Royal Decree

No. 18/19
On the Issuance of the Commercial Companies Law

,We Qaboos bin Said, Sultan of Oman

After perusal of the Basic Statute of the State promulgated by Oman Sultani Decree No. 101/1996; The Commercial Companies Law promulgated by Oman Sultani Decree No. 4/1974; The Capital Market Law promulgated by Oman Sultani Decree No. 80/1998; Following the ,presentation to the Oman Council; and Based on the requirement of the public interest

:Have issued the following Decree

Article 1

.The provisions of the Commercial Companies Law hereto attached shall come into force

Article 2

The Minister of Commerce and Industry and the Chairman of the Board of Directors of the Capital Market Authority shall, each within his own competencies, shall issue the Implementing Regulations of this Law within a period not exceeding one year from the date of its entry into force, as well as the decisions necessary for the implementation of the provisions hereof. Until such regulations and decisions are issued, the regulations and decisions in force shall remain .applicable to the extent they do not conflict with the provisions of the Law hereto attached

Article 3

The commercial companies existing at the time of the issuance of this Law shall adjust their .situation within one year from the date of its entry into force

Article 4

The Commercial Companies Law promulgated by Oman Sultani Decree No. 4/1974 shall be abrogated, as well as any text contrary to or inconsistent with the provisions of the Law hereto .attached

Article 5

This Decree shall be published in the Official Gazette and shall come into force sixty (60) days .from the date of its publication

.Issued on 8 Jumada Al-Thani in 1440 H. Corresponding to February 13, 2019

Qaboos bin Said Sultan of Oman

THE COMMERCIAL COMPANIES LAW

Title 1 - General Provisions

Chapter 1

Definitions and Common Provisions

Article 1

In the application of the provisions of this Law, the following terms and expressions shall have :the meanings assigned thereto unless the context requires otherwise

.**Ministry**: The Ministry of Commerce and Industry **-1**

.**Minister**: The Minister of Commerce and Industry **-2**

.**Authority**: The Capital Market Authority **-3**

.**Competent Authority**: The Ministry or the Authority, as the case may be **-4**

.**Registrar**: The Secretariat of Commercial Register **-5**

Executive Management: The CEO or the director general - as the case may be - or the manager, **-6** and any executive directly subordinated to any of the aforementioned persons or subordinated to the company's Board of Managers or Board of Directors or authorised to carry out certain .functions of the Board of Managers or the Board of Directors

.**Memorandum of Association**: The company's Memorandum of Association or Statute **-7**

Governance: A set of criteria, standards and procedures that achieve corporate governance at **-8** the level of the company's management in accordance with the international standards and practices, by determining the duties and obligations of the company's Board members and the Executive Management, taking into account the protection of the rights of the shareholders and stakeholders

.**Working day**: An official working day in ministries, government entities and departments **-9**

.**Regulation**: The Implementing Regulation of this Law **-10**

Article 2

The provisions of this Law shall apply to such commercial companies whose head office is based .in the Sultanate or that conduct any of their principal activities therein

Article 3

A commercial company is a legal entity established under a contract by virtue of which two or more persons undertake to participate in a profit-making enterprise by providing a share of the capital in the form of tangible or intangible property, or service or work, with a view to sharing any profit or loss resulting therefrom. Notwithstanding the provisions of the preceding paragraph, a company may be incorporated by a single person in accordance with the provisions .of this Law

Article 4

:The commercial company established in the Sultanate shall take one of the following forms

.Joint-Liability Company -1

.Limited Partnership -2

.Joint Venture -3

.(Joint Stock Company (Public / Closed -4

.Holding Company -5

.Limited Liability Company -6

.One Person Company - 7

Article 5

Any company that carries on a commercial activity without assuming any of the forms provided for in Article 4 of this Law shall be deemed null and void. Any interested party may uphold such nullity, and the Court may rule the same sua sponte. Persons who have entered into contracts or concluded transactions in the name or on behalf of the company shall be held personally and .jointly liable for the obligations arising therefrom

Article 6

The Ministry shall register, oversee and supervise all companies subject to the provisions of this .Law, except for Public Joint Stock Companies that fall within the competence of the Authority

Article 7

The Competent Authority may issue models of the Memorandum of Association. Except for the Joint Venture Company, the Memorandum of Association shall be made available to the public .and registered in accordance with the applicable laws

Article 8

The Memorandum of Association shall not include any condition exempting the founders or some of them from liability arising from the company's incorporation. Any provision to the .contrary shall be deemed null and void

Article 9

Save for Joint Venture Companies, the company's Memorandum of Association and any amendment thereto shall be made in Arabic, failing which, said Memorandum of Association or any amendment thereto shall be deemed null and void. Any interested party shall have the right .to uphold such nullity against partners or shareholders

Article 10

The partners or shareholders may invoke against each other the nullity of the Memorandum of Association or any amendment thereto arising from failure to write or register the same with the Registrar. However, they may not invoke such nullity against third parties who may uphold the .company's existence

Article 11

The object of the company shall be lawful, and any company whose object is contrary to the law, the public order or morals shall be deemed null and void. Any interested party may uphold said .nullity, and the Court may rule the same sua sponte

Persons who have entered into contracts or concluded transactions in the name or on behalf of .the company shall be held jointly liable for the obligations arising therefrom

Article 12

Any company incorporated in the Sultanate shall be of Omani nationality and shall enjoy such .rights prescribed by this Law

The company shall establish its head office in the Sultanate and may establish one or more .branches thereof within or outside the Sultanate

Article 13

A professional company and companies with foreign capital may be incorporated without prejudice to the Sultanate's obligations under international trade agreements, provided that .each of them establishes its head office in the Sultanate and engages in its activities therein

It shall be also permissible to establish companies operating outside the borders of the Sultanate (offshore) in free zones. The Council of Ministers shall approve the regulations of these .companies and the rules and procedures governing their work

The Competent Authority may register branches of foreign companies and commercial .representative offices within the Sultanate, in accordance with the conditions it specifies

This shall not necessarily entail that said company enjoys such rights limited by law to Omanis, .unless it is wholly owned by Omanis

Article 14

Except for the Joint Venture Company, all commercial companies shall acquire a legal entity upon their registration. However, the company under incorporation shall be considered as .having a legal personality during the period of its incorporation to the extent necessary therefor

