and to obtain photocopies thereof, as well as to obtain a summary statement of the financial position of the company. Any agreement to the contrary shall be void.

Every partner shall have the right to request from the manager of the company any information relating to the conduct of the company's business, the contracts and transactions concluded with it, or its financial position, and the manager of the company shall respond with such information within a maximum period of fifteen days from the date of the company's receipt of such request.

Article 48

Neither the manager of the company nor any of its partners may contract with the company for his own account or for the account of third parties, or carry on an activity of the same kind as the activity of the company, except with the prior permission of all the partners, issued in each case separately.

Article 49

The manager shall be liable for the damage sustained by the company, the partners or third parties by reason of errors of management committed by him or by reason of his carrying out acts contrary to the provisions of the law or the Company Contract, and any condition to the contrary shall be void.

Article 50

The manager of the company may only be removed by the majority required to amend the Company Contract; nevertheless, any manager may be removed by a court judgment at the request of one of the partners if there are reasons justifying the removal. The removal of the manager and the appointment of the new manager shall be subject to Publicity. The removal of a managing partner shall not entail the dissolution of the company, unless the Company Contract provides otherwise.

In all cases, the shares of the manager whose removal is sought shall not be counted in the quorum required for adopting the removal resolution; if the manager's shares amount to half or more of the capital of the company, he may only be removed by a court judgment.

Article 51

The partners' meeting shall be convened at the invitation of the company's manager or at the request of the partners who satisfy the quorum required to adopt the resolution requested to be included on the agenda. The invitation shall be sent at least fifteen days before the date set for the meeting by registered letter with acknowledgement of receipt, and a copy of the invitation shall be sent to the partner by e-mail or by fax according to the details available to the company. The invitation may be delivered by hand two working days before the date set for the meeting, provided that a copy of the invitation is endorsed to indicate receipt. The Ministry shall call for the meeting to be held if the company's manager refrains from holding it.

The meeting shall be valid if attended by the partners who satisfy the quorum required to adopt the resolution, and resolutions shall be adopted by the majority of the partners holding more than half of the capital.

Chapter Five – Amendment of the Company Contract, Liability of the Partners and Rights of Creditors

Article 52

The Company Contract may not be amended except by a resolution of the partners' meeting adopted by the numerical majority of the partners who own three-quarters of the capital, and the amendment shall take effect upon Registration.

A partner who has not approved the amendment of the Contract shall have the right to withdraw from the company, and in this case the company shall value his rights by agreement of the majority of the remaining partners. If he does not accept this, his rights shall be valued in accordance with the first paragraph of Article (11) of this Law.

Article 53

The company's creditors shall have recourse against the company in respect of its assets, and they shall also have recourse against the private assets of any person who was a partner in the company at the time of contracting. All partners shall be jointly liable towards the company's creditors. Execution may not be levied on a partner's private assets before the company has been served notice to pay the debt and fifteen days have elapsed without payment.

If one of the partners pays a debt owed by the company, he may recover what he has paid from the company, or from the remaining partners, each in proportion to his share in the debt.

If one of the partners has personal creditors, the company's creditors shall be entitled to compete with them in recourse against the partner's private assets.

Article 54

If a new partner joins the company, he shall be liable with the remaining partners, with all his assets, for the obligations of the company arising after he joins. If a partner withdraws from the company, assigns his share, or his share is redeemed or sold by compulsory sale, he shall remain liable for the obligations of the company that arose before the date of Registration of his withdrawal, assignment, or the redemption or sale of his share, and he shall not be liable for the obligations of the company arising after that date.

Article 55

Without prejudice to the rights of the company's creditors, a partner may be expelled from a general partnership by a court judgment at the request of one or more other partners owning at least twenty-five per cent of the shares in the capital, and on the basis of reasons justifying the expulsion, provided that the company continues to exist among the remaining partners. Reasons justifying the expulsion shall include acts of the partner that constitute grounds for dissolving the company, or the partner's disposal of all or some of his assets with the intention of harming the remaining partners.
The share of the expelled partner shall be valued in accordance with the first paragraph of Article (11) of this Law.

Part Three – Limited Partnership

Article 56

A limited partnership shall consist of two categories of partners:
1- General partners, who are jointly liable with their assets for all the obligations of the company and who alone undertake its management. All general partners shall be Kuwaiti.
2- Limited partners, who participate in the company's capital with financial shares, none of whom shall be liable for the obligations of the company except to the extent of his share in the capital.

Article 57

Subject to the special provisions contained in this Part, the provisions prescribed for the general partnership shall apply to the incorporation of a limited partnership, its Registration

in the Commercial Register, the minimum capital, the assignment of the partners' shares, the attachment and pledge of the partners' shares, the expulsion of a partner, the amendment of its contract and its management.
The Company Contract of a limited partnership shall include the names of the general partners and limited partners, their nationalities, their domiciles and the amount of each one's share in the capital. The ownership percentage of Kuwaitis shall not be less than fifty-one per cent of the company's capital.

Article 58

The firm name of a limited partnership shall consist of the names of all the general partners, or the name of one or more of them, with the addition of the words ("and Partners" or "and their Partners").
The name of a limited partner may not be mentioned in the firm name of the company; if his name is mentioned without objection from him, he shall be deemed liable as a general partner towards bona fide third parties. In all cases, the firm name of the company shall be followed by the words ("Limited Partnership").

Article 59

The company shall be managed by one or more managers chosen by all the partners from among the general partners or from third parties. A limited partner may not, even on the basis of a delegation or power of attorney, interfere in the acts of management; otherwise he shall become liable with all his assets for the obligations arising from the acts he has actually carried out for the account of the company.
Monitoring the actions of the company's managers, reviewing its books, giving opinions to them, and authorising them to carry out actions exceeding the limits of their powers shall not be deemed interference in the acts of management.

Part Four – Partnership Limited by Shares

Chapter One – Preliminary Provisions

Article 60

A partnership limited by shares is a company consisting of general partners liable for the obligations of the company with all their assets and of shareholder partners who are not liable for the obligations of the company except to the extent of the shares they own in the

capital.
The company shall have a firm name consisting of the name of one or more general partners, or an invented name or a name derived from the objects of the company.
The name of a shareholder partner may not be mentioned in the firm name of the company; if his name is mentioned with his knowledge, he shall be treated as a general partner as regards liability for the obligations of the company towards bona fide third parties.
In all cases, the firm name of the company shall be followed by the words ("Partnership Limited by Shares").

Article 61

The general partner in this company shall be subject to the legal regime to which a partner in a general partnership is subject, and the shareholder partner therein shall be subject to the legal regime to which a shareholder in a closed shareholding company is subject, to the extent that this does not conflict with the provisions of this Part.

Article 62

The company's capital shall be sufficient to achieve its objects. The Executive Regulations shall specify the minimum capital of the company. The capital shall be divided into shares of equal value that are indivisible.
The shares of the general partners shall not be tradable, but they may be assigned, attached and pledged in accordance with the provisions on partners' shares in a general partnership.
Trading, attachment and pledging of the shares of the shareholder partner shall take place in accordance with the provisions on the closed shareholding company.

Chapter Two – Conditions of Incorporation

Article 63

The provisions on the limited partnership shall apply to the partnership limited by shares, subject to the provisions set out in the following Articles.

Article 64

The Company Contract shall include the following particulars:
1- The firm name of the company.
2- Its head office.
3- The term of the company, if any.
4- The objects of the company.

5- The names of the partners, their capacities in the company, their nationalities, their domiciles and the number of shares owned by each of them.
6- The amount of the company's capital, the number of shares into which it is divided and the nominal value of the share.
7- The name of the general partner to whom the management of the company is entrusted.
8- A statement of each non-cash contribution, the name of its contributor, the conditions of its contribution and any rights of pledge and privilege attaching to it, if any.
9- An approximate statement of the amount of the expenses and costs that the company is obliged to pay by reason of its incorporation.
The Company Contract may not include any conditions that would exempt the general partners from liability arising from the nullity of the incorporation.

Article 65

The number of partners in the company shall not be less than five, of whom at least three shall be shareholders. All partners shall sign the Company Contract. The general partners shall undertake the incorporation procedures and shall be liable to compensate for damages resulting from any error in these procedures.

Article 66

The partners shall pay at least half of the capital upon incorporation and deposit it with one of the local banks in an account opened in the name of the company, and it shall not be released except to the company's manager after he submits a certificate proving its Registration in the Commercial Register. The remainder of the capital shall be paid within a maximum period of three years from the date of Registration.

Chapter Three – Rights and Obligations of the Company Management

Article 67

The company shall be managed by one or more managers from among the general partners, whose powers and competences shall be specified in the Company Contract.
The provisions and rules prescribed for the manager in a general partnership shall apply to his duties and responsibilities, his removal and the company's liability for his acts, subject to the provisions set out in the following Articles.

Article 68

A shareholder partner may not interfere in the acts of management, even on the basis of a delegation from the general partners; otherwise he shall be jointly liable with the general partners for the obligations that arose from his acts of management.

Article 69

Partners who are not managers shall have the right to inspect, in person or through an agent, the company's books and documents, to extract the necessary data and to request any information. Any agreement or resolution to the contrary shall be null and void.

Article 70

The company shall have a Supervisory Board if the number of shareholder partners exceeds seven members. It shall consist of at least three members elected by the General Meeting of the company from among the shareholder partners within a maximum of thirty days from the date of the company's Registration in the Commercial Register. The general partners shall have no vote in the selection of the members of the Supervisory Board. The term of membership of this Board shall be three years, renewable. The members of the Supervisory Board shall perform their work without remuneration unless the Company Contract provides otherwise.

Article 71

The Supervisory Board shall submit a report to the General Meeting of the partners on the outcome of its work. The members of the Supervisory Board shall be liable for the errors of the managers and their consequences if they knew of them and omitted to mention them in their report.

Article 72

The provisions on the closed shareholding company shall apply to the appointment of the auditor, the formation of the company's reserves, the supervision of the company and its liquidation.

Article 73

A partnership limited by shares shall have a General Meeting consisting of all the general partners and shareholder partners, and the provisions on the General Meeting in a closed shareholding company shall apply to it.

The company's manager shall have the powers of the Board of Directors in a closed shareholding company with regard to inviting the General Meeting to convene.

Article 74

The General Meeting may not amend the Company Contract except with the approval of all the general partners in addition to a number of shareholders representing more than half of the shareholder partners' shares in the capital. This amendment shall take effect from the date of its Registration in the Commercial Register.

Article 75

If the position of the company's manager becomes vacant, the Supervisory Board shall appoint a temporary manager to handle urgent matters, and shall invite the General Meeting to convene within fifteen days from the date of his appointment to adopt a resolution on the appointment of a manager for the company in accordance with the majority required to amend the Company Contract, unless the Company Contract provides otherwise.

Part Five – Joint Venture

Article 76

A joint venture is a company concluded between two or more persons, provided that the company is confined to the relationship between the partners and does not apply vis-à-vis third parties.

Article 77

The contract of a joint venture shall not be subject to Registration in the Commercial Register or to public disclosure. The contract shall be concluded to specify the rights and obligations of the partners, to determine how profits and losses are to be shared between them, and other terms.
The principles prescribed for the contract of partnership shall generally apply to this contract. The contract may be proved by all means of proof, including witness testimony and presumptions.

Article 78

A joint venture shall not have legal personality, and third parties shall have no legal relationship in respect of the company's business except with the partner or partners with whom they contracted.

The partners shall have recourse against one another in respect of the company's business and the extent of their commitment to it, and in respect of each partner's share in the profit and loss, in accordance with what they have agreed.

Article 79

By way of exception to the provisions of the preceding Article, third parties may rely on the company contract if the company dealt with them in that capacity.

Part Six – Professional Company

Article 80

A professional company may be incorporated by two or more persons practising one and the same liberal profession and to whom the conditions and controls for practising it apply. Its object shall be the practice of the profession's work through collective cooperation among them, and it shall operate under a firm name derived from its objects and the names of the partners, or the name of one of them with the addition of the words ("and Partners" or "and Partner"), as the case may be.

The company shall take the form of a closed shareholding company, a limited liability company, a general partnership or a limited partnership, without the partner therein acquiring the capacity of a merchant. It shall be subject to the rules prescribed for the form of company it adopts insofar as they do not conflict with the provisions of this Part, and to the controls for protecting those dealing with it and the provisions on insurance against the risks of these professions.

The Executive Regulations shall specify the professions that may incorporate this type of company, the controls for protecting those dealing with it and the provisions on insurance against the risks of these professions.

Article 81

The licence to incorporate a professional company shall be issued by the Ministry in coordination with the authorities legally competent to supervise the regulation of the affairs of the profession practised by the company, and in accordance with the conditions and rules laid down by the Ministry in this regard.

The Company Contract shall be made public by being entered in a special register prepared for this purpose by the competent authority that approved the Ministry's issuance of the

licence. The company shall not acquire legal personality and may not carry on its business until after its Registration in this register.

Article 82

The Ministry, in coordination with the authorities competent to supervise the regulation of the affairs of the profession practised by the company, shall specify the particulars to be included in the Company Contract.

Article 83

A partner may assign, sell or pledge his shares or stocks, provided that in all cases they pass to members of the same profession, even if they are sold by compulsory sale.

Article 84

Withdrawal, assignment, sale or pledge shall take effect vis-à-vis third parties after being entered in the register prepared for that purpose.

Part Seven – Single Person Company

Article 85

For the purposes of applying the provisions of this Law, a single person company means any enterprise whose capital is wholly owned by a single natural or juristic person. The owner of the company shall not be liable for its obligations except to the extent of the capital allocated to the company.
If the shares in the company's capital come to be owned by more than one owner, for any reason whatsoever, the company shall be converted by operation of law into a limited liability company.

Article 86

A single person company shall have articles of association that include the name of the company, its object, its term, the particulars of its owner, the manner of its management and liquidation, and other provisions specified by the Executive Regulations.