Any interested party may uphold the existence of the company against founders despite the .incompletion of the procedures of its incorporation

Shareholders or partners may not invoke the legal personality of the company until after its registration. Persons who have entered into contracts or concluded transactions in the name or .on behalf of the company shall be held jointly liable for the obligations arising therefrom

Article 15

The Company shall file with the Competent Authority all decisions, minutes and other documents required by law to be deposited therewith, within seven (7) days from the day following the date of issuance of the decision or the meeting of the General Assembly or .materialisation of the incident that requires such deposit to be made

Article 16

Except for the Joint Venture Company, notices, contracts, documents, warnings, receipts, all other documents and publications issued by the Company shall indicate its name, legal form, .head office and any other data specified by the Regulation

Article 17

The Competent Authority may request any company to submit audited financial statements or .any other statements in accordance with the rules and dates specified by the Regulation

Article 18

No lawsuit shall be filed for claims arising under the provisions of this Law against or among partners or shareholders of commercial companies regarding the company's Memorandum or Articles of Association or acts, or against the company's managers, Board members, auditors or liquidators, or against the heirs or successors of any of them for the acts they performed during the exercise of their functions, unless such case is filed within a period of five years from the :most recent of the following dates

.The date of registration of the company with the Registrar -1

The date of the occurrence of the act or omission of an act forming the cause of the -2 .lawsuit

The date of the partners' approval or the meeting of the company's General Assembly at -3 which the manager or the Board of Directors submitted an account of the company's operations for the period that includes the act or the omission of an act forming the cause .of the lawsuit filed against managers or the Board of Directors or any of its members

Article 19

All information required to be published in accordance with the provisions of this Law shall be .published electronically in the manner determined by the Competent Authority

The Competent Authority may specify another way of publication in addition to electronic .publishing

Article 20

The Authority shall develop the principles of Governance with which Public Joint-Stock Companies and companies wherein the Government owns shares shall comply. The Ministry .shall lay down the principles of Governance for other companies

Chapter 2

Contributions to Capital

Article 21

The contribution to the capital of a company may consist of cash or may be a contribution in kind consisting of tangible or intangible rights, moral rights or services or work, subject to the .special provisions governing each form of companies provided for in this Law

The value of all contributions to the company's capital shall be stated in the company's .Memorandum of Association in terms of money

Article 22

If the competent court - at the request of a partner or a shareholder or heirs thereof or a creditor of the company, rules that a partner's contribution in kind has been overvalued, the partner or shareholder shall then pay to the company, in cash, the differences between the .estimated value of the funds provided thereby and its true value as at the time of contribution

All partners and shareholders of the company shall be jointly liable towards the company's creditors for the payment of such difference to the company and shall have the right of recourse .against the partner or shareholder whose contribution has been overvalued

Article 23

Contributions to the company's capital shall be of equal value unless the Memorandum of .Association provides otherwise

Article 24

Where a partner or a shareholder defaults in making his contribution to the company's capital, the remaining partners or shareholders may either request him to perform his obligation towards the company or expel him therefrom, without prejudice in either case to their right or the company's right to claim compensation from the defaulting partner or shareholder for .damages arising therefrom

Article 25

If a partner or shareholder's contribution consists of a property right or any other in-kind rights, such partner or shareholder shall be held liable towards the company for the hidden defects and the property defects and shall compensate the company for any damages it sustains as a result .thereof in accordance with applicable laws

Article 26

Personal creditors of a partner or shareholder of a company may not recover their rights out of the share of the shareholder or partner in the company's capital. However, they may claim, on the dissolution of the company, the payment of their debt out of the shareholder or partner's .share in the remaining assets thereof after settlement of the company's liabilities

Personal creditors of a partner of a commercial company other than the Joint-stock Company may claim the payment of their debt out of such partner's share in the company's profits in accordance with the company's account of profits and losses. As for the Joint-stock Company, .payment may be claimed only out of the partner's share in the declared dividends

Personal creditors of a shareholder in a Joint-stock Company may - in addition to the rights provided for in the two preceding paragraphs - claim the sale of his shares in public auction to .recover their debt out of the sale proceeds, subject to the provisions of the applicable laws

Article 27

Profits and losses shall be distributed among partners or shareholders pro rata to their share in the company's capital unless otherwise stipulated in the Memorandum of Association. Any provision depriving a partner or shareholder of the profits or exempting him from sharing the losses shall be deemed null and void. The share of each partner or shareholder in the company's .profits and losses, shall be determined in proportion to his share in the capital

Article 28

No partner, shareholder, manager or Board of Directors of the company or any of its members - without the prior consent of all partners or the General Assembly, as the case may be - may use the company's assets or funds for his own benefit or for the benefit of others, or conclude directly or indirectly an agreement with the company for his own account or for the account of one of his relatives up to the second degree, except for ordinary contracts concluded by the .company with its clients in the course of its normal activity

Any person who contravenes the provisions of this article shall be liable towards the company for profits he received as result of such violation and for damages resulting therefrom. The claim .for compensation may be instituted by any interested party

Article 29

Partners in a commercial company may not, without the prior consent of all the partners, carry out any activity similar to that in which the company is engaged, whether for their own account or for the account of third parties, except for partners in Joint Venture Companies and .shareholders in Joint Stock Companies

Chapter 3

Conversion, Merger, Dissolution and Liquidation of the Company

Section 1

Conversion of the Company

Article 30

The company may be converted from one legal form to another by a decision issued in

accordance with the conditions prescribed for the amendment of the Memorandum of Association, and after fulfilment of the incorporation conditions as to the form to which the company is converted. The conversion decision shall be accompanied by a statement of the company's assets and liabilities and the estimated value thereof. An annotation to the effect of the company's conversion shall be filed with the Registrar. The conversion decision shall be .published within (15) fifteen days from the date of its issuance

Article 31

The conversion of the company shall not result in the creation of a new legal entity. After conversion, the company, shall retain its assets and liabilities existing prior to the conversion. Conversion shall not discharge the joint partners from the company's liabilities existing prior to the conversion, unless after the consent of the creditors. However, such consent shall be assumed valid if the creditor does not object to the conversion in writing within (30) thirty days from the date of his official notification of the conversion decision or its publication in accordance with the procedures specified by the Regulation. Where any creditor objects to the conversion of the company, the procedures shall be completed only after the payment of the debt or the creditors' consent to the continuation of the previous guarantees provided by the .joint partners or the issuance of a decision from the competent court rejecting the objection

Article 32

Each partner or shareholder in the case of conversion shall have a number of interests or shares in the company converted, equal to the value of the interests or shares he held prior to the conversion. If the company is converted to a limited liability company and the value of the shares of the partner is less than the minimum value of the share in the company, the partner shall pay the balance of such value in cash within one month of the date of his notification of the same; otherwise he will be deemed withdrawn from the Company and the value of his share .shall be paid according to its market value on the date of conversion

Section 2

Merger of the Company

Article 33

A company may - although under liquidation - merge with another company of the same or :different legal form. Merger shall take place in either of the two following ways

1- Absorption: through the dissolution of one or more companies and the transfer of their .financial rights and obligations to an existing company

2- Combination: through the dissolution of two or more companies and the establishment of a new company to which the financial rights and obligations of the merged companies .are transferred

Subject to the provisions of Articles (34), (35), (36), (37), (38) and (39) of this Law, the Regulation shall specify the procedures and rules with which the companies wishing to merge shall comply .and the methods of assessment of their assets

Article 34

The merger decision shall be issued by agreement of the companies wishing to merge in accordance with the conditions and cases prescribed for the amendment of the Memorandum of Association, without following the liquidation procedures. The agreement shall specify the names of such companies and contain sufficient data thereof in addition to the name of the company arising from the merger and the rates on which basis the shares or stakes will be .traded, as well as the terms of their allocation

In all cases, the merger decision shall be implemented only after obtaining the approval of the Competent Authority, in accordance with the legal form to which the company has been converted, and registration thereof with the Registrar.

Article 35

The absorption merger shall be subject to the following procedures:

1- A decision on the dissolution and merger of the company in the acquiring company shall be passed by the merged company.

2- The net assets of the merged company shall be assessed in accordance with the latest audited financial statements, otherwise the assets shall be assessed in accordance with the legally applicable rules.

3- The acquiring company shall pass a decision to amend its capital in the amount of the valuation of the merged company.

4- The increase of the capital shall be distributed among the partners in the merged company pro rata to their shares therein.

Article 36

The combination merger shall be subject to the following provisions:

1- Each of the companies to be merged shall pass a decision to dissolve it and establish the new company in accordance with the rules required by this Law.

2- The assets and liabilities of the companies required to be merged shall be assessed in accordance with the legally applicable rules and shall be transferred to the new company.

3- The new company shall be incorporated with a capital of not less than the net value of the assets of the companies in the process of dissolution. Each merged company shall be allotted a number of stakes or shares equal to its stakes or shares in the capital of the new company. These stakes or shares shall be distributed among the partners in each merged company pro rata to their stakes or shares therein.

Article 37

The merger decision shall be published within (15) fifteen days from the date of its issuance, otherwise it shall be deemed void ab initio.

The company's creditors may file an objection to the merger decision before the registrar within thirty (30) days from the date of their official notification of the decision or publication thereof, if the merger is prejudicial to their rights and they shall submit a copy of the objection to the Competent Authority.

If the company does not settle the objection, the objector shall have the right to file a lawsuit to invalidate said decision before the competent court within fifteen (15) days from the date of filing the objection. An objection filed with the Registrar shall result in the stay of the merger procedures until the company settles the matter with the objecting creditor or obtains an order from the competent court to proceed with the merger procedures or the period referred to in the preceding paragraph expires.

Article 38

In case no objection is filed within the announcement period, the merger decision shall be considered final and the acquiring company or the new company, as the case may be, shall subrogate the merged companies in all their rights and obligations as of the date of registration of the companies' data in the acquiring company's registers in the event of absorption merger, or

from the date of registration of the new company with the Registrar in the case of combination merger, within the limits agreed upon in the merger contract without prejudice to the rights of .the creditors

Article 39

The management of the companies deciding to merge shall remain effective until the merger .comes into effect

Section 3

Dissolution and Liquidation of the Company

First - Dissolution and Liquidation Procedures

Article 40

Subject to the special provisions related to the dissolution of each form of the companies, a company shall be dissolved for the reasons provided for in the Memorandum of Association and :any of the following reasons

The company's failure to engage in its activity from the date of its establishment or ceasing to - 1 .carry on the same for more than (2) years

.Expiry of the company's term -2

Achievement of the object for which the company was established or impossibility to achieve -3 .such object

Transfer of shares or stakes to a number of partners or shareholders below the legally -4 .prescribed limit

If the capital falls below the minimum level required, without the ability to increase said -5 .capital within the specified timelimit

The company's bankruptcy or loss of all or most of its capital if such loss prevented the use of -6 .the remaining capital from being effectively used

Unanimous approval by the partners to dissolve the company. The company may be dissolved -7 .by a court ruling upon the request of the concerned parties or the Competent Authority

In all cases, the liquidation procedures shall be taken upon materialisation of any of the reasons for the dissolution of the company. Where the company fails to perform these procedures, they shall be carried out by virtue of a court ruling at the request of the concerned parties or the .Competent Authority

Article 41

The Company shall be deemed dissolved ipso jure from the date of the partners' agreement, the issuance of the Extraordinary General Assembly's decision or the issuance of a final court ruling - .as the case may be - according to the reasons stipulated in Article (40) of this Law

The company enters into liquidation upon its dissolution and retains the legal personality to the extent necessary for the liquidation. The expression "under liquidation" shall be added to its .name during the liquidation period

Article 42

The powers conferred upon all those authorised to manage the company shall cease to exist as of the date of its dissolution. Any person who enters into a contract or concludes any

transactions on behalf of the company as of that date shall be deemed liable with his own assets for the effects and obligations arising therefrom. If more than one person entered into contracts .or concluded any transactions on behalf of the company, they shall be jointly liable therefor

However, the managers or the Board of Directors shall proceed with their work and shall be liable as trustees of the Company's assets until a liquidator is appointed and assumes his .functions

Article 43

The partners' agreement or the Extraordinary General Assembly's decision, if liquidation is optional, or the court ruling, where it is compulsory, shall include the appointment of one or more liquidators and fees thereof, as well as the period during which the liquidation shall be completed. The liquidator shall be licensed to practice the profession of accounting and auditing .and accredited by the Competent Authority