Article 87

The company's capital shall be sufficient to achieve its objects and shall be fully paid up. The Executive Regulations shall specify the minimum capital of the company. The capital shall be

divided into shares of equal value that are indivisible, and the capital may include in-kind contributions valued in accordance with the provisions set out in Article (11) of this Law.

Article 88

The shares in the company's capital may be pledged, and they may also be attached and sold in accordance with the provisions of the Civil and Commercial Procedures Law. If the sale relates to part of the shares, the company shall be converted by operation of law into a limited liability company as of the date of entry of the judgment awarding the auction. In all cases, the judgment awarding the auction shall be subject to Publication and Announcement.

Article 89

The company shall be managed by the owner of the capital, who may appoint one or more managers to represent it before the courts and third parties, and the manager shall be responsible to the owner for its management. However, any resolution appointing the manager shall not be effective until after its Registration in the Commercial Register.

Article 90

If the owner of the company's capital, in bad faith, liquidates it or suspends its activity before the expiry of its term or before achieving the object for which it was established, he shall be liable for its obligations with his private assets.
He shall also be liable with his private assets if it is proved that he did not separate his financial estate from the financial estate of the company, to the detriment of bona fide third parties.

Article 91

Subject to the provisions of this Part, the provisions governing the limited liability company shall apply to the single person company insofar as they do not conflict with its nature.

Part Eight – Limited Liability Company

Chapter One – Preliminary Provisions

Article 92

A limited liability company is a company in which the number of partners does not exceed fifty, none of whom shall be liable for the obligations of the company except to the extent of his share in the capital. The company may adopt a special name derived from its object or

from the name of one or more partners.
The company name shall be followed by the words ("With Limited Liability") or the abbreviation ("W.L.L.").

Article 93

Subject to the provisions of other laws, a limited liability company shall be prohibited from carrying on banking business, insurance business or the investment of funds for the account of third parties.

Article 94

A limited liability company may not be incorporated, nor may its capital be increased, by way of public subscription. Addressing the public, directly or indirectly, with an invitation to participate in the company shall be deemed equivalent to public subscription.
The partners' shares may not take the form of tradable shares, nor may the company borrow by issuing any tradable securities.

Article 95

The company's capital shall be sufficient to achieve its objects and shall be in Kuwaiti currency. The Executive Regulations shall specify the minimum capital of the company and the percentage of Kuwaitis and others in the company's capital.

Chapter Two – Conditions of Incorporation

Article 96

The Company Contract of a limited liability company shall include the following particulars:
1- The name and address of the company.
2- The names, surnames and nationalities of the partners.
3- The company's head office, e-mail address or post office box.
4- The term of the company, if any.
5- The objects for which the company was incorporated.
6- The amount of the company's capital, and the cash or in-kind contributions made by each partner thereto.
7- The names of those, whether partners or others, to whom the management of the company is entrusted, or a statement of the method of their appointment, and the names of the members of the Supervisory Board in the cases where the law requires the existence of this Board.

8- The manner of distributing profits and bearing losses.
9- Any other particulars required by the Executive Regulations.
* Clause (3) was replaced by Law No. 15 of 2017 (Kuwait Al-Youm, Supplement to Issue No. 1337, 26 April 2017).

Article 97

A limited liability company shall not be incorporated unless all the cash contributions have been distributed among the partners and the in-kind contributions have been delivered to the company.
The Executive Regulations shall specify the time limits for depositing the cash contributions with local banks.
* Replaced by Law No. 15 of 2017 (Kuwait Al-Youm, Supplement to Issue No. 1337, 26 April 2017).

Chapter Three – Legal Regime of the Shares

Article 98

The company's capital shall be divided into equal shares, the value of which shall be specified by the memorandum of association, and the share shall be indivisible.
If a single share is owned by more than one owner, they shall choose from among themselves one person to represent them vis-à-vis the company.
* Replaced by Law No. 15 of 2017 (Kuwait Al-Youm, Supplement to Issue No. 1337, 26 April 2017).

Article 99

The shares in the capital of a limited liability company may not be traded except in accordance with the provisions of this Law. Shares shall be assigned by a written instrument, and the remaining partners shall have the right to redeem the shares on the same terms if the assignment is to persons other than the partners.

Article 100

In the event of the assignment of a share to persons other than the partners, the approval of the remaining partners shall be obtained. If it is not possible to obtain the partners' approval, the terms of the assignment shall be published in the Official Gazette. If fifteen days elapse without any partner submitting to the Ministry an application expressing his wish to exercise the right of redemption, the assignor may dispose of his share. If more than one partner

exercises the right of redemption, the share sold shall be divided among them in proportion to each one's share in the capital.
The application for redemption shall not be considered unless it is accompanied by a certified cheque in the name of the assignor for the full value of the assigned share, which shall be delivered to the assignor after completion of the assignment procedures. If the assignor refuses to complete the assignment, the partner requesting redemption may either withdraw the redemption or compel the assignor to complete it by a court judgment. The Company Contract shall be amended to reflect the assignment by an official instrument signed by the assignor and the assignee without the need for the signature of the remaining partners, or by a court judgment confirming the validity and enforceability of the redemption.
The relinquishment of the share shall have no effect with respect to the partners or third parties except from the time of Registration.

Article 101

The shares of a deceased partner shall pass to his heirs, and the Company Contract may provide that the remaining partners shall have the right to purchase such shares. If the passing of the shares to the heirs results in the number of partners exceeding the prescribed maximum, the inherited shares shall be deemed a single share in relation to the company, unless the heirs agree to transfer the shares to a number of them that falls within the maximum number of partners.
Legatees shall be treated as heirs for the purposes of the preceding paragraph.

Article 102

A partner may pledge his share by an authenticated official instrument, and the pledge of the share shall have no effect in relation to the partners or third parties except from the time of its Registration in the Commercial Register and the notification of the company of such pledge. If the creditor of a partner initiates execution proceedings against the share of his debtor, he may agree with the debtor and the company on the method and terms of the sale; otherwise, the share shall be sold by public auction in accordance with the Civil and Commercial Procedure Law. The partners in the company may participate in such auction, and they may also redeem the share on the same terms on which the auction was awarded, provided that the full price is deposited with the court treasury within seven days from the date of the award of the auction. This provision shall apply in the event of the declaration of bankruptcy of any of the partners.

Chapter Four – Rights and Obligations of the Company Management

Article 103

The company shall be managed by one or more managers, from among the partners or others, appointed in the Company Contract. If the Company Contract does not appoint the managers, they shall be appointed by the Ordinary General Meeting of the partners.

Article 104

The manager of the company may be removed by a court judgment, upon the request of one or more partners holding at least one quarter of the shares of the capital, for the following reasons:

1- If he commits an act of fraud.

2- If he commits an error that causes serious damage to the company.

3- If he contravenes the provision of Article (106) of this Law.

Article 105

If the powers of the manager of the company are not specified in the Company Contract or in the resolution of the General Meeting of the partners appointing him, the manager shall have full authority to carry out all the acts and transactions necessary to achieve the objects of the company.

The managers shall be jointly liable towards the company, the partners and third parties for their contravention of the provisions of the law or of the Company Contract, or for mismanagement, in accordance with the rules set out in the Part on the shareholding company in this Law.

Article 106

If the Company Contract does not provide for the powers of the manager of the company and the rules governing the exercise of his work, he may not manage another company that is a competitor or has similar objects, contract with the company he manages for his own account or for the account of others, or carry on an activity of the same kind as the activity of the company for the account of others, unless authorised by the Ordinary General Meeting of the partners.

Article 107

If the number of partners exceeds seven persons, the Company Contract shall appoint a Supervisory Board, composed of persons other than the managers of the company, of not

fewer than three members chosen from among the partners for a renewable term not exceeding three years. The Supervisory Board shall examine the books and documents of the company, take inventory of the cash, goods, securities and documents evidencing the rights of the company, and may at any time request the managers to submit reports on their management. It shall oversee the balance sheet, the distribution of profits and the annual report, and shall submit its report thereon to the Ordinary General Meeting of the partners.
The members of the Supervisory Board shall perform their work without remuneration, unless the Company Contract provides otherwise or a resolution to that effect is issued by the General Meeting, and the General Meeting may remove them at any time.
If the number of partners does not exceed seven persons and the Company Contract does not provide for the establishment of a Supervisory Board, the partners who are not managers shall have the same supervision over the acts of the managers as the general partners have in a general partnership, and they may inspect the books and documents of the company.

Article 108

The members of the Supervisory Board shall not be liable for the acts of the managers unless they were aware of errors committed by them and failed to mention them in their report submitted to the Ordinary General Meeting of the partners.

Article 109

The Company Contract of a limited liability company shall provide for the appointment of one or more auditors of the company's accounts. The rules and provisions set out with respect to auditors in the shareholding company shall apply to the auditor in respect of his appointment, powers, liabilities, the determination of his remuneration, his removal and his resignation.

Article 110

The Executive Regulations shall specify the records and books to be kept at the head office of the company and the particulars they shall contain.
Each partner shall have the right to inspect, at the premises of the company, the accounts of the company and all its documents, instruments and books, and any condition or resolution to the contrary shall be void.

Article 111

A limited liability company shall have a General Meeting composed of all the partners, which shall meet upon an invitation from the manager of the company.

The manager of the company may invite the General Meeting to meet at any time, and shall invite it to meet upon a request submitted to him by the Supervisory Board, the auditor or a number of partners holding not less than 10% of the capital of the company. The Ministry may also invite the General Meeting to meet, and attend it, at any time in the cases in which the manager is required to invite it to meet but fails to do so.
The provisions on the procedures for inviting the General Meeting of a closed shareholding company shall apply to the procedures for inviting the General Meeting of the partners.
* The second paragraph was replaced by Law No. 83 of 2018 (Kuwait Al-Youm, Issue No. 1402, 22 July 2018).

Article 112

Each partner shall have the right to attend the meeting of the General Meeting in person or through a proxy, other than the members of the Supervisory Board or the manager of the company, under a power of attorney or authorisation issued by the partner himself. Each partner shall have a number of votes equal to the number of shares he holds in the company.

Article 113

A meeting of the Ordinary General Meeting shall not be validly convened unless attended by a number of partners holding more than half of the capital, and resolutions shall not be valid unless adopted by a majority of the shares represented at the meeting, unless the Company Contract provides for a greater majority. If such quorum is not met at the first meeting, the General Meeting shall be invited to a second meeting within the ten days following the first meeting, with the same agenda. This meeting shall be valid irrespective of the number of shares represented therein, and in this case resolutions shall be adopted by a majority of the shares represented at the meeting, unless the Company Contract provides otherwise.
The manager of the company and the members of the Supervisory Board shall not have the right to vote on resolutions discharging any of them from liability.

Article 114

The manager of the company shall invite the Ordinary General Meeting to convene its annual meeting within three months from the end of the financial year. The agenda of the General Meeting at its annual meeting shall include the consideration of, and the adoption of resolutions on, the following matters:
1- The report of the manager on the activity of the company and its financial position for the ended financial year, and the report of the Supervisory Board, if any.

2- The report of the auditor on the financial statements of the company.
3- The financial statements of the company.
4- The proposals of the manager on the distribution of profits, provided that the profits approved by the General Meeting are distributed within a period not exceeding one month from the date on which the General Meeting is held.
5- The appointment or removal of the manager of the company, or the restriction of his authority, if he is not appointed in the Company Contract. Where the company has more than one manager, the General Meeting shall determine the powers and responsibilities of each manager.
6- The appointment and removal of the Supervisory Board, if any.
7- The appointment of an auditor for the following financial year and the determination of his fees.
8- Any other matters that any of the parties entitled to request the holding of a meeting of the General Meeting deems fit to include in the agenda.
* Replaced by Law No. 83 of 2018 (Kuwait Al-Youm, Issue No. 1402, 22 July 2018).

Article 115

The provisions relating to the Ordinary General Meeting shall apply to the Extraordinary General Meeting, subject to the provisions set out in the following Article.

Article 116

A meeting of the Extraordinary General Meeting shall not be validly convened unless attended by a number of partners holding three quarters of the capital. If such quorum is not met, an invitation shall be issued to a second meeting, which shall be valid if attended by those representing more than half of the capital. In all cases, resolutions shall be adopted by a majority exceeding half of the total capital of the company.
The Ministry may invite the General Meeting to meet if the manager of the company refuses to invite it, upon a reasoned request from the partners holding not less than half of the capital of the company.
* Replaced by Decree-Law No. 106 of 2024 (Kuwait Al-Youm, Issue No. 1709, 20 October 2024).

Article 117

The Extraordinary General Meeting shall have competence over the following matters:
1- Amending the Company Contract.

2- Dissolving and liquidating the company.
3- The merger, conversion or division of the company.
4- Increasing or reducing the capital of the company.
5- Removing the manager of the company, or restricting his authority, if he is appointed in the Company Contract.
Subject to the provisions on merger, conversion and division, the resolutions of the Extraordinary General Meeting shall be implemented by their Registration in the Commercial Register, without the need to set them out in an official instrument.

Article 118

A percentage of the net profits of the company shall be set aside annually to form reserves in accordance with the provisions prescribed for the shareholding company.

Part Nine – Public Shareholding Company

Chapter One – Preliminary Provisions

Article 119

A public shareholding company is a company whose capital is divided into shares of equal value that are tradable in the manner set out in this Law. The liability of a shareholder shall be limited to paying the value of the shares he has subscribed for, and he shall not be liable for the obligations of the company except to the extent of the nominal value of the shares he has subscribed for.

Article 120

A public shareholding company shall have a name indicating its objects, and such name may not be derived from the name of a natural person except in the following cases:
1. If its object is the exploitation of a trademark or an intellectual property right registered in the name of such person.
2. If the company owns a commercial establishment bearing the name of a natural person.
3. If the conversion into a public shareholding company was made from a company whose firm name includes the name of a natural person.
In all cases, the name of the company shall be followed by the phrase (Kuwaiti Public Shareholding Company) or the abbreviation (K.S.C.P.).