The period of optional liquidation shall not exceed three (3) years and may not be extended except by the Competent Authority

Article 44

The company's managers or Board of Directors shall submit to the Registrar a copy of the liquidation decision or court ruling within fifteen (15) days from the date of its issuance, provided that the decision or the judgment's enacting terms - as the case may be - is published .within seven (7) from the date of its filing with the Registrar

Article 45

The liquidator's dismissal shall be made under the partners' agreement, or by virtue of a decision of the Extraordinary General Assembly if he was appointed thereby, or under an order on a petition issued by the president of the court that issued the liquidation judgment including the appointment of the liquidator; the agreement, decision or order - as the case may be - shall .include the appointment of a replacement liquidator

Article 46

The liquidation shall be carried out in accordance with the provisions of the decision or the :judgment handed down. Otherwise, the following steps shall be taken

1- The liquidator shall notify all creditors by registered letters with acknowledgment receipt served to their addresses registered with the company, of the commencement of the liquidation and shall invite them to file their claims against the company. If the addresses of the creditors are not known, they shall be notified and invited to submit their claims by way of publication in accordance with the provisions of this Law. In all cases, the notification shall grant the creditors a period of one hundred and eighty (180) days as of the date of publication to submit their claims. The liquidator shall make such notification within (7) .days from the date of filing the liquidation decision or judgment with the Registrar

2- Settlement of all valid claims filed against the company, provided that the debts' rankings upon settlement thereof are observed, and that after payment of the liquidation expenses .and the liquidator's fees

3- Distribution of the remaining assets among partners or shareholders in accordance with the Memorandum of Association, and where the latter does not contain any text to this effect, the remaining assets shall be distributed pro rata to their respective share in the .company's capital

If the net assets are not sufficient to cover the full value of the shares or stakes - as specified in the Memorandum of Association - the deficit shall be distributed among the partners or

.shareholders with the same proportion of the losses sharing

Second - Powers and Obligations of the Liquidator

Article 47

The liquidator shall register his appointment decision, the restrictions imposed on his powers, the partners' agreement, the Extraordinary General Assembly's decision or the judgment issued thereon in the manner of registration prescribed for the amendment of the Memorandum of Association. The appointment of the liquidator or the liquidation method shall not be .enforceable towards third parties except after the date of registration

Article 48

Upon assuming his function, the liquidator shall in conjunction with the company's auditors or managers, if any, prepare an inventory of the company's assets and liabilities. A detailed list shall be drafted in this respect, and the company's financial statements shall be prepared and .signed by the liquidator, the managers, the Board members and the auditors

Article 49

The liquidator shall take possession of the Company's funds, books, assets, documents and shall .record all liquidation work in a book kept according to accounting rules adopted

The liquidator shall enable partners, shareholders and creditors to access the book wherein the .liquidation-related work is recorded

Article 50

All contracts, receipts, warnings and any other documents issued by the company shall contain .(an explicit statement to the effect that it is (under liquidation

Article 51

Without prejudice to any limitations stipulated in the liquidation decision or judgment, the liquidator shall have the full authority to manage the company's business and take all measures to preserve its funds, recover its rights, complete its outstanding work, take all necessary measures to liquidate its assets and pay its debts. In particular, he shall represent the company before others and courts in respect of lawsuits filed by it or against it, and any other powers specified in the Regulation. If the liquidation decision or judgment includes the appointment of more than one liquidator, said liquidators shall work collectively, unless the decision or judgment empowers them to act individually, and shall be jointly liable for compensation for any damage caused to the company, partners, shareholders or third parties as a result of abuse of .their powers or any errors they may commit during the performance of their work

Article 52

The liquidator shall take the necessary measures to recover the company's rights from third parties and shall deposit with a bank, in the account of the company under liquidation, the .amounts he collects in its name within one working day at most from the time of their receipt

The liquidator may not waive any insurance or guarantee nor accept any insurance for the .company at a value lower than its current value

The liquidator may not sell the company's assets and enterprises in bulk unless after obtaining the consent of the partners or shareholders, if the liquidation is optional, or the approval of the competent court, if the liquidation is compulsory, unless the decision or the judgment .appointing the liquidator stipulates that they may be sold in bulk

Article 53

The liquidator may not commence new business unless it is necessary to complete previous work. If the liquidator performs new works not required by liquidation, he shall be liable with all his assets for such works. If there are multiple liquidators, they shall be jointly liable for such .works

Third - Completion of Liquidation

Article 54

The liquidator shall complete the liquidation within the period specified in the liquidation decision or judgment. Subject to the provisions of Article (43) of this Law, it shall be permissible, based on the reasons specified by the liquidator, to extend the period specified for liquidation under a decision issued by the partners or the Extraordinary General Assembly, if the liquidation is optional, or an order on a petition rendered by the president of the competent court, if .liquidation is compulsory

In all cases, where the liquidation period extends for more than one year, the liquidator shall call upon the partners or shareholders at the end of each year to which the liquidation work extends, in accordance with the invitation procedures of the partners or the Extraordinary General Assembly, so as to submit a report on the liquidation works in the year ending, and the .financial statement for the present year, within thirty (30) days at most from the end of the year

Article 55

The company shall be bound by the acts and transactions the liquidator undertakes in its name, as required by liquidation. The liquidator shall be liable towards the company, its partners or shareholders and third parties for damages resulting from any acts or actions he undertakes contrary to the law, and for acts exceeding the limits of his powers, and any fraud, forgery or negligence he commits in the performance of his duties, as well as for failing to act with due care. If there are multiple liquidators, they shall be jointly liable therefor unless each of them has the right to act alone in accordance with the decision or judgment of their appointment. The lawsuit filed against the liquidator due to the liquidation work shall be time-barred five (5) years after the date of the completion of the liquidation

Article 56

Upon completion of the liquidation, the liquidator shall submit to the partners, shareholders and creditors, a final report and a final account audited by the company's auditor on liquidation .works within thirty (30) days from the completion of these works for approval

Article 57

Liquidation shall be terminated subject to the partners or shareholders' approval of the final report and the final accounts. The liquidator shall file a copy of their approval of the completion of the liquidation with the Registrar within seven (7) days as of the date of its issuance. The .Registrar shall delete the registration of the company as of the date of its filing

The liquidator shall publish the approval of the partners or shareholders as to the completion of .the liquidation within two (2) days from the date of its filing with the Registrar

Article 58

If the final report and the final account has not been approved, the liquidator may present the grounds of the dispute to the competent court and request the nullification of the refusal .decision

The liquidator shall deposit a copy of the judgment issued in the lawsuit with the Registrar .within fifteen (15) days from the date of its issuance

If the judgment declares the nullity of the partners or shareholders' decision and the termination of the liquidation, said judgment shall be published in accordance with the second paragraph of Article (57) of this Law. The Registrar shall delete the registration of the company as of the date .of filing of the judgment

If the judgment confirms the partners or shareholders' decision, the liquidator may be dismissed, .and another liquidator may be appointed to complete the liquidation work

Article 59

The liquidator shall deposit the proceeds of liquidation that have not been received by the beneficiaries, in the fund which may be established for this purpose by a decision of the Competent Authority. This decision shall specify the period during which such funds shall be deposited, the procedures thereof and the expenses required for the management of such funds .by deducting their value until such time where they are disbursed to their beneficiaries

.The provisions of Article (135) of this Law shall apply to the amounts referred to herein

Title 2 - Joint Liability Companies, Limited Partnerships and Joint Venture Companies

Chapter 1

Joint Liability Company

Article 60

Joint Liability Company is a commercial company established between two physical persons who assume joint liability with all their personal assets for the company's obligations, and where the liability, upon the death of any of them, is transferred to his estate, in respect of the obligations .that have not been fulfilled

Article 61

The name of a Joint Liability Company shall consist of the names of all partners. Such name may be limited to the name of one or more partners in addition to the expression (& Co.). The name of the company shall correspond to its actual form and conform to its actual activities. If the name includes the name of person who is not a partner and knowingly consents that his name be included therein, the said person shall be jointly liable with the partners for the debts of the .company

The company may have a private trade name, provided that it is accompanied by a statement .indicating that it is a Joint Liability Company

Article 62

The partners shall apply for registration of the Joint Liability Company and its Memorandum of Association with the Registrar within thirty (30) days from the date of signing the same in .accordance with the provisions of this Law

Article 63

Each partner in the Joint Liability Company shall have the capacity of a trader and shall be deemed to have engaged in commercial activities in the name of the company. The bankruptcy .of the Joint Liability Company shall entail the bankruptcy of all its partners

Article 64

The company may keep in its name the name of a partner who has withdrawn therefrom or died, .subject to the consent of the withdrawn partner or the heirs

If a partner withdraws from the company shall not be liable for its obligations subsequent to the registration of his withdrawal, unless he agrees that his name remains among the names of the other partners. In such case, he shall remain jointly liable towards any bona fide person who has dealt with the company, provided that the withdrawal is published as specified by the .Regulation

The heirs shall be jointly liable with all their assets towards any bona fide person who has dealt with the company, if they agree that the name of their heirs remains in the name of the .company

Article 65

The ownership interests of the partners in the Joint Liability Company shall not take the form of .negotiable instruments

Article 66

Ownership interests in the Joint Liability Company may not be transferred, except with the consent of all partners and subject to the restrictions set out in the Memorandum of Association. Any agreement providing for the unconditional transfer of the ownership interests shall be deemed null and void. However, the partner may transfer the rights related to his ownership interests in the company to third parties, and such agreement shall be enforceable .only between its parties

Article 67

The company's creditors shall have the right of recourse against its assets, as well as against the personal assets of any partner. All partners are jointly liable towards the company's creditors. Execution against the assets of a partner as a result of the company's financial obligations shall not be permissible, save with a final judgment issued against the company and after requesting their settlement by the company and said company abstains from paying them on time. The judgment issued against the company shall be enforceable against the partner, and if one of the partners settles a debt owed by the company, he may have the right of recourse against the company as to the debt he paid. He may also have the right of recourse against the remaining partners, each in proportion to his share in the debt. Where any of the partners is insolvent, the partner who has paid the debt and the rest of the solvent partners shall bear the consequence .of such insolvency, each in proportion to his share

Article 68

The management of the Joint Liability Company shall be undertaken by all the partners, unless the partners entrust such management in the Memorandum of Association to one or more .managers from among physical partners or from third parties

Where there are multiple managers and no particular competence is assigned to each of them, .the single manager shall be liable only for the works within the scope of his competencies

If it is stipulated that they shall undertake the management collectively, the decisions are valid only if issued unanimously or by the majority provided for in the Memorandum of Association. However, each manager may carry out the urgent actions of which omission may result in the .company's loss of profits

Article 69

Any partner who is not a manager may, at any time, request any information about the company, review and inspect in person or by his representative, its books, records, accounts and other documents. He may also file an appeal before the competent court against any decision issued by the managers, where he deems it contrary to the Law or the Memorandum of Association. Any agreement which denies such partner any of these rights shall be deemed null

.and void

Article 70

If the manager is a partner and appointed under the company's Memorandum of Association, he may only be dismissed with the unanimous decision of the other partners or by a court ruling upon the request of the majority of partners. The dismissal of the manager in either of these cases shall result in the dissolution of the company unless the company's Memorandum of .Association provides otherwise

If the manager is a partner and appointed under a contract independent of the Memorandum of Association or the manager is not from among partners, he may be dismissed by a decision of .the majority of partners. Such dismissal shall result in the dissolution of the company

Article 71

The manager may carry out all ordinary management acts that are in accordance with the object of the company, unless the Memorandum of Association restricts his authority in this regard. The company shall be bound by any work carried out by the manager in its name within the .limits of the powers vested in him

Article 72

The manager may not carry out acts exceeding the ordinary management except with the consent of all partners or by explicit provision in the Memorandum of Association. This :prohibition applies in particular to the following acts

Make contributions, except for contributions required by the work interest when they are -1 .ordinary and of a little value

Sell all the company's assets or a part thereof. 3- Pledge or mortgage the assets of the -2 company, except to secure debts of the company incurred in the ordinary course of the business

Guarantee debts of third parties, except for guarantees made in the ordinary course of -4 .business for the sake of achievement of the company's objectives

Article 73

Subject to the provisions of this Law, the Joint Liability Company shall be dissolved upon the death of a partner or his withdrawal from the company, or loss of capacity, or adjudication of his bankruptcy, unless the Memorandum of Association provides otherwise. However, if the remaining partners are two or more, they may decide to continue the company among them, .provided that they register their decision with the Registrar