Chapter Two – Conditions of Incorporation of the Public Shareholding Company

Article 121

The Company Contract of a public shareholding company shall contain the following particulars:

1- The name of the company.

2- Its head office.

3- The term of the company, if any.

4- The objects for which the company was incorporated.

5- The names of the Founders, who may not be fewer than five persons, except for companies incorporated by the State or public bodies and institutions, which may be the sole Founder or have a smaller number of participants.

6- The amount of the capital of the company and the number of shares into which the capital is divided.

7- A statement of each in-kind contribution, all the conditions relating to its contribution, the name of its contributor, and the rights of pledge and privilege attaching to such contribution.

8- The advantages granted to the Founders and the reasons for such advantages.

9- An approximate statement of the amount of the expenses, wages and costs that the company pays or undertakes to pay by reason of its incorporation.

Article 122

The Founders shall submit the application for approval of the incorporation of the company to the Ministry. The application shall state the name of the person authorised by the Founders to undertake the incorporation procedures, his profession, and his address to which correspondence relating to the incorporation is to be sent, and the following documents shall be attached to the application:

1. A copy of the draft Company Contract signed by the Founders.

2. If the activities of the company require the issuance of a law or the approval of any of the Regulatory Authorities, this shall be fulfilled before the application is submitted.

3. If there are in-kind contributions, evidence of their valuation in accordance with Article (11) of this Law shall be attached to the application.

4. If the name of the company is derived from the name of a natural person, evidence that any of the intellectual property rights or trademarks that the company will exploit are registered in the name of such person, or evidence of the company's ownership of a commercial establishment whose name it has adopted as its own, shall be attached to the application.

5. If the company bears the name of another company, evidence that such other company is in liquidation and that it consents to the use of the name shall be attached to the application.
6. If a juristic person is among the Founders, a certified copy of its instrument of incorporation, and evidence of the approval of its competent body for participation in the incorporation, shall be submitted with the application.
7. An economic feasibility study for the company's project.
8. Any other documents required by the Executive Regulations.

Article 123

The incorporation of the company shall be approved by a resolution of the Minister issued within thirty days from the date of submission of the application and the completion of the particulars and documents set out in the preceding Article. If the application is rejected, the resolution shall state the reasons for it.
A person whose application is rejected may challenge the rejection resolution before the competent court within sixty days from the date on which he is notified of the rejection of the application.
The Founders may not apply again for the incorporation of the same company except after the cause of the rejection has ceased to exist.

Article 124

An electronic register shall be kept at the Ministry for registering applications for approval of the incorporation of public shareholding companies, and such applications shall be registered under consecutive numbers.

Article 125

The Ministry shall, within a maximum period of one week from the date of issuance of the incorporation resolution, notify the Founders of the issuance of the resolution, and shall, within the same period, invite the Founders to sign the authenticated contract at the competent department of the Ministry. A true copy of the Company Contract, after its authentication, shall be deposited in the company's file at the Ministry.

Article 126

The company shall acquire juristic personality from the date of issuance of the resolution on its incorporation. The procedures for the Publication and Announcement of the incorporation resolution and the Company Contract shall be undertaken, and the prospectus shall be

submitted in the manner set out in Law No. (7) of 2010, within thirty days from the date of Publication of the resolution on the incorporation of the company. The subscription procedures shall also commence within thirty days from the date of the Authority's approval of the prospectus or from the date on which the prospectus is deemed effective, whichever is earlier.

Article 127

The Founders shall subscribe for shares of not less than ten per cent of the issued capital of the company and shall, before inviting the public to subscribe, deposit the percentage required to be paid of the value of such shares with one of the local banks, for the account of the company under incorporation, and submit a certificate to that effect to the Ministry.
The Executive Regulations may set out the procedures for opening the account of the company under incorporation, the manner of depositing and holding the amounts, and verifying the balances deposited therein, in a way that dispenses with the certificate referred to in the preceding paragraph.

Article 128

The public shall be invited to the public subscription for the shares of the company on the basis of a prospectus that satisfies the particulars and procedures set out in Law No. (7) of 2010 (referred to above) and its Executive Regulations.
The Founders shall be jointly liable for the accuracy of the particulars contained in the prospectus.

Article 129

The subscription shall take place at one or more of the local banks in the State of Kuwait, or at a branch of a Kuwaiti bank or its representative abroad, after the approval of the Central Bank.
The instalments payable upon subscription shall be paid to the bank, and the amounts paid shall be recorded in an account opened in the name of the company. The subscription shall remain open for a period of not less than twenty-one days and not more than three months.
* The first paragraph was replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 130

No person may subscribe more than once, and the subscription shall be final, not subject to any condition, and genuine. Fictitious subscription, subscription in fictitious names, or misrepresentation in the subscription by any means whatsoever is prohibited.
Without prejudice to the provision of Article (134) of this Law, the Founders may not subscribe for any number of shares in excess of what is stated in the Company Contract, whether directly or indirectly. Before allotting the shares, the Founders shall carefully sort the subscription applications to verify that no contravention has occurred, and shall exclude the applications that contravene the law.

Article 131

The subscription of a shareholder shall be made by an application signed by him or by his representative. The subscription application shall contain the name, objects and capital of the company, the name of the subscriber and his domicile in Kuwait, the number of shares subscribed for, the instalments paid, and his acceptance of the provisions of the Company Contract, or any other particulars specified by the Authority. Subscription may be made by electronic means through mechanisms provided by banks to their customers holding bank accounts, or provided by Clearing Agencies to their customers holding trading accounts. The subscriber's use of his username and password delivered to him by the bank or the Clearing Agency to submit the subscription application electronically shall be deemed equivalent to a subscription application signed by the subscriber.
The subscriber shall pay the instalments payable in cash in Kuwaiti dinars against a receipt signed by the bank stating the name of the subscriber, his domicile, the date of subscription, the number of shares subscribed for and the instalments paid. The subscriber may pay the instalments payable by cheque or bank transfer, and the amount paid shall be debited to his account. The subscription shall be deemed final upon the subscriber's receipt of the said receipt, or upon the debiting of the amount to his account, provided that it is credited to the account of the company under incorporation.

Article 132

A printable copy of the Company Contract shall be made available on the website of the company under incorporation, so that every subscriber is able to obtain a copy of it.

Article 133

The bank shall hold all the funds collected from the subscribers for the account of the company under incorporation, and may not deliver them except to the first Board of Directors, after the amount in excess of the shares offered has been refunded in accordance with Article (138) of this Law.

Article 134

In all cases where the subscription does not exhaust all the shares offered during the original subscription period, the Founders may reopen the subscription for a further period not exceeding three months, and the Founders may, by way of exception from the provision of the second paragraph of Article (130) of this Law, subscribe in this case. If the subscription does not exhaust all the shares by the end of the new period, the Founders shall either withdraw from the incorporation of the company or reduce its capital.

Article 135

A public shareholding company may, upon its incorporation or upon the increase of its capital, have one or more Underwriters to subscribe for such of its shares as are not subscribed for.
If not all the shares offered for subscription are subscribed for within the period specified therefor, the Underwriter shall purchase the shares not subscribed for, and may re-offer the shares he has subscribed for to the public without being bound by the procedures and restrictions on the trading of shares set out in this Law.
The Executive Regulations shall specify the procedures, circumstances and conditions for the application of the provisions of this Article.

Article 136

If the Founders elect to reduce the capital of the company, they shall submit an application to the Ministry and make an Announcement thereof to the subscribers. Any subscriber shall have the right to withdraw his subscription within a period not exceeding fifteen days from the date of the Announcement, and the Ministry may not decide on the application to reduce the capital until such period has expired. If the percentage of the shares in respect of which the subscription has been withdrawn does not exceed ten per cent of the total shares offered for subscription, the subscription shall be deemed final, unless the capital of the company, after its reduction, falls below the minimum prescribed for the capital of the company.

Article 137

If the reduction of the capital is not possible, or if the Founders elect to withdraw from the incorporation of the company, the Founders shall make an Announcement thereof and immediately refund to the subscribers the amounts paid in full, together with any return they have generated.

In this case, the Founders [shall bear] all the amounts spent on the incorporation works, and shall be jointly liable towards third parties for the acts and transactions carried out by them during the incorporation period.

* Completed from the context.

Article 138

If it appears, after the closing of the subscription, that it has exceeded the shares offered, the shares shall be allotted to the subscribers in proportion to what they have subscribed for. The allotment shall be made to the nearest whole number, and the Board of Directors shall dispose of the fractions of shares for the account of the company.

Article 139

Any subscription made in contravention of the preceding provisions shall be void, and any interested party may invoke such nullity.

The action for nullity shall be time-barred upon the lapse of six months from the date of closing of the subscription. If the nullity results from a criminally punishable act, the action for nullity shall not be time-barred until the criminal action is time-barred. Nullity may be adjudged even if the company is in liquidation.

Article 140

The Founders shall, within three months from the closing of the subscription, submit to the Ministry a statement of the number of shares subscribed for, the payment by the subscribers of the instalments payable, the names of the subscribers, their addresses, the number of shares subscribed for by each of them, the value of the share and the amount paid of its value, and the names of the subscribers whose subscriptions were invalidated as a result of the sorting of the subscription applications.

If the Ministry finds that certain provisions of this Law have not been observed with respect to the subscription or the allotment of shares, it may submit a report thereon to the Constituent General Meeting, in addition to notifying the competent authorities of the occurrence of the contravention.

Article 141

The Founders shall invite the subscribers to attend the Constituent General Meeting within three months from the date of closing of the subscription. If such period expires without the invitation being made, the Ministry shall make it by inviting the Constituent General Meeting to convene within fifteen days from the date of expiry of the said period.

Article 142

The invitation to attend the meeting of the Constituent General Meeting, including the agenda and the time and place of the meeting, shall be made by Announcement twice or by any modern means of Announcement specified by the Executive Regulations, provided that the second Announcement is made after a period of not less than seven days from the date of publication of the first Announcement and at least seven days before the meeting is held.
The Ministry shall be notified in writing of the agenda and the date and place of the meeting at least seven days before it is held, so that its representative may attend. The failure of the Ministry's representative to attend, after the Ministry has been notified, shall not render the meeting void.
The meeting of the Constituent General Meeting shall be chaired by the person elected by the General Meeting for that purpose.

Article 143

A meeting of the Constituent General Meeting shall not be validly convened unless attended by shareholders having the right to vote and representing more than half of the number of shares subscribed for.
If such quorum is not met, the General Meeting shall be invited to a second meeting with the same agenda, to be held after a period of not less than seven days and not more than thirty days from the date of the first meeting, and the second meeting shall be valid irrespective of the number of those present.
A new invitation to the second meeting need not be issued if its date was specified in the invitation to the first meeting.
Resolutions shall be adopted by an absolute majority of the shares present at the meeting.
The meeting may be attended by modern means of communication by the shareholders and their proxies, the representatives of the Regulatory Authorities concerned, the auditors of the company, and every person whose attendance at the meeting is required, in accordance with the rules and procedures set out in the Executive Regulations.
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 144

The Founders shall submit to the Constituent General Meeting a report containing sufficient information on all the incorporation operations and the amounts spent, together with the supporting documents. This report shall be placed at a location specified by the Founders for inspection by the subscribers at least seven days before the meeting of the General Meeting, and this shall be stated in the invitation to the subscribers to attend the meeting.

Article 145

The Constituent General Meeting shall have competence over the following matters:
1- Approving the procedures for the incorporation of the company, after verifying their validity and their conformity with the provisions of the law and the Company Contract.
2- Approving the valuation of the in-kind contributions, if any, in the manner set out in Article (11) of this Law.
3- Electing the members of the first Board of Directors.
4- Selecting the auditor and determining his fees.
5- Appointing the members of the Sharia Supervisory Board for companies operating in accordance with the provisions of Islamic Sharia.
6- Declaring the final incorporation of the company.
A copy of the minutes of the meeting of the Constituent General Meeting, including the resolutions adopted, shall be sent to the Ministry. The Ministry may object to any resolution if it contravenes the law or the Company Contract; the objection shall be reasoned and the company shall be notified of it within five working days from the date on which the Ministry is notified of the minutes of the meeting. In this case, the resolution shall not be deemed effective, and the Ministry may request that the matter be presented to the Constituent General Meeting to rectify the contravention.
The first Board of Directors shall take the necessary procedures for the Registration of the company in the Commercial Register within thirty days from the date of the declaration of the final incorporation of the company.

Article 146

If it appears that the incorporation of the company was made in contravention of the provisions of the law, any interested party may, within ninety days from the date of Publicity, serve a notice on the company to rectify the contravening procedure. If the company does not proceed to rectify it within thirty days from the date of the notice, the interested party may, within thirty days from the expiry of the aforesaid period, request the court to render a

judgment obliging the company to rectify such procedure or declaring the company void. The court may rule to oblige the company to rectify the procedure, or to declare the company void if it finds that rectification of the contravening procedure is impossible.
The partners may not invoke the nullity of the company against third parties. If the company is declared void, it shall be liquidated as a de facto company. The right to bring this action shall lapse if the aforementioned time limits are not observed.
The provisions of the two preceding paragraphs shall not prejudice the right of interested parties to bring an action for joint liability against the Founders, the members of the first Board of Directors and the first auditors. This action shall be time-barred upon the lapse of three years from the date of Registration of the company in the Commercial Register or from the date of the final judgment declaring the company void, whichever is longer. If the contravention constitutes a criminally punishable act, the liability action shall not be time-barred until the criminal action is time-barred.

Chapter Three – Capital

Article 147

The capital of the company shall be in Kuwaiti currency, and the Executive Regulations shall specify the minimum capital of the company according to the type of its activity, and the amount thereof to be paid upon incorporation.
* Replaced by Law No. 15 of 2017 (Kuwait Al-Youm, Supplement to Issue No. 1337, 26 April 2017).