Article 74

The court may, at the request of one of the partners, rule to dissolve the Joint Liability Company due to the failure of one or more partners to fulfil his/ their obligations or for any other reason .necessitating its dissolution

However, partners may request the court to remove the defaulting partner from the company if his default is considered a sufficient reason to dissolve the company

Article 75

In the event that the company continues after the partner's withdrawal, removal, loss of capacity, bankruptcy or death, the value of his ownership interests in the company shall devolve to him or to his legal representatives or heirs, as the case may be, as estimated by a special inventory prepared at the date of the occurrence of the incident leading thereto. In the case of

dispute over the value of the ownership interests, the value thereof shall be estimated at the request of the concerned parties by the competent court, on the basis of the report of one or more experts appointed by the court, unless the parties agree on another method of estimation. The value of the ownership interests shall be paid to the beneficiaries in cash or in kind. .Beneficiaries shall not be entitled to any share in the subsequent revenues of the company

Article 76

The company shall be liquidated after its dissolution in accordance with the provisions of this Law and the Memorandum of Association, provided that they do not contravene any legal .provisions of a mandatory nature

All partners - including those not entitled to manage the company - shall have the right to .participate in a practical manner in decisions that have an impact on the company's liquidation

Chapter 2

Limited Partnership

Article 77

:The Limited Partnership is a company which comprises two categories of partners

One or more joint partners who shall be jointly liable for the company's obligations with their -1 .personal assets

One or more silent partners who shall be liable for the partnership's debts to the extent of the -2 amount of their contribution to the partnership's capital, provided such amount is stated in the .limited partnership's Memorandum of Association

Article 78

The name of the Limited Partnership Company shall consist of the name of one or more Joint Partners, accompanied by a statement indicating the presence of partners. The name shall be followed wherever it appears, by the expression Limited Partnership. If a silent partner agrees to add his name to the name of the company, he shall be deemed as a Joint Partner and thus liable for the company's obligations vis-à-vis bona fide third parties who dealt with the company as a .joint partner

The company may have a special trade name, provided that it is accompanied by a statement .indicating that it is a Limited Partnership Company

Article 79

The joint partner or partners shall apply for the registration of the Limited Partnership Company and its Memorandum of Association with the Registrar within thirty (30) days from the date of .signing the Memorandum of Association in accordance with the provisions of this Law

Article 80

The silent partner may not undertake the management of the company or participate therein, nor may he bind it by his acts. However, he may in person or by any person acting on his behalf, inspect at any time the company's books, records, accounts and other documents to determine its workflow and future opportunities. He may consult with other partners on this matter, and by exercising these powers, he shall not be considered as a participant in the management of the .company

If the silent partner assumes any role in the management of the company, he shall be jointly .liable for any obligations arising against the company during the performance thereof

Article 81

The silent partner shall not be deemed to have engaged in commercial activities in the name of the company, nor shall he have the capacity of a trader. The bankruptcy of the company shall .not entail the bankruptcy of the silent partner

Article 82

The death of a silent partner, declaration of his incapacity or adjudication of his bankruptcy shall not result in the dissolution of the Limited Partnership Company, unless the competent court .decides otherwise. The joint partners shall liquidate the company upon its dissolution

Article 83

The judgment of bankruptcy of the Limited Partnership Company shall result in the bankruptcy .of the joint partners only

Article 84

The Limited Partnership Company shall be subject to all relevant provisions governing the Joint .Liability Company regarding what is not provided for in this Law

Chapter 3

Joint Venture Company

Article 85

A joint venture company is a company consisting of two or more physical or juristic persons, and an association concealed towards third parties and which neither enjoys a legal entity nor is subject to the registration procedures. The Joint Venture's contract may be evidenced by all methods of proof. Where a partner discloses the existence of the joint venture to third parties and deals therewith in such capacity, this contract shall be subject to the provisions governing .the Joint Liability Company and the joint partner therein

Article 86

The Joint Venture Company's contract shall determine its object, the rights and obligations of the partners, the manner under which the profits and losses are distributed amongst partners, .and the manner of managing the company, in addition to other essential elements

Article 87

An ostensible partner shall not be deemed a trader unless he personally carries out commercial operations

Title 3

Joint Stock Company

Chapter 1

Incorporation

Section 1

General Provisions

Article 88

A joint stock company is a company whose capital is divided into shares negotiable as prescribed

by law. The shareholder shall be liable only to the extent of his share in the capital of the .company

Article 89

A Joint Stock Company shall consist of at least three physical or juristic persons, except for .companies established by the State alone or with another person

Article 90

The company shall have a trade name and may not carry the name of a physical person unless the company's object is to invest in a patent registered in the name of such person or in case of conversion to a Joint Stock Company. The name of the company shall not be misleading as to its objects or identity or the identity of its members. The name of the company shall, wherever it appears, be followed by the expression: Public Omani Joint-Stock Company (S.A.O.G) or Closed ."(Omani Joint-Stock Company (S.A.O.C

If a violation of the provisions of the preceding paragraph induces a bona fide third party into error, the offenders shall be personally liable towards such third party for the damages he may .sustain as a result thereof

Article 91

The issued capital of the Public Joint Stock Company and the Closed Joint Stock Company shall not be less than two million (2000000) Omani Riyals and five hundred thousand (500000) Omani .Riyals, respectively

With the exception of the foregoing, the minimum share capital of the Public Joint Stock Company may be one million (1000000) Omani Riyals if it arises from a conversion to another .legal form

Section 2

Founders

Article 92

The founder of a joint stock company is such person who actually participates in the .incorporation of the company for the purpose of bearing the liability arising therefrom

In particular, a founder is such person who provides cash or in-kind contributions at the time of .its incorporation and signs the Memorandum of Association of the company

Whoever drafts or reviews the Memorandum of Association and is not from among shareholders .shall not be considered as a founder

Article 93

The founder shall, in his dealings with the company under incorporation or for its account, act with due care. The founders shall be jointly liable for any damages that may be caused to the .company or others as a result of their negligence

If the founder receives any information or funds belonging to the company under incorporation, he shall inform the company of such information, return thereto such funds and any profits he .may have received as a result thereof

Article 94

Any act undertaken by the founders with others in the name of the company under incorporation, and necessary for its incorporation, shall be enforceable towards the company