Article 148

The company shall have an issued capital representing the shares subscribed for, and the Company Contract may specify an authorised capital not exceeding ten times the issued capital.

Article 149

The issued capital may be increased, within the limits of the authorised capital, by a resolution of the Board of Directors of the company, provided that the issued capital has been paid in full.

Article 150

The capital of the company shall be divided into registered shares of equal value, such that the nominal value of a share is not less than one hundred fils. A share may not be divided, but

two or more persons may jointly own it, provided that they are represented towards the company by a single person. The joint owners of a share shall be jointly liable for the obligations arising from such ownership.
Shares shall be issued at their nominal value and may not be issued at a lower value unless the Regulatory Authorities so approve, within the rules and conditions set out in the Executive Regulations.

Article 151

Subject to the minimum nominal value of the share prescribed in the preceding Article, a company that has distributed profits for two consecutive years may – after obtaining the approval of the Authority – issue a resolution of the Extraordinary General Meeting to split each one of its shares into several shares, all in accordance with the conditions and controls set out in the Executive Regulations.

Article 152

The value of the share shall be paid in full or in instalments, and the instalment payable upon subscription may not be less than twenty-five per cent of the nominal value of the share.
The remaining part of the value of the share shall be paid within a maximum period of five years from the date of Registration of the company in the Commercial Register, and on the dates set by the Board of Directors.

Article 153

The Company Contract may provide for certain privileges to be granted to certain types of shares in respect of voting, profits, liquidation proceeds or otherwise, provided that shares of the same type shall be equal in rights, privileges or restrictions.
The rights, privileges or restrictions relating to a type of shares may not be amended except by a resolution of the Extraordinary General Meeting and with the approval of two-thirds of the holders of the type of shares to which the amendment relates.
The Authority shall issue the conditions and rules for the issuance of preference shares and their conversion into ordinary shares and the conditions and procedures for their redemption by the company, and the Authority shall also issue the conditions and rules for trading in preference shares.

Article 154

Securities issued by a public shareholding company shall be subject to the central depository system for securities with a Clearing Agency, and the receipt of deposit of the securities with the Clearing Agency shall be deemed a title to ownership of the security, and each owner shall be handed a receipt for the number of securities he owns.

Article 155

If a shareholder fails to pay the instalment due on the shares on its due date, the company shall, after the lapse of fifteen days from serving notice on him, offer his shares for sale on the Exchange.
The company shall recover from the proceeds of the sale of the shares, in priority over all of the shareholder's creditors, the value of the unpaid instalments, the interest and any expenses the company may have incurred, and the remainder shall be returned to the shareholder. If the proceeds of the sale of the shares are insufficient, the company shall have recourse against the shareholder for the balance out of his personal assets.

Article 156

The company shall have a special register kept with a Clearing Agency, in which shall be recorded the names of the shareholders, their nationalities, their domicile, the number and type of shares owned by each of them and the value paid for each share.
An annotation shall be made in the shareholders' register of any changes to the data recorded therein, in accordance with the data received by the company or the Clearing Agency.
Any interested party may request the company or the Clearing Agency to provide him with data from this register.

Chapter Four – Amendment of the Capital

Article 157

The authorised capital of the company may be increased – by a resolution issued by the Extraordinary General Meeting – on the basis of a reasoned proposal from the Board of Directors and a report from the auditor in this regard, provided that the resolution issued to increase the capital shall specify the amount and the methods of the increase.

Article 158

The authorised capital may not be increased unless the value of the original shares has been paid in full, and the Extraordinary General Meeting may authorise the Board of Directors to

determine the date of its implementation.

Article 159

The capital increase shall be covered by shares the value of which is paid by one of the following methods:

1- Offering the shares of the increase for public subscription.

2- Converting funds from the voluntary reserve, from retained earnings or from the amount in excess of the minimum statutory reserve into shares.

3- Converting a debt owed by the company, or bonds or sukuk, into shares.

4- Contributing an in-kind contribution.

5- Issuing new shares allocated to the admission of a new partner or partners proposed by the Board of Directors and approved by the Extraordinary General Meeting.

6- Any other methods regulated by the Executive Regulations.

In all cases, the nominal value of the shares of the increase shall be equal to the nominal value of the original shares.

Article 160

If it is resolved to increase the capital by offering shares for public subscription, the shareholders shall have a pre-emption right to subscribe for the new shares in proportion to the shares owned by each of them, within fifteen days from the date of notifying them thereof, unless the Company Contract contains a provision under which the shareholders waive in advance their pre-emption right to subscribe.

A shareholder may assign the pre-emption right to another shareholder or to third parties for a financial consideration or without consideration, as agreed between the shareholder and the assignee.

The Executive Regulations shall set out the particulars and procedures of the notification and the assignment.

Article 161

Where the shares of a capital increase are offered for public subscription, the invitation to the public to subscribe for the company's shares shall be made on the basis of a prospectus containing the particulars and satisfying the procedures stipulated in Law No. (7) of 2010 (referred to above).

Article 162

If the shares of a capital increase are not fully subscribed, the body that resolved on the increase may decide either to withdraw the capital increase or to be content with the amount subscribed.
The Executive Regulations shall set out the procedures to be taken in this regard.

Article 163

The Extraordinary General Meeting may resolve to add an issuance premium to the nominal value of the new shares, to be allocated to meeting the issuance expenses and then added to the reserve.
The Executive Regulations shall set out the conditions and criteria for determining the amount of the issuance premium.

Article 164

The Extraordinary General Meeting may, if the Company Contract so permits, resolve to grant a privilege to the shares of the increase, and the resolution shall specify the type of privilege granted to the shares.

Article 165

If the shares of a capital increase are issued in consideration of an in-kind contribution, such contribution shall be valued in accordance with the provisions of Article (11) of this Law, and the Ordinary General Meeting shall act in place of the Constituent General Meeting in this regard.

Article 166

Where the capital increase is covered by transfer from the voluntary reserve, from retained earnings or from the amount in excess of the minimum statutory reserve, the company shall issue free shares at nominal value and without an issuance premium, and these shares shall be distributed to the shareholders in proportion to the share of each of them in the capital.

Article 167

Where the capital increase is covered by converting a debt owed by the company, or bonds or sukuk, into shares, the provisions stipulated in this Law and its Executive Regulations shall be followed in this regard.

Article 168

The Extraordinary General Meeting may, on the basis of a reasoned proposal from the Board of Directors, resolve, after the approval of the Authority, to reduce the capital of the company in the following cases:

1- If the capital exceeds the needs of the company.

2- If the company has incurred losses that are unlikely to be covered from the company's profits.

3- Any other cases specified by the Executive Regulations.

Article 169

If the resolution to reduce the capital is due to the capital exceeding the needs of the company, the company shall, before implementing the reduction resolution, pay the debts that have fallen due and provide sufficient guarantees for the payment of deferred debts. The creditors of the company may, if their debts that have fallen due are not paid or the guarantees for the deferred debts are insufficient, file an opposition to the reduction resolution before the competent court in accordance with the provisions of the Executive Regulations in this regard.

Article 170

The capital shall be reduced by one of the following methods:

1- Reducing the nominal value of the share to not less than the prescribed minimum.

2- Cancelling a number of shares equal in value to the amount resolved to be reduced from the capital.

3- The company purchasing a number of its shares equal in value to the amount it wishes to reduce from the capital.

The Executive Regulations shall set out the procedures for reducing the capital in each case.

Chapter Five – Disposal and Trading of Shares

Article 171

The Founders may not dispose of their shares until at least two financial years have elapsed from the date of Registration of the company in the Commercial Register, with the exception of a disposal made by one of the Founders or his heirs to one of his relatives up to the second degree or to another Founder, or by the bankruptcy trustee, the State or one of the public

institutions or public authorities to third parties. Any disposal in violation hereof shall be void, any interested party may invoke such nullity, and the court shall rule on it of its own motion.

Article 172

Shareholders may not dispose of their shares until the company has issued its first balance sheet covering a period of at least twelve months, with the exception of a disposal made by one of the shareholders or his heirs to one of his relatives up to the second degree or to another shareholder, or by the bankruptcy trustee, the State or one of the public institutions or public authorities to third parties.
Any disposal made in violation hereof shall be void, any interested party may invoke such nullity, and the court shall rule on it of its own motion.

Article 173

Trading in shares shall be subject to the provisions of Law No. 7 of 2010 referred to above and the rules issued by the Authority in this regard.

Article 174

The assets of the company may not be seized in satisfaction of debts owed by one of the shareholders; however, the shares of the debtor and the profits of these shares may be seized, and the seizure shall be annotated against the share in the shareholders' register. The shares shall be sold even if the seizing creditor does not submit the original receipt of their deposit, and the Clearing Agency shall make the necessary amendments to the shareholders' register in accordance with the outcome of the sale procedures.
Shares may be pledged even if their value has not been paid in full, and the pledge shall be recorded in the shareholders' register in the presence of the pledgor and the pledgee or their representatives.
The debtor may assign to the pledgee creditor his right to attend the general meetings of the company and to vote therein.
All resolutions adopted by the General Meeting shall apply to the seizing creditor and the pledgee in the same manner as they apply to the shareholder whose shares are seized or to the pledgor.

Article 175

The company may – after obtaining the approval of the Extraordinary General Meeting – repay to the shareholders the nominal value of some of its shares, and such value shall be taken

from the undistributed profits and the voluntary reserve of the company.
The holders of the redeemed shares shall be granted dividend (jouissance) shares, which shall carry all the rights prescribed for ordinary shares, except for recovery of the nominal value upon the liquidation of the company.

Article 176

Founders' shares may not be created. Profit shares may be created by a resolution issued by the Extraordinary General Meeting in consideration of amounts provided interest-free to the company after its incorporation. The holder of a profit share shall not be a partner in the company and shall not enjoy any of the rights of the shareholders during the existence of the company or upon its liquidation, except for the share of profits allotted to him, and the resolutions of the Ordinary General Meeting of the company concerning the annual profit and loss accounts shall apply to him. The Executive Regulations shall set out the manner of trading in and cancelling these shares.

Chapter Six – Rights and Obligations of Shareholders

Article 177

The Founders and the shareholders shall be deemed members of the company, shall enjoy equal rights and shall be subject to the same obligations, subject to the provisions of the law.

Article 178

A member of the company shall in particular enjoy the following rights:
1- Receiving the profits and obtaining the bonus shares resolved to be distributed.
2- Participating in the management of the company through membership of the Board of Directors and attending the general meetings and taking part in their deliberations, in accordance with the provisions of the law and the Company Contract, and any provision in the Company Contract to the contrary shall be void.
3- Obtaining, at least seven days before the meeting of the Ordinary General Meeting, the financial statements of the company for the ended accounting period, the report of the Board of Directors and the report of the auditor.
4- Disposing of the shares owned by him and the pre-emption right to subscribe for new shares, bonds and sukuk, in accordance with the provisions of the law and the Company Contract.
5- Obtaining a share of the company's assets upon liquidation after payment of its debts.

Article 179

A member of the company shall in particular be bound by the following:
1- Paying the instalments due on the shares he owns when they fall due and paying compensation for late payment.
2- Paying the expenses the company may have incurred in collecting the unpaid instalments of the value of his shares, and the company may levy execution on the shares in satisfaction of its rights.
3- Implementing the resolutions issued by the General Meeting of the company.
4- Refraining from any act that would harm the financial or moral interests of the company, and being bound to compensate for the damage arising from a violation thereof.
5- Following the rules and procedures prescribed for trading in shares.

Article 180

The General Meeting of shareholders may not do the following:
1- Increase the financial burdens of the shareholder or increase the nominal value of the share.
2- Reduce the percentage of the net profits to be distributed to the shareholders as specified in the Company Contract.
3- Impose new conditions, other than the conditions stated in the Company Contract, relating to the entitlement of the shareholder to attend the general meetings and to vote therein.
However, these provisions may be departed from with the written acceptance of all the shareholders or by a unanimous vote in which all the shareholders participate, after the approval of the Authority and the completion of the procedures required to amend the Company Contract.

Chapter Seven – Management of the Public Shareholding Company

a – Board of Directors

Article 181

The company shall be managed by a Board of Directors, the method of formation of which, the number of its members and their term of membership shall be set out in the Company Contract. The number of members of the Board may not be less than five, and the term of membership of the Board shall be three years, renewable.
If it is not possible to elect a new Board of Directors on the specified date, the existing Board

shall continue to manage the business of the company until the reasons cease to exist and a new Board is elected.

Article 182

The shareholders shall elect the members of the Board of Directors by secret ballot, and the Company Contract may stipulate that a number not exceeding half of the members of the first Board of Directors shall be elected from among the Founders of the company.

Article 183

The Board of Directors shall elect – by secret ballot – a Chairman of the Board and a Vice-Chairman. The Chairman of the Board of Directors shall represent the company in its relations with third parties and before the courts, in addition to the other powers set out in the Company Contract. His signature shall be deemed as the signature of the Board of Directors in the relationship of the company with third parties. He shall implement the resolutions of the Board and abide by its recommendations. The Vice-Chairman shall take the place of the Chairman in his absence or if he is prevented from exercising his powers.
The company shall have one or more Chief Executive Officers appointed by the Board of Directors from among the members of the Board or from others, who shall be entrusted with the management of the company. The Board shall determine his remuneration and his powers to sign on behalf of the company. The positions of Chairman of the Board of Directors and Chief Executive Officer may not be combined.

Article 184

The Board of Directors may carry out all acts required for the management of the company in accordance with its objects, and this power shall be restricted only by what is provided for in the law, the Company Contract or the resolutions of the General Meeting.
The Company Contract shall set out the extent of the power of the Board of Directors to borrow, to mortgage the company's real estate, to enter into guarantees, to resort to arbitration, to conclude settlements and to make donations.

Article 185

The Board of Directors may distribute the work among its members according to the nature of the company's business, and the Board may also delegate one of its members, a committee from among its members or a third party to carry out one or more specific acts, to supervise

an aspect of the company's activity, or to exercise some of the powers or competences vested in the Board.

Article 186

The relevant Regulatory Authorities shall lay down the governance rules for the companies subject to their supervision, in a manner that achieves the best protection and balance between the interests of the management of the company, its shareholders and the other stakeholders connected with it, and shall also set out the conditions to be met by independent members of the Board of Directors.

Article 187

The Regulatory Authorities may require the companies subject to their supervision to include among the members of the Board of Directors one or more independent members of experience and competence, who shall be selected by the Ordinary General Meeting, which shall determine their remuneration in accordance with the governance rules, provided that their number shall not exceed half of the members of the Board. It is not required that an independent member be one of the shareholders of the company.

Article 188

Every shareholder, whether a natural or a legal person, may appoint representatives on the Board of Directors of the company in proportion to the shares he owns therein, and the number of members of the Board of Directors selected in this manner shall be deducted from the total number of members of the Board of Directors to be elected. Shareholders who have representatives on the Board of Directors may not participate with the other shareholders in electing the remaining members of the Board of Directors, except within the limits of what exceeds the percentage used in appointing their representatives on the Board of Directors. A group of shareholders may form an alliance among themselves to appoint one or more representatives on their behalf on the Board of Directors, in proportion to their combined ownership.
These representatives shall have the same rights and duties as the elected members.
The shareholder shall be liable for the acts of his representatives towards the company, its creditors and its shareholders.

Article 189

The amounts due for the representation of public institutions, public authorities and wholly State-owned companies on the Board of Directors of a company in which they hold shares shall accrue to them, and the Chairman of the Board of Directors of the company shall pay such amounts directly to the said entities within one week from the date on which they fall due. Such entities may determine the remuneration and salaries to be paid to their representatives on the boards of directors of that company.

Article 190

A meeting of the Board of Directors shall not be valid unless attended by half of the members, provided that the number of those present is not less than three, unless the Company Contract provides for a higher percentage or number. Meetings may be held using modern means of communication, and resolutions may be adopted by circulation with the approval of all the members of the Board.
The Board of Directors shall meet at least six times during a single year, unless the Company Contract provides for more meetings.

Article 191

The minutes of the meetings of the Board of Directors shall be recorded and signed by the members present and the Secretary of the Board of Directors. A member who did not approve a resolution adopted by the Board may record his objection in the minutes of the meeting.

Article 192

If the seat of a member of the Board of Directors becomes vacant, it shall be filled by the shareholder who obtained the most votes among those who did not win membership of the Board of Directors, and if he is prevented, by the next in line, and the new member shall only complete the term of his predecessor.
However, if the vacant seats amount to one quarter of the original seats, the Board of Directors shall call the Ordinary General Meeting to convene within two months from the date on which the last seat became vacant, and the General Meeting shall elect members to fill the vacant seats.

Article 193

Any person standing for membership of the Board of Directors shall meet the following conditions:

1- He shall have full capacity to dispose.
2- He shall not have previously been sentenced in a felony to a custodial penalty, or in a crime of negligent bankruptcy or fraudulent bankruptcy, or a crime involving moral turpitude or dishonesty, or to a custodial penalty for violating the provisions of this Law, unless he is a person whose rehabilitation has been granted.
3- With the exception of independent members of the Board of Directors, he shall own in his personal capacity, or the person he represents shall own, a number of the company's shares.
4- Any other conditions set out in the memorandum of association.
If a member of the Board of Directors loses any of the foregoing conditions or any other conditions set out in this Law or other laws, his membership shall lapse from the date on which he lost such condition.
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 194

A person, even if he represents a natural or legal person, may not be a member of the Board of Directors of more than five public shareholding companies having their head office in Kuwait, nor may he be Chairman of the Board of Directors of more than one shareholding company having its head office in Kuwait. A violation of this condition shall render his membership void in the companies exceeding the prescribed number, according to the most recent appointment therein, together with the consequences thereof, without prejudice to the rights of bona fide third parties. Whoever violates this condition shall be bound to return to the company in which his membership was voided any remuneration or benefits he may have obtained.

Article 195

The Chairman or a member of the Board of Directors, even if he represents a natural or legal person, may not exploit information that has come to his knowledge by virtue of his position to obtain a benefit for himself or for others, nor may he make any kind of disposal of the shares of the company on whose Board of Directors he is a member throughout the term of his membership except after obtaining the approval of the Authority.
The Authority shall lay down the rules governing trading by members of the Board of Directors in the shares of the company and the manner of its disclosure.

Article 196

Members of the Board of Directors may not disclose to the shareholders, other than at meetings of the General Meeting, or to third parties, any secrets of the company that have come to their knowledge by reason of their management of the company; otherwise, they shall be removed and held liable for compensation for the damage resulting from the violation.

Article 197

The Chairman of the Board of Directors or any of the members of the Board may not combine membership of the boards of directors of two competing companies, or participate in any business that would compete with the company, or trade for his own account or for the account of others in any branch of the activity carried on by the company; otherwise, the company may claim compensation from him or treat the transactions he carried out for his own account as if they had been carried out for the account of the company, unless this was done with the approval of the Ordinary General Meeting.

Article 198

The Company Contract shall set out the method of determining the remuneration of the Chairman and the members of the Board of Directors, and the total of such remuneration may not be set at more than ten per cent of the net profit after deducting depreciation and reserves and distributing a profit of not less than five per cent of the capital to the shareholders, or any higher percentage provided for in the Company Contract.
Nevertheless, an annual remuneration not exceeding six thousand dinars may be paid to the Chairman of the Board of Directors and to each member of that Board from the date of incorporation of the company until it achieves profits that allow it to distribute remuneration in accordance with the preceding paragraph. An independent member of the Board of Directors may be exempted from the maximum limit of the said remuneration by a resolution issued by the Ordinary General Meeting of the company.
The Board of Directors shall submit an annual report to be presented to the Ordinary General Meeting of the company for approval, which shall include, precisely, a detailed statement of the amounts, benefits and advantages obtained by the Board of Directors, whatever their nature and designation.

Article 199

Any person who has a representative on the Board of Directors, the Chairman or any member of the Board of Directors, any member of the executive management, or their spouses or relatives of the second degree may not have a direct or indirect interest in the contracts and transactions concluded with the company or for its account, unless authorised by the Ordinary General Meeting.

In this case, the member shall make disclosure of the interest to the Board of Directors and abstain from voting, the company shall maintain a register containing all transactions with related parties that have been disclosed, and the shareholders shall be entitled to obtain a copy of the register.

* The last paragraph was added by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 200

With the exception of banks and companies that are permitted to lend, the company may not lend to any member of its Board of Directors, the Chief Executive Officer, their spouses or their relatives up to the second degree, or to companies affiliated with them, unless there is a special authorisation to that effect from the Ordinary General Meeting of the company. Any act made in violation hereof shall not be enforceable against the company, without prejudice to the rights of bona fide third parties.

Article 201

The Chairman and the members of the Board of Directors shall be liable towards the company, the shareholders and third parties for all acts of fraud and abuse of authority, for every violation of the law or of the Company Contract, and for mismanagement.

A vote by the General Meeting discharging the Board of Directors shall not preclude the filing of a liability action. The members of the Board of Directors may not take part in voting on resolutions of the General Meeting concerning their discharge from liability for their management, or relating to a special benefit for them, their spouses or their relatives of the first degree, or to an existing dispute between them and the company.

Article 202

The liability provided for in the preceding Article shall be either a personal liability attaching to a particular member, or a joint liability shared among all the members of the Board of Directors. In the latter case, the members shall all be jointly and severally liable for payment

of compensation, except for any of them who objected to the resolution that gave rise to the liability and recorded their objection in the minutes.

Article 203

The company may file a liability action against the members of the Board of Directors on account of errors resulting in damage to the company. If the company is in liquidation, the liquidator shall file the action.

Article 204

Every shareholder may individually file a liability action on behalf of the company if the company fails to file it. In such case, the company shall be joined as a party to the action so that compensation, if warranted, may be awarded to it.
A shareholder may also file his personal action for compensation if the error has caused him damage. Any provision in the Company Contract to the contrary shall be null and void.

Article 205

A liability action shall lapse upon the expiry of five years from the date of the meeting of the Ordinary General Meeting that issued its resolution discharging the Board or establishing its error. However, if the act attributed to the members of the Board of Directors constitutes a criminal offence, the action shall not lapse until the criminal action lapses.

Chapter Eight – General Meeting

Article 206

The annual Ordinary General Meeting shall convene at the invitation of the Board of Directors within the three months following the end of the financial year, at the time and place specified in the Company Contract. The Board may invite the General Meeting to convene whenever necessary. The Board of Directors shall invite the General Meeting to convene upon a reasoned request from a number of shareholders holding not less than 10% of the company's capital, or upon the request of the auditor, within twenty-one days from the date of the request. The party calling the meeting shall prepare the agenda.
In closed shareholding companies, the chairman of the General Meeting, the Secretary of the Board of Directors and one of the minority shareholders present shall record the resolutions of the General Meeting and the reservations of the shareholders, if any, ratify them, and submit a report on such resolutions and reservations to the Ministry.
The provisions relating to the Constituent General Meeting shall apply to the procedures for

inviting the General Meeting, the quorum and voting.
* Replaced by Law No. 83 of 2018 (Kuwait Al-Youm, Issue No. 1402, 22 July 2018), and subsequently by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 207

The Ministry shall invite the General Meeting to convene within fifteen days if, for any reason whatsoever, the invitation to the meeting of the General Meeting has not been issued by the Board of Directors in the cases in which the Board is required to invite the General Meeting to convene.
The Ministry shall take the place of the Board of Directors in taking the measures necessary to hold the meeting, and may preside over the meeting, unless the General Meeting elects one of the shareholders for this purpose.

Article 208

Every shareholder, whatever the number of his shares, shall have the right to attend the General Meeting, and shall have a number of votes equal to the number of votes prescribed for the same class of shares. A shareholder may not vote, for himself or for those he represents, on matters relating to a special benefit for him or to an existing dispute between him and the company, and any provision or resolution to the contrary shall be null and void. A shareholder may appoint another person to attend on his behalf. The Authority shall issue the rules governing the disclosures required in special proxies for the attendance of a person acting on behalf of the shareholder at the General Meeting.
Any person claiming a right to shares that conflicts with what is recorded in the company's shareholders' register may apply to the Judge of Summary Matters for an order on petition depriving the disputed shares of voting for a period determined by the issuing judge, or until the subject matter of the dispute is decided by the competent court, in accordance with the procedures prescribed in the Civil and Commercial Procedure Law.
* The first paragraph was replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 209

The Company Contract may provide for a cumulative voting system for the election of the members of the company's Board of Directors, which grants each shareholder a voting power equal to the number of shares he owns, so that he is entitled to cast them for a single

candidate or to distribute them among the candidates of his choice without repetition of these votes.

Article 210

The meeting of the General Meeting shall be chaired by the Chairman of the Board of Directors, the Vice-Chairman, a person delegated by the Board of Directors for this purpose, or a person elected by the General Meeting from among the shareholders or others.

Article 211

Subject to the provisions of the law and the Company Contract, the Ordinary General Meeting, at its annual meeting, shall be competent to take resolutions on the matters falling within its competence, in particular the following:
1- The report of the Board of Directors on the company's activity and financial position for the financial year ended.
2- The auditor's report on the company's financial statements.
3- A report on any violations detected by the Regulatory Authorities for which penalties were imposed on the company.
4- The company's financial statements.
5- The proposals of the Board of Directors on the distribution of profits.
6- The discharge of the members of the Board of Directors.
7- The election or removal of the members of the Board of Directors, and the determination of their remuneration.
8- The appointment of the company's auditor and the determination of his fees, or the authorisation of the Board of Directors to do so.
9- The appointment of the Sharia Supervisory Board for companies operating in accordance with the provisions of Islamic Sharia, and hearing the report of that board.
10- A report on the transactions that have been or will be concluded with related parties; related parties shall be defined in accordance with international accounting principles.

Article 212

The Ordinary General Meeting of the company may, by a resolution issued by it, dismiss the Chairman, or one or more members of the Board of Directors, or dissolve the company's Board of Directors and elect a new Board, upon a proposal to that effect submitted by a number of shareholders holding not less than one quarter of the company's issued capital. Where a resolution is issued dissolving the Board of Directors and it is not possible to elect a

new Board at the same meeting, the General Meeting may decide either that this Board shall continue to conduct the company's affairs until the new Board is elected, or to appoint a temporary administrative committee whose principal task shall be to invite the General Meeting to elect the new Board within one month of its appointment.

Article 213

The Ordinary General Meeting may not discuss matters not included in the agenda, unless they are urgent matters that arose after the agenda was prepared or came to light during the meeting, or if so requested by one of the Regulatory Authorities, the auditor, or a number of shareholders holding five per cent of the company's capital. If it becomes apparent during the discussion that the information relating to some of the matters presented is insufficient, the meeting shall be adjourned for a period not exceeding ten working days if so requested by a number of shareholders representing one quarter of the shares of the issued capital, and the adjourned meeting shall be held without the need for new invitation procedures.

Article 214

The Board of Directors shall implement the resolutions of the General Meeting, unless such resolutions are in violation of the law or the Company Contract. The Board of Directors shall re-submit the resolutions which it considers to be in violation of the law or the Company Contract to the General Meeting at a meeting called to discuss the aspects of the violation.

Article 215

The provisions relating to the Ordinary General Meeting shall apply to the Extraordinary General Meeting, subject to the provisions set out in the following Articles.

Article 216

The Extraordinary General Meeting shall meet at the invitation of the Board of Directors, or upon a reasoned request from shareholders representing fifteen per cent of the company's issued capital or from the Ministry. The Board of Directors shall invite the Extraordinary General Meeting to convene within thirty days from the date on which the request is submitted.