.after its establishment. Such acts shall be ratified by the Constituent General Assembly

Article 95

Before ratifying any of the acts referred to in Article (94) of this Law, the Constituent General Assembly shall be informed of the facts relating thereto. Any person in breach of this obligation shall be liable with his own assets for the damage that the company may sustain as a result of .the ratified act. If there are multiple persons responsible therefor, they shall be jointly liable

If none of the above-mentioned acts were ratified, the founders shall be jointly liable for the .effects and obligations arising therefrom

Article 96

The founders shall elect from among them a committee consisting of not less than three (3) .members to undertake the establishment procedures

Article 97

:The Memorandum of Association shall include, in particular, the following data

.The company's name and head office -1

.The objects for which the company is incorporated -2

The company's capital upon incorporation, the number of shares that form the capital -3 .and the value and type of the share

The founders' names, nationalities, places of residence, addresses and number of shares -4 .subscribed therefor by each of them

.The number of members of the Board of Directors -5

.The company's term, if any, the date of its commencement, and the expiry date -6

Article 98

The Joint Stock Company shall be established by submitting the application for incorporation to the Competent Authority, signed by at least three (3) of the founders and accompanied by a list of the members of the Constituent Committee

Article 99

The Constituent Committee shall attach to the incorporation application, a copy of the Memorandum of Association signed by all the founders in addition to any other data or documents specified in the Regulation, and a bank certificate stating that the founders have paid .the value of the shares in respect of the Closed Joint Stock Company

The incorporation application shall be determined within fifteen (15) days from the date of submission of the application, provided that it contains all the required documents. Upon rejection of the application or the lapse of the deadline prescribed without a decision, the .interested parties may file a grievance according to the procedures specified in the Regulation

Article 100

The founders of the Public Joint Stock Company shall subscribe for at least 30% of the capital and not more than 60% of the capital. The remaining percentage shall be offered for public subscription, except in case of conversion to a Public Joint Stock Company. Prior to the conversion, the company's shareholders or partners may retain 75% of the capital. The Authority shall allow the founders of the company converted to a Public Joint Stock Company to own a

percentage higher than the percentage specified in the preceding paragraph. A single founder may not cover more than 20% of the capital, either in his name or in the names of his minor children under the age of 18, except in the event of conversion where the founders may retain their share in excess of the percentage prescribed for each founder. Companies fully owned by .the State and holding companies are excluded from the prescribed percentages

The founders shall submit to the Authority a statement to the effect of subscription for the percentage specified therefor prior to the adoption of the IPO procedures. Founders may not .subsequently subscribe for the shares offered for public subscription

Article 101

The Regulation shall specify the data to be included in the prospectus, the entities that receive the subscription applications, their number and liabilities, and the rules and procedures for .dealing with the deposited amounts

Article 102

The Constituent Committee shall publish the prospectus after its approval, in accordance with the rules and dates specified by the Regulation

Article 103

The subscription application -which may be filed electronically - shall be issued according to the .model prepared by the Authority

Article 104

The Constituent Committee shall appoint one of the companies licensed by the Authority as an underwriter and disclose the direct and indirect underwriting-related costs. The underwriter company shall submit a certificate confirming that it has reviewed the feasibility study prepared .for the project

Article 105

The Authority shall determine the subscription procedures and conditions, the minimum and maximum number of shares to be subscribed for, the cases in which the subscription application is accepted or rejected, the method proposed for the distribution of shares among the .subscribers and the time-limit for the return of the amounts in excess thereto

Article 106

If the public is invited the public to subscribe for the company's shares, the founders who contribute in-kind shares shall describe the same in the subscription document. The Regulation .shall specify the procedures to be followed for the valuation of such shares

Article 107

The founders shall invite the public to subscribe within thirty (30) days from the date of issuing .the incorporation decision

The subscription shall remain open in accordance with the period specified in the prospectus not exceeding fifteen (15) days, and the Authority may, when necessary, extend it for a similar .period

Article 108

The Constituent Committee shall convene the Constituent General Assembly to meet at the place and date specified in the prospectus. The Competent Authority shall be notified of the date of the said Assembly meeting and the Competent Authority may send an observer to

.attend the meeting

Article 109

The Constituent General Assembly shall be chaired by a member of the Constituent Committee. The Constituent Assembly's meeting shall only be valid if attended by shareholders in person or by proxy, representing at least 65% of the company's capital. If such quorum is not present in the first meeting, an invitation shall be sent for a second meeting to discuss the same agenda. A .proxy shall be valid only if evidenced by a written authorisation

The second meeting shall be deemed valid regardless of the number of subscribers represented therein, provided that this meeting is held within fourteen (14) days from the date of the first meeting, by way of publication in accordance with the provisions of this Law, at least seven (7) days prior to the date set for the second meeting. The Assembly's decisions shall be passed by an .absolute majority of votes of shares represented therein

Article 110

The Constituent Committee shall submit to the Constituent General Assembly a report containing sufficient information on the actions taken, the amounts spent for the establishment .of the company and the acts performed on behalf of the Company under incorporation

Article 111

:The Constituent General Assembly shall have the following powers

.Verify the observance of the conditions necessary to establish the company-1

.Approve any amendments to the company's statute if necessary-2

.Approve the procedures, expenses and actions stipulated in Article (110) of this Law-3

.Elect the first members of the Board of Directors-4

.Appoint an auditor or auditors-5

.Any other powers provided for in the company's statute-6

Article 112

Companies operating in accordance with the provisions of the Islamic Sharia shall abide in respect of transactions they conclude pursuant to the provisions of the Islamic Sharia. The Competent Authority shall issue a special regulation including the formation, rules and .competences of the Sharia Committee

Article 113

Without prejudice to the right to request the issuance of a judgment of nullity of the company where there is a defect in the procedures of its establishment, any interested party shall, within three (3) years from the date of its incorporation, request the company to rectify the defect. If it fails to correct such defect within thirty (30) days from the date of serving the warning, the interested party may request the court to rule its dissolution, The competent court shall grant a period not exceeding six (6) months to rectify the nullity if possible. If this is not possible, the court shall rule to dissolve the company and said company shall be liquidated as a real company, .without prejudice to the right of others to damage if necessary