If the Board of Directors does not invite the General Meeting within the period provided for in the preceding paragraph, the Ministry shall call the meeting within fifteen days from the date of expiry of the period referred to in the preceding paragraph.

Article 217

A meeting of the Extraordinary General Meeting shall not be valid unless attended by shareholders representing three quarters of the company's issued capital. If this quorum is not met, an invitation shall be issued to a second meeting, which shall be valid if attended by those representing more than one half of the issued capital.
Resolutions shall be passed by a majority exceeding one half of the total shares of the company's issued capital.

Article 218

Without prejudice to the other competences provided for by the law, the Extraordinary General Meeting shall be competent to decide the following matters:
1- Amendment of the Company Contract.
2- Sale of the entire undertaking for which the company was established, or disposal of it in any other manner.
3- Dissolution, merger, conversion or division of the company.
4- Increase or reduction of the company's capital.

Article 219

No resolution issued by the Extraordinary General Meeting shall take effect until the Publicity procedures have been completed.
The approval of the Ministry shall be obtained if the resolution relates to the company's name, objects or capital, except for an increase of capital by the issue of shares in consideration of profits realised by the company or as a result of adding its reserves, which may lawfully be so used, to the capital.

Article 220

Every shareholder may file an action for the nullity of any resolution issued by the Board of Directors or by the Ordinary or Extraordinary General Meeting in violation of the law or the Company Contract, or intended to harm the interests of the company, and may claim compensation where appropriate. The nullity action shall lapse upon the expiry of two months from the date of issue of the resolution of the General Meeting, or from the date on which the shareholder became aware of the resolution of the Board of Directors.
The resolutions of the Ordinary and Extraordinary General Meeting that are unfair to the rights of the minority may also be challenged. The challenge shall be made by a number of the company's shareholders holding fifteen per cent of the company's issued capital who are not

among those who approved such resolutions, and this action shall lapse upon the expiry of two months from the date of the resolution of the General Meeting. In such case, the court may uphold, amend or annul the resolutions, or postpone their implementation until an appropriate settlement is reached for the purchase of the shares of the objecting shareholders, provided that such shares are not purchased out of the company's capital.

Chapter Nine – Company's Accounts

Article 221

The company shall have a financial year of not less than twelve months, the beginning and end of which shall be specified in the Company Contract, with the exception of the first financial year, which shall begin on the date of Registration of the company in the Commercial Register and end on the date specified for the end of the following financial year.
The Board of Directors shall prepare an annual report on the financial year ended, and the Executive Regulations shall set out the details thereof.

Article 222

A percentage of not less than ten per cent of the net profits shall be deducted annually, by a resolution issued by the Ordinary General Meeting upon the proposal of the Board of Directors, to form a statutory reserve for the company.
The General Meeting may suspend this deduction if the statutory reserve exceeds one half of the company's issued capital.
The statutory reserve may not be used except to cover the company's losses or to secure the distribution of profits to the shareholders at a rate not exceeding five per cent of the paid-up capital in the years in which the company's profits do not permit the distribution of this rate, owing to the absence of a voluntary reserve permitting the distribution of this rate of profits.
Whatever has been deducted from the statutory reserve shall be returned to it when the profits of the following years so permit, unless this reserve exceeds one half of the issued capital.

Article 223

A percentage specified by the Company Contract or by the Board of Directors, after obtaining the opinion of the auditor, shall be deducted annually from the gross profits for the depreciation of the company's assets or as compensation for the decline in their value. These

funds shall be used to purchase or repair the necessary materials, machinery and installations, and may not be distributed to the shareholders.

Article 224

The Ordinary General Meeting shall resolve to deduct a percentage of the profits to meet the obligations incumbent on the company under the labour and social security laws.
The Company Contract may provide for the establishment of a special fund to assist the company's workers and employees.

Article 225

A percentage not exceeding ten per cent of the net profits may be deducted annually, by a resolution issued by the Ordinary General Meeting upon the proposal of the Board of Directors, to form a voluntary reserve allocated to the purposes determined by the General Meeting.

Article 226

Subject to the provisions contained in the Company Contract, the Ordinary General Meeting may, upon the proposal of the Board of Directors, distribute profits to the shareholders at the end of the financial year or at the end of each financial period. For such distribution to be valid, it shall be made out of real profits and in accordance with generally accepted accounting principles, and shall not affect the company's paid-up capital.
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Chapter Ten – Auditor

Article 227

Subject to the provisions of the aforementioned Law No. 7 of 2010, a public shareholding company shall have one or more auditors appointed by the Ordinary General Meeting, after the approval of the Central Bank of Kuwait in respect of companies subject to its supervision. The Founders of the company may appoint one or more auditors until the Constituent General Meeting is held.
In exceptional and emergency cases in which the auditor appointed by the General Meeting does not perform his duties for any reason whatsoever, the Board of Directors may appoint a person to replace him, provided that the matter is submitted to the first meeting held by the General Meeting for a decision thereon.

Article 228

The auditor may not be the Chairman or a member of the Board of Directors of the company whose accounts he audits, or be entrusted with carrying out any administrative work therein, or supervise its accounts, or be a relative up to the second degree of any person who supervises the management or accounts of the company. Nor may he purchase or sell shares of the companies whose accounts he audits during the audit period, or perform any advisory work for the company.

Article 229

The auditor shall have the right, at all times, to inspect all the books, registers and documents of the company and to request the information he deems necessary to obtain, and he may also verify the company's assets and liabilities.
If he is not enabled to exercise these rights, he shall record this in writing in a report submitted to the Board of Directors and presented to the Ordinary General Meeting, and the Ministry and the Authority shall be notified thereof.

Article 230

The auditor, or whomever he designates from among the accountants who took part with him in the audit work, shall attend the meetings of the Ordinary General Meeting and shall submit a report on the company's financial statements and on whether such statements present the company's financial position at the end of the financial year and the results of the company's operations for that year, stating whether the information contained in the report of the Board of Directors agrees with what is contained in the company's books and documents, in accordance with generally accepted accounting principles and the provisions of the law.
If the company has more than one auditor, they shall prepare a unified report, and in the event of any disagreement among them on certain matters, this shall be recorded in the report together with a statement of the point of view of each of them.
The report shall in particular contain the following information:
1- Whether the auditor has obtained the information he deems necessary for the performance of his task.
2- Whether the balance sheet and the profit and loss accounts conform to reality, include everything provided for by the law and the Company Contract, and faithfully and clearly express the true financial position of the company.
3- Whether the company keeps proper accounts.
4- Whether the inventory has been carried out in accordance with established practice.

5- Whether the information contained in the report of the Board of Directors agrees with what is contained in the company's books.
6- Whether any violations of the provisions of the law or the Company Contract have occurred during the financial year, stating whether such violations are still continuing, within the limits of the information available to him.
7- Any other information specified by the Executive Regulations.

Article 231

The auditor shall, during and after the end of his work with the company, maintain the confidentiality of the information and data that came to his knowledge by virtue of his work, shall not use such information and data to obtain a benefit for himself or for others, and shall not disclose any secrets relating to the company.
If the auditor breaches his duties referred to in the preceding paragraph, he may be removed and compensation may be claimed from him where appropriate.

Article 232

The auditor shall be liable for the financial statements contained in his report and for any damage sustained by the company, the shareholders or third parties as a result of errors committed by him during and by reason of his work. If the company has more than one auditor, they shall be jointly and severally liable, unless one of them proves that he did not take part in the error giving rise to the liability.
The auditor shall also be liable for the damage sustained by the company as a result of his resignation at an inappropriate time.
Every shareholder may, during the meeting of the Ordinary General Meeting, discuss with the auditor and seek clarification from him on what is contained in his report.

Article 233

The Board of Directors, or a number of shareholders representing twenty-five per cent of the issued capital, may request the replacement of the auditor during the financial year.
Any resolution taken concerning his replacement without following the procedures set out in the Executive Regulations shall be null and void.

Part Ten – Closed Shareholding Company

Article 234

Subscription for the shares of the capital of a closed shareholding company upon incorporation shall be restricted to the Founders. The Authority shall be competent to lay down the rules for dealing in and disposing of such shares and the controls for keeping the shareholders' register of such company, provided that such rules ensure that the trading, settlement and clearing of such shares and their custody are carried out through integrated technical systems. The Authority may delegate to the Exchange the laying down of such rules and the determination of the technical specifications of the systems for the trading, settlement and custody of such shares.

The number of members of the Board of Directors shall not be less than three, and membership of the company's Board of Directors shall not be counted within the maximum number of memberships. A person may be the Chairman of the Board of Directors of more than one closed shareholding company, and the company may have a Chief Executive Officer from among the members of the Board of Directors or from others. A member of the Board of Directors may dispose of his shares in the company during his membership of the Board, without prejudice to the restrictions on the disposal of shares provided for in this Law or in the Company Contract.

Except for the provisions contained in this Part, the provisions relating to the public shareholding company shall apply to the closed shareholding company.

* The first paragraph was replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 235

Except for concession or monopoly companies, closed shareholding companies may be incorporated, without the need to obtain a resolution from the Minister, by an authenticated official instrument issued by all the Founders, whose number shall not be less than five, with the exception of companies incorporated by the State or by a public authority or public institution, which may incorporate the company alone or with a smaller number of participants. Such instrument shall contain the Company Contract and the following declarations:

1- That the Founders have subscribed for all the shares and have deposited the portion of their value which the law requires to be paid in one of the local banks at the disposal of the company.

2- That the in-kind contributions have been valued in accordance with the provisions of the law and have been paid in full.
3- That the Founders have appointed the necessary administrative bodies of the company.
4- A copy of the papers and documents supporting the aforementioned declarations shall be kept with the official instrument.
In all cases, the name of the company shall be followed by the phrase (Kuwaiti Closed Shareholding Company) or the abbreviation (K.S.C.C.).
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 236

A closed shareholding company shall not acquire legal personality, and may not commence its business, until after Publicity.

Article 237

The invitation to attend the meeting of the Constituent General Meeting, including the agenda and the time and place of the meeting, shall be sent by one of the following methods:
1. Registered letters sent to all subscribers at least two weeks before the date set for the meeting.
2. Announcement, which shall be made twice, provided that the second Announcement is made after a period of not less than seven days from the date of Publication of the first Announcement and at least seven days before the meeting is held.
3. Delivery of the invitation by hand to the shareholders or their legal representatives at least one day before the date of the meeting, with an acknowledgement of receipt endorsed on a copy of the invitation.
The Executive Regulations may provide for other methods of calling the meeting through any modern means of communication.

Article 238

Except for companies listed on the Exchange, the Company Contract of a closed shareholding company may restrict the right of a shareholder to dispose of his shares by the following two restrictions or by either of them:
1. Stipulating a pre-emption right for the company's shareholders to purchase the shares which their owner wishes to sell.
2. Stipulating the approval of the Board of Directors of the purchaser of the shares.
The dispositions referred to in Article (172) of this Law shall be excepted from these two

restrictions. If the Company Contract includes either of these two restrictions, the company shall not be listed on the Exchange.

Article 239

If the Company Contract of a closed shareholding company contains a provision granting the shareholders a preference in purchasing shares, the shareholder shall, before disposing of them, notify the company of the terms of the sale. The disposal of the shares shall not take effect until ten days have elapsed from the date of the notification without any of the shareholders applying to purchase the shares. If one of the shareholders applies to purchase the shares, the purchase shall be made at the price stated in the terms of the sale.

Article 240

Without prejudice to the provisions on the purchase by the company of its own shares, if the Company Contract of a closed shareholding company stipulates the approval of the Board of Directors of the purchaser of the shares, the Board shall, if it rejects the person of the purchaser, purchase the shares for the account of the company within ten days from the date on which the Board is notified of the request for approval. In such case, the purchase shall be made at the price at which the shareholder agreed to sell his shares.

Article 241

If it is decided to increase the company's capital and some shareholders do not exercise the pre-emption right to subscribe for the shares of the capital increase, the unsubscribed shares shall be allotted to those of the company's shareholders who so wish. If the subscription applications exceed the number of shares offered, the shares shall be allotted to the subscribers in proportion to what they subscribed for.
In all cases in which not all the new shares are subscribed for, the Board of Directors may allot the unsubscribed shares to new shareholders, and the new shares not subscribed for shall be deemed cancelled by operation of law.

Article 242

A closed shareholding company in respect of which the period of prohibition on the disposal of its shares has expired may be licensed to increase its capital by way of public subscription by a resolution of the Ministry issued upon the approval of the Authority, and the approval of the Central Bank of Kuwait shall be obtained if the company is subject to its supervision.
The company shall be deemed to have converted into a public shareholding company as of

the date of issue of the Minister's resolution licensing it to increase its capital by way of public subscription.
In all cases, every closed shareholding company whose shares have been listed for trading on the Exchange shall be deemed a public shareholding company as of the date of listing, and this provision shall apply to closed shareholding companies listed on the Exchange at the time this Law comes into force.

Part Eleven – Holding Company

Article 243

A holding company is a company whose object of incorporation is investment in shares, membership interests or investment units in Kuwaiti or foreign companies or funds, or participation in the incorporation of such companies, lending to them and guaranteeing them towards third parties.

Article 244

A holding company shall take one of the following forms:
1- Shareholding company.
2- Limited liability company.
3- Single person company.
The phrase (Holding Company) shall be stated, alongside its trade name, on all papers, Announcements, correspondence and other documents issued by it.

Article 245

A holding company shall be incorporated by one of the following methods:
1- By incorporating a company whose objects are confined to any of the activities provided for in Article (243).
2- Incorporating subsidiary companies of it, or owning shares or membership interests in companies, to carry out those objects.
3- By amending the objects of an existing company into a holding company in accordance with the provisions of this Law.

Article 246

Subject to the provisions of the preceding Article, a holding company may carry out all or some of the following activities:

1- Managing its subsidiary companies, or participating in the management of other companies in which it holds an interest, and providing them with the necessary support.
2- Investing its funds in trading in shares, bonds and other securities.
3- Owning the real estate and movable property necessary to carry out its activity within the limits permitted by law.
4- Financing or lending to the companies in which it owns shares or membership interests and guaranteeing them towards third parties; in such case, the holding company's participation in the capital of the borrowing company shall not be less than twenty per cent.
5- Owning intellectual property rights, such as patents, trademarks or industrial designs, franchise rights and other intangible rights, and exploiting them and leasing them to its subsidiary companies or to others, whether inside or outside Kuwait.

Article 247

A holding company shall, at the end of each financial year, prepare a consolidated balance sheet and profit and loss statements for itself and all its subsidiary companies, accompanied by the notes and information prescribed as required by international accounting standards.

Article 248

A holding company shall be subject to the provisions applicable to the company whose form it has taken, in so far as they do not conflict with the provisions of this Part.

Article 249

The holding company shall be jointly and severally liable for the debts of its subsidiary companies if the following conditions are met:
1- The funds of the subsidiary company are insufficient to meet its obligations.
2- The holding company owns a percentage of the capital of the subsidiary company that enables it to control the appointment of the majority of the members of the Board of Directors or of the managers, or the decisions issued by the management.
3- The subsidiary company takes decisions or carries out acts aimed at the interest of the company that owns and controls it and harming the interest of the subsidiary company or its creditors, and such decisions or acts are the principal cause of the subsidiary company's inability to meet its obligations.
All of the above shall apply unless the holding company is liable for the debts of the subsidiary company on the basis of another cause.

Part Twelve – Conversion, Merger, Division and Dissolution of Companies

Chapter One – Conversion of Companies

Article 250

Subject to the provisions contained in this Law, any company may convert from one legal form to another. The conversion shall be made by a resolution issued in accordance with the provisions and procedures prescribed for amending the Company Contract, provided that at least two financial years have elapsed since its Registration in the Commercial Register.
The conversion of the company shall not be effected until the procedures prescribed therefor have been completed, the Publication and Announcement procedures have been taken, and a report has been prepared valuing the company's assets and liabilities in accordance with the provisions on the valuation of in-kind contributions contained in the first paragraph of Article (11) of this Law.
The Executive Regulations shall specify the conditions and procedures for conversion.

Article 251

A partner who objects to the resolution to convert the company may withdraw from the company and recover the value of his membership interest or shares by a request submitted to the company within sixty days from the date of Registration. The value of the shares or membership interests shall be paid according to their actual value stated in the valuation report provided for in the preceding Article.

Article 252

The conversion of the company shall not result in its acquiring a new legal personality, and it shall retain the rights and obligations it had prior to the conversion. As regards the obligations of the general partners arising prior to the conversion of the company, the creditor's right to this guarantee shall lapse if he does not object to the conversion resolution within thirty days from the date of Publication of the resolution in the Official Gazette. The objection shall be submitted in accordance with the ordinary procedures for filing an action and shall fall within the jurisdiction of the Court of First Instance. The submission of the objection shall result in the continuation of the obligation of the general partners towards that creditor until his objection is decided by a final judgment.

Article 253

In the event of conversion, each partner shall have, in the company into which the conversion has taken place, a number of membership interests or shares equal in value to the membership interests or shares he held in the company prior to the conversion. If the conversion is into a limited liability company and the value of the partner's membership interest or shares in the company prior to the conversion is less than the minimum prescribed nominal value of a membership interest in a limited liability company, he shall make up the difference in cash.

Article 254

The conversion of a shareholding company that has borrowed by issuing bonds or sukuk shall require the approval of the body of bondholders or sukuk holders of the conversion resolution, by a majority of those representing at least two thirds of such bonds or sukuk. If the conversion, or the settlement offered to that body by the company, is not approved by the aforementioned majority, or if that body cannot be convened, the representatives of the body of bondholders or sukuk holders shall refer the matter to the Court of First Instance within thirty days from the date of Publication of the conversion resolution, and the filing of the action shall not result in the suspension of the conversion procedures.
The court may rule to reject the objection, or to oblige the converted company to pay the value of the bonds or sukuk, in accordance with the terms of issue, or to oblige the converted company to provide sufficient guarantees for the payment of their value.

Chapter Two – Merger of Companies

Article 255

A company, even if it is in liquidation, may merge into another company of the same legal form or of another form. The merger shall be effected by one of the following methods:
1- Merger by way of absorption, by dissolving one or more companies and transferring their assets and liabilities to an existing company.
2- Merger by way of consolidation, by dissolving two or more companies and incorporating a new company to which the assets and liabilities of the merged companies are transferred.
3- Merger by way of division and absorption, by dividing the assets and liabilities of the company into two or more parts and transferring each part to an existing company.
The Executive Regulations shall regulate the procedures, modalities and conditions of the merger, subject to the provisions set out in the following Articles.

Article 256

Merger by absorption shall be effected by following the procedures below:

1- A resolution shall be issued by the merged company to dissolve it.

2- The net assets of the merged company shall be valued in accordance with the provisions on the valuation of in-kind contributions set out in Article (11) of this Law.

3- The absorbing company shall issue a resolution increasing its capital in accordance with the valuation of the merged company.

4- The capital increase shall be distributed among the partners in the merged company in proportion to their interests therein.

5- If the new interests are represented by shares, and the periods prescribed in this Law for the trading of the company's shares have elapsed since the incorporation of the absorbing company, such shares may be traded as soon as they are issued, in accordance with the provisions prescribed in this Law regarding the trading of the company's shares.

Article 257

Merger by consolidation shall be effected by following the procedures below:

1- A resolution shall be issued by each of the merged companies to dissolve it.

2- The new company shall be incorporated in accordance with the conditions set out in this Law; however, if the new company is a shareholding company, the report on the valuation of in-kind contributions prepared in accordance with the provisions of Article (11) of this Law shall be adopted without the need to refer the matter to the Constituent General Meeting.

3- Each merged company shall be allotted a number of interests or shares equal to its share in the capital of the new company, and such interests or shares shall be distributed among the partners in each merged company in proportion to their interests therein.

If the interests in the new company are represented by shares, and the periods prescribed in this Law regarding the trading of the company's shares have elapsed since the incorporation of each of the merged companies, such shares may be traded as soon as they are issued.

Article 258

Publicity shall be given to the merger, and the merger resolution may not be implemented until thirty days have elapsed from the date of its Publication in the Official Gazette. During the said period, the creditors of the merged company may object to the merger before the company by an official notice, and the merger shall remain suspended unless the creditor waives his objection, or the objection is rejected by a final judgment, or the company pays the

debt if it is due or provides sufficient guarantees for its payment if it is deferred. If no objection is submitted within the said period, the merger shall be deemed final.

Article 259

The merger of a shareholding company that has issued bonds or sukuk shall be conditional upon the approval of the merger resolution by the body of bondholders or sukuk holders, by a majority of those representing two thirds of the bonds or sukuk; otherwise, the company shall effect a settlement of the debt approved by the body of bondholders or sukuk holders by the said majority.

The representative of the body of bondholders or sukuk holders may object to the merger resolution in accordance with the provisions of the preceding Article.

Article 260

Subject to the provisions of the preceding Article, if the shareholding companies participating in the merger have issued bonds or sukuk convertible into shares, the holders of such bonds or sukuk shall have the right to request their conversion into shares in the absorbing company or the new company, as the case may be, within the period prescribed in the issue of the bonds or sukuk. The basis of conversion shall be determined by setting the exchange ratio specified in the terms of issue in the light of the ratio stated in the merger agreement for the exchange of the shares of the company issuing the bonds or sukuk for shares in the absorbing company or the new company.

Article 261

If the merger would lead to an increase in the financial burdens of the partners or shareholders, or would prejudice their rights, in any of the companies participating in the merger, the approval of all the partners or shareholders in the company to the merger resolution shall be required.

If any of the partners or shareholders objects to the merger resolution, the provisions set out in Article (251) of this Law shall apply to him.

Article 262

In the case of merger by absorption or consolidation, the absorbing company or the new company shall be substituted for the merged companies in all their rights and obligations; and in the case of merger by way of division and absorption, the absorbing companies shall be

jointly and severally liable for the obligations of the divided company arising prior to the merger.

Chapter Three – Division of Companies

Article 263

A company may, even if it is in liquidation, be divided into two or more companies, whether the company is dissolved or continues to exist, and the companies resulting from the division may take any of the legal forms of companies.
The division of the company shall be decided by a resolution of the Extraordinary General Meeting, specifying the number and names of the shareholders or partners and the portion of each of them in the companies resulting from the division, the rights and obligations of such companies, and the manner of distributing the assets and liabilities among them.
The Executive Regulations shall set out the procedures, modalities and conditions of the division.

Article 264

The companies resulting from the division shall be the successors of the divided company and shall be substituted for it by operation of law, within the limits of what has devolved to them from the divided company in accordance with the division resolution. The creditors and shareholders of the company shall have the right to object to the division resolution, and the provisions set out in Article (258) of this Law shall apply to them.

Article 265

The shares of any of the companies resulting from the division may be traded as soon as they are issued, if the shares of the divided company were tradable when the division resolution was issued and the company resulting from the division has fulfilled the conditions required for the trading of shares.

Chapter Four – Dissolution and Liquidation of the Company

a – Winding Up of the Company

Article 266

Subject to the grounds of dissolution specific to each type of company, a company shall be dissolved for any of the following reasons:

1- Expiry of the term specified in the Company Contract, unless it is renewed in accordance with the rules set out in the Contract or in this Law.
2- Completion of the purpose for which the company was established, or the impossibility of achieving it.
3- Issuance of a ministerial resolution dissolving the company as a result of the loss of all or most of the company's assets such that the remainder cannot be profitably invested, in accordance with the controls set out in the Executive Regulations.
4- Unanimous agreement of the partners to dissolve the company before the expiry of its term, unless the Company Contract provides that a specific majority shall suffice.
5- Merger of the company into another company.
6- Declaration of bankruptcy of the company.
7- Issuance of a ministerial resolution cancelling the company's licence because it has not carried on its activity or has not issued its financial statements for three consecutive years, in accordance with the controls set out in the Executive Regulations.
8- Issuance of a court judgment dissolving the company.
* Replaced by Law No. 79 of 2019 (Kuwait Al-Youm, Issue No. 1456, 4 August 2019).

Article 267

A company shall be dissolved upon the death of a partner in a general partnership or a joint venture, or of a general partner in a limited partnership or a partnership limited by shares, or upon the issuance of a judgment of interdiction against him or declaring his bankruptcy, unless the Company Contract contains a provision permitting its continuation among the remaining partners.
In all cases where the company continues among the remaining partners, the portion of the partner who has left the company shall be assessed and its value calculated as at the day on which the cause leading to the partner's departure from the company occurred, in accordance with the provisions on the valuation of in-kind contributions set out in the first paragraph of Article (11) of this Law. By way of exception from the provision of the preceding paragraph, and in companies other than joint ventures, the heirs of the deceased partner may continue in the company as limited partners, in which case the general partnership shall be converted into a limited partnership by operation of law.

Article 268

A general partnership or a limited partnership shall be dissolved if the share of any of the partners is attached and the partners do not approve the admission of the person who

submitted the best bid as a partner in the company, and neither the company nor the partners redeem the share or satisfy the rights of the attaching creditor.
The same provision shall apply to a partnership limited by shares if the attachment is levied on the shares of the general partner.

Article 269

With the exception of a shareholding company, a company may be dissolved by a court judgment if one of the partners so requests on account of a partner's failure to perform what he has undertaken, or for any other reason which the court deems serious enough to justify the dissolution; and any agreement to the contrary shall be null and void.

Article 270

If death, interdiction or bankruptcy affects all the general partners in a limited partnership or a partnership limited by shares, the company shall be dissolved, unless the partners or shareholders proceed – within six months – to convert it into a company of another type.

Article 271

If the losses of a shareholding company reach three quarters of the paid-up capital, the members of the Board of Directors shall call the Extraordinary General Meeting to consider the continuation of the company or its dissolution before the term specified in its Contract, or the taking of other appropriate measures.
If the Board of Directors does not call the Extraordinary General Meeting, or if it is not possible to issue a resolution on the matter, the Ministry and any interested party may request the competent court to dissolve the company.

Article 272

A limited liability company shall not be dissolved by the death of any of the partners, or by the issuance of a judgment of interdiction against him or declaring his bankruptcy, unless the Company Contract provides otherwise.

Article 273

If the losses of a limited liability company reach three quarters of the capital, the managers shall submit to the Extraordinary General Meeting of the partners the matter of covering the capital or dissolving the company, or of taking other appropriate measures.
If the managers neglect to call the partners, or if the partners are unable to reach a resolution

on the matter, the managers or the partners - as the case may be - shall be jointly and severally liable for the obligations of the company resulting from their negligence.

Article 274

A single person company shall be dissolved upon the death of the owner of its capital, unless the shares of the heirs are combined in one person or the heirs choose to continue it in another legal form, all within six months from the date of death. The company shall also be dissolved upon the dissolution of the juristic person owning the company's capital.

Article 275

Subject to the provisions of Article (266), a professional company shall be dissolved if, for any reason whatsoever, the company is reduced to a single partner, unless that partner proceeds within six months to admit one or more other partners.

Article 276

Subject to the minimum number of partners in a professional company, a professional company shall not be dissolved by the death of any of the partners, his withdrawal from it, or his loss of eligibility to practise the profession.
In the event of death, the share shall not pass to the heirs, and they shall be entitled to recover its value in accordance with the provisions of the first paragraph of Article (11) of this Law. The partners may agree that the heir who meets the conditions of partnership in the company shall take the place of the deceased if that heir wishes to join the company, all without prejudice to the rights of the remaining heirs towards that heir. The same provision as to the redemption of the share shall apply where any of the partners loses eligibility to practise the profession.

Article 277

With the exception of joint ventures, Publicity shall be given to the dissolution of the company, and the dissolution of the company may not be invoked against third parties except from the date of Publicity. The managers of the company or the Chairman of the Board of Directors, as the case may be, shall follow up the implementation of this procedure.

b – Liquidation

Article 278

Upon its dissolution, the company shall enter into liquidation, and during the period of liquidation the company shall retain its juristic personality to the extent necessary to complete the liquidation. The words "under liquidation" shall be added to the name of the company, written clearly, in the correspondence issued by it.
The provisions set out in the following Articles shall be followed in the liquidation of the company, unless the Company Contract provides otherwise.

Article 279

All debts owed by the company shall become due from the date of Publicity of the dissolution of the company and notification of the creditors of the commencement of liquidation. The liquidator shall officially notify all creditors of the commencement of liquidation and invite them to submit their claims, and the creditors may be notified by way of Announcement. In all cases, the notification or Announcement shall include a time limit of not less than thirty days for the creditors to submit their claims.

Article 280

Upon the dissolution of the company, the authority of its managers shall end; however, they shall continue to manage the company until the liquidator is appointed and exercises his powers, and the managers shall be deemed, in relation to third parties, to be liquidators until the liquidator is appointed.
The bodies of the company shall remain in existence during the period of liquidation, and their powers shall be confined to the acts of liquidation that do not fall within the competence of the liquidator.

Article 281

One or more liquidators shall be appointed from among the partners or others, in accordance with the conditions and rules set out in the Company Contract. If there is no provision in this regard, the liquidator shall be appointed and his remuneration and the period of liquidation determined by the majority required to amend the Company Contract.
If it is not possible to issue a resolution appointing the liquidator, the court shall appoint him upon the request of any of them or of any of the creditors of the company, and the judgment shall determine his remuneration and the period of liquidation.

Article 282

The liquidator shall be removed by a resolution of the body competent to appoint him. In all cases, the court may, upon the request of any of the partners or of any of the creditors of the company, and for acceptable reasons, order the removal of the liquidator.
Every resolution or judgment removing the liquidator shall include the appointment of his replacement, and the new liquidator shall give Publicity to the resolution or judgment containing the removal and his appointment as liquidator before commencing his work.

Article 283

The liquidator shall give Publicity to the resolution appointing him, the restrictions imposed on his powers, and the agreement of the partners or the resolution of the General Meeting on the method of liquidation, or the judgment issued in that regard.
The appointment of the liquidator or the method of liquidation may not be invoked against third parties except from the date of Publicity.

Article 284

The liquidator shall carry out all the acts required for the liquidation of the company, and in particular he may:
1- Represent the company before the courts and third parties.
2- Do everything necessary to preserve the assets and rights of the company.
3- Pay the debts of the company.
4- Sell the property of the company, whether immovable or movable, by public auction, by negotiation, or by any other method that ensures obtaining the highest price, unless the resolution appointing him provides for the sale to be conducted in a specific manner; however, the liquidator may not sell any of the company's assets unless the acts of liquidation so require.
5- Divide the net assets among the partners.
The liquidator may not commence new business unless it is necessary to complete previous business, nor may he sell the assets of the company or its business establishment as a whole, compromise on the rights of the company, or accept arbitration in disputes to which the company is a party, except with the permission of the court.

Article 285

The company shall be bound by all acts carried out by the liquidator in its name or for its account, if they are required by the acts of liquidation and within the limits of his authority.

If there is more than one liquidator, their acts shall not bind the company unless the decision is taken by an absolute majority, unless the resolution appointing them provides otherwise.

Article 286

The managers of the company and its Board of Directors shall submit their accounts and deliver their books and documents and the company's assets to the liquidator. If any of them refrains from doing the foregoing, the liquidator may apply for an order on petition - in accordance with the provisions of the Civil and Commercial Procedure Law - compelling the company and the members of its Board of Directors to do the foregoing. The liquidator shall - within three months from commencing his work - make an inventory of the company's assets and determine its financial position, including its rights and obligations, and he may for that purpose seek the assistance of the managers of the company, its Board of Directors and the auditor, if any. The liquidator shall keep the books necessary for recording the liquidation in accordance with the provisions on the keeping of commercial books.

Article 287

The liquidator shall complete the acts of liquidation within the period specified in the resolution appointing him; if the period is not specified, the court shall specify it upon the request of any interested party.
The period may be extended with the approval of the majority of the partners entitled to amend the Company Contract, or by a decision of the court after reviewing the liquidator's report on the reasons that prevented the completion of the liquidation within the specified period; and any interested party may request the court to shorten the period of liquidation.

Article 288

If the liquidator considers that the interest of the company requires the continuation of its business until a specified time, he shall in this case call the General Meeting or the partners to meet to decide on this matter, unless the dissolution of the company was effected pursuant to a court judgment.

Article 289

The liquidator appointed to liquidate a shareholding company shall call the Ordinary General Meeting to meet within three months from the end of the financial year in order to discuss the balance sheet of the ended year, the auditor's report and the annual report on the acts of

liquidation, and to approve them, and to appoint the auditor for the new year; and he may call the General Meeting to meet at any time if the acts of liquidation so require.

Article 290

The liquidator shall collect the rights of the company due from third parties or from the partners and deposit the amounts he collects with a bank for the account of the company in liquidation.

The liquidator shall pay the debts of the company and set aside the amounts necessary to pay the disputed debts, and the debts of the company shall be paid in the following order:

1- Financial obligations arising from the liquidation operations.

2- All amounts due to the employees of the company.

3- Privileged debts, according to the order of their privilege.

4- Debts secured by in rem security rights, within the limits of the proceeds of the property securing the debt.

The funds remaining after payment of the aforementioned debts shall be paid to the ordinary creditors; and if the remainder of the liquidation proceeds is insufficient to pay all such debts, the funds shall be divided among them pro rata.

Article 291

Subject to the rights prescribed for the holders of preference shares, the liquidator shall divide what remains of the company's assets after payment of its debts among the partners, and each partner shall receive a portion proportionate to the value of his share in the capital.

If the share contributed by the partner was merely the usufruct of property, the partner shall recover such property, unless it has perished during its use, in which case its value at the time of perishing shall be returned to him.

If any assets remain thereafter, they shall be distributed among all the partners in proportion to the portion of each of them in the profits.

If the net assets of the company are insufficient to pay the shares of the partners, the deficit shall be deducted from the shares of the partners according to the ratio agreed upon for the distribution of losses.

In all cases where the assets of the company are insufficient to pay its debts, the liquidator may take the procedures prescribed by law for the declaration of bankruptcy of the company.

Article 292

The liquidator shall submit to the General Meeting of the shareholders, or to the partners entitled to amend the Company Contract, a final account of the liquidation of the company and the division of its assets, and the acts of liquidation shall end upon the approval of the final account by that Meeting.
The liquidator shall give Publicity to the completion of the liquidation, and the completion of the liquidation may not be invoked against third parties except from the date of Publicity.
The liquidator shall request the deletion of the company's Registration from the Commercial Register after the completion of the liquidation.

Article 293

The books and documents relating to the liquidation of the company shall be kept for ten years from the date of deletion of the company's Registration from the Commercial Register, at the place determined by the body that appointed the liquidator.

Article 294

The liquidator shall be liable for compensation for the damage sustained by the company, the partners or third parties by reason of his exceeding the limits of his authority or as a result of the errors he commits in the performance of his work; and where there is more than one liquidator, they shall be jointly and severally liable.

Article 295

No action shall be heard against the liquidator on account of the acts of liquidation after the lapse of three years from the Publicity of the completion of the liquidation; nor shall an action be heard, after the lapse of the said period, on account of the business of the company, or against the managers, the members of the Board of Directors or the auditors on account of the acts of their offices.

Part Thirteen – Supervision, Inspection and Penalties

Chapter One – Supervision and Inspection

Article 296

The Ministry shall examine any complaint submitted by any interested party relating to the implementation of the provisions of this Law, in accordance with the following Article.

Article 297

If it becomes apparent to the Ministry that there are violations of the provisions of this Law or of the Company Contract, or that those in charge of managing the company or its Founders have committed acts harmful to the interests of the company, the partners or the shareholders, or affecting the national economy, it shall call the Ordinary General Meeting or the partners' meeting to rectify such violations within fifteen days from the date on which the meeting is held, and shall notify the competent investigation authorities thereof.
The Executive Regulations shall set out the procedures for the submission of complaints by the persons concerned and the manner of their examination by the Ministry.

Article 298

Shareholders or partners holding at least five per cent of the capital of the company may request the Ministry to appoint an accounts examiner to conduct an inspection of the company with regard to the violations they attribute to the manager, the members of the Board of Directors, the auditor or the Chief Executive Officer of the company in the performance of their duties, where they have reasons justifying such request, after payment of the fee determined by the Executive Regulations; and the applicants shall bear the costs of the accounts examiner.
In the event that the company refrains from providing the examiner appointed by the Ministry with the required data, the persons referred to in the preceding paragraph may resort to the courts to compel the company to provide the examiner with the required documents, in accordance with the rules prescribed in the Law of Evidence regarding compelling an opponent to produce a document in his possession.

Article 299

If it becomes apparent to the Ministry or any of the Regulatory Authorities from the inspection that what was attributed to the members of the Board of Directors, the auditor, the manager or the Chief Executive Officer is untrue, it shall - upon the request of the person concerned and at the expense of those who requested the inspection - publish the result of the report in two daily newspapers and on the company's website, without prejudice to their liability for compensation where necessary.

Article 300

If the Ministry rejects the request of the shareholders or partners to conduct the inspection - referred to in Article (298) of this Law - of the company, those whose request was rejected

may submit a petition to the President of the Court of First Instance to order the conduct of the requested inspection, the delegation of an expert to carry out this task and the determination of his fees; such fees shall be borne by those who requested the inspection, or by whoever is proven to be responsible for the violations set out in the request.

Article 301

Whoever carries out the inspection shall, during his work and after leaving it, maintain the confidentiality of the books, documents and all papers and information he has reviewed by virtue of his assignment, and shall not disclose any secrets relating to the company he has inspected, except in the cases where the law permits it; and he shall be liable if he neglects to mention true facts or records untrue facts that are likely to affect the outcome of the inspection.

Article 302

The Chairman and members of the Board of Directors of the company, its employees, the auditor and its managers shall allow whoever carries out the inspection to examine all the books, registers, documents and all papers and information that he requests for the purposes of the inspection.

Chapter Two – Penalties

Article 303

Without prejudice to any more severe penalty provided for by another law, the following shall be punished by imprisonment for a term not exceeding three years and a fine of not less than ten thousand dinars and not exceeding one hundred thousand dinars, or by either of these two penalties:

1- Whoever, in bad faith, states in the memorandum of association and articles of association of the company, or in public subscription prospectuses or any other prospectuses or documents addressed to the public, false data or data contrary to the provisions of the law; and whoever signs such documents or distributes or promotes them knowing them to be untrue.

2- Whoever invites the public to subscribe for shares or bonds issued in the name of companies other than shareholding companies.

3- Whoever fraudulently values in-kind contributions at more than their true value.

4- Any member of the Board of Directors, manager, auditor or liquidator who participates in

preparing a balance sheet, financial position or data issued by the company that does not conform to reality, knowing this and with the intent of concealing the true financial position of the company, or who intentionally omits material facts with the intent of concealing the true financial position of the company.
5- Any member of the Board of Directors, manager, auditor or liquidator who distributes, or approves the distribution of, any amounts as profits, knowing that the financial position of the company does not permit it, or in violation of the provisions of this Law or the Company Contract.
6- Any member of the Board of Directors, manager, member of the Supervisory Board, auditor, employee of the company or any person entrusted with its inspection who, otherwise than in the cases where the law obliges him to do so, discloses secrets obtained by virtue of his work, or exploits such secrets to achieve personal benefits for himself or for others or to harm the company.
7- Whoever is charged with inspecting the company and intentionally records, in the reports he prepares on the outcome of the inspection, facts contrary to the truth, or intentionally omits to mention material facts that are likely to affect the outcome of the inspection.
8- Whoever intentionally, contrary to the truth and with knowledge thereof, states or omits data or information relating to the conditions of candidacy for membership of the Board of Directors in a shareholding company.

Article 304

Without prejudice to any more severe penalty provided for by another law, the following shall be punished by imprisonment for a term not exceeding one year and a fine of not less than five thousand dinars and not exceeding ten thousand dinars, or by either of these two penalties:
1. Any member of the Board of Directors or manager who, intentionally or by way of deception, commits acts likely to prevent any of the partners or shareholders from participating in the General Meeting or the partners' meeting of the company.
2. Any member of the Board of Directors or manager who, intentionally and without an acceptable excuse, refrains, one month after being officially warned, from holding the General Meeting or the partners' meeting in the cases where the law requires it.
3. Whoever prevents the auditor, a member of the Supervisory Board, the judicial custodian, the liquidator or the persons charged with inspecting the company from examining its books and documents, and whoever refrains from providing the information, documents and

clarifications they have requested.
4. Any member of the Board of Directors, manager or liquidator who, in bad faith and in that capacity, exploits the assets or shares of the company to achieve personal benefits for himself or for others, directly or indirectly.
The court may, in the crimes set out in this Article and the preceding Article, order the removal of the member of the Board of Directors of the company or the manager.

Article 305

Without prejudice to any more severe penalty provided for by another law, a company that refrains from rectifying the violations contained in the Ministry's report submitted to its General Meeting within the time limits set by the Ministry shall be punished by a fine of not less than five thousand dinars and not exceeding fifty thousand dinars.

Article 306

The Public Prosecution alone shall have competence to investigate, dispose of and prosecute the crimes set out in this Law.
The Minister shall issue a resolution seconding a sufficient number of the Ministry's employees to monitor the implementation of the provisions of this Law, to detect the crimes committed in violation of its provisions, and to draw up reports establishing such crimes.

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