Article 114

The company may not invoke its nullity as a result of a defect in the procedures of incorporation. The founders of the company shall be jointly liable for damages resulting from the dissolution of

.the company due to any negligence in its establishment procedures

Article 115

The first Board of Directors shall register the company with the Registrar within fifteen (15) days from the date of the Constituent General Assembly meeting. The members of the Board of .Directors shall be jointly liable for damages resulting from the failure to register the company

Article 116

The company shall make its statute available to the public at its head office and on its website. Every person shall have the right to obtain a true copy thereof in return for an amount to be .determined by the company's Board of Directors after the approval of the Competent Authority

Article 117

The Board of Directors shall lay down the bylaws to regulate the company's management and business and the affairs of its employees within one year from the date of registration of the .company with the Registrar, in accordance with the controls prescribed by the Regulation

Chapter 2

Company's Capital

Section 1

Shares

Article 118

The company shall have an issued capital, and the company's statute may specify an authorised .capital exceeding its issued capital

.The company's capital shall take the form of negotiable shares as prescribed by law

The company is prohibited from issuing promotional stocks, dividend shares or any other bonds that grant the founders or any other person a right in part of the company's income or profits, .without an appropriate prior contribution to the capital

Article 119

The share shall not be owned by more than one person except in the case of inheritance, provided that the heirs are represented by one representative chosen by them. Otherwise, they shall be represented by such person whose name first appears in the company's register of .shareholders

The heirs shall be jointly liable for the obligations arising from such ownership. The share owned by heirs may not be disposed of, except with their unanimous consent or the consent of their .legal agent

Article 120

The value of the share may be decreased by dividing it and increased by merging shares .together, under a decision of the company's Board of Directors

Article 121

All shares of a Joint-stock Company shall enjoy equal and inherent rights in the ownership thereof, namely, the right to receive dividends declared by the General Assembly, the pre-emptive right to subscribe for new shares, the right to transfer shares, the right to obtain a copy

of the company's financial statements and access the shareholder registers, the right to attend the General Assemblies and vote on issues presented therein and review their minutes, the right to apply for the stay or annulment of any decision issued by the General Assembly or the Board of Directors if such decision is contrary to the Law or the company's statute or bylaws, and the right to sue the company's Board members and auditors, in person or on behalf of the shareholders or the company, and the right to participate in the distribution of the company's .assets upon liquidation

Article 122

The company's statute may provide for the granting of certain privileges to certain types of shares with respect to voting, profits, liquidation proceeds or any other rights, provided that the shares of the same type are equal as regards the rights, privileges and restrictions. The privileges, rights or restrictions pertaining to a specific type of shares can only be amended by a decision of the Extraordinary General Assembly and with the approval of the two-third of shareholders .representing at least two-thirds of this type of shares

Article 123

Divident shares may only be issued by the companies whose statute provides for the amortization of shares before the expiry of the company's term, as the company's activity pertains to the exploitation of natural resources or a public utility granted thereto for a limited period of time, or to exploit any other consumable non-renewable resource, or shall be implemented after a certain period of time. The company shall issue such shares in accordance .with the controls specified by the Regulation

Article 124

The company may transfer some of its shares to certificates of deposit negotiable in the international markets, subject to the conditions specified in the Regulation. These certificates shall be issued by an international depositary bank without resulting in the transfer of .ownership of the shares thereto

The company, the international depository bank and its agent the “international custodial bank” shall take the procedures specified in the Regulation to convert shares into certificates of .deposit

Article 125

The shares and other securities issued by a Public Joint Stock Company shall be offered for public .subscription or private placement in accordance with the provisions prescribed by law

A Closed Joint Stock Company may offer its securities, other than shares, for public subscription, .as prescribed by law

Article 126

A maximum of (2%) may be added to the value of the share to cover the issue expenses. Any balance remaining after covering said expenses shall be transferred to the statutory reserve .account or to any other reserve established in accordance with the provisions of this Law

Article 127

The founders of a Public Joint Stock Company may not dispose of their shares before the company's publication of two balance sheets for two (2) consecutive fiscal years as of the date of its registration. The period of the disposal prohibition may be extended for a further year by a decision of the Authority, provided that this does not prejudice the founders' right to .remortgage such shares

Exceptions include cases of transfer of shares owned by the State or cases of transfer of shares among the founders themselves, and the cases of inheritance, as well as the Public Joint Stock Company that is established by the conversion of an existing company, provided that it has .completed at least two (2) years prior to the conversion date

Article 128

The ownership of the company's shares shall be transferred by recording the same in the shareholders' register. The company shall disregard the shareholder's ownership of any share, .unless it has been entered in its shareholders' register

Section 2

Distribution of Profits and Losses

Article 129

The distribution of annual or interim dividends shall be made by a decision of the ordinary .General Assembly based on the latest audited financial statements

Subject to the approval of the Ordinary General Assembly, a part of the net profits may be converted into shares to be allocated to shareholders. This shall result in an increase in the .issued capital at the value of these shares

Article 130

:Dividends may not be distributed to shareholders in the following cases

If the distribution affects the company's ability to pay its debts and financial obligations- 1 .on time

.If the distribution is the result of fictious profits-2

.If the company has sustained a loss not fully covered-3

The company's creditors may request the competent court to invalidate any distribution made in violation thereof. The members of the Board of Directors who have proposed or approved the distribution shall be jointly liable towards the creditors within the limits of dividends of which .distribution is ruled null

Article 131

No dividends may be distributed except from the net profits, after deducting all the necessary costs and setting aside amortizations, allocations and reserves as required, including the .company's profits allocated to increase its capital

Article 132

The company's Board of Directors shall deduct (10%) from the net profits for each fiscal year - after deduction of tax -to form a statutory reserve, until it reaches at least one third of the company's capital. This reserve may be used to cover the company's losses and increase its capital by issuing shares. It may not be distributed as dividends to shareholders, unless the company decreases its capital, provided that the statutory reserve is not less than one third of .the capital after the decrease

Article 133

The company may form optional reserve accounts not exceeding (20%) of the net profits for each fiscal year, after deduction of taxes and the statutory reserve. A decision of the Ordinary General .Assembly may authorise distribution of dividends from this reserve

Article 134

The company shall deposit the dividends not received by their beneficiaries in the fund established by a decision of the Competent Authority for this purpose, provided that this decision specifies the period during which such funds must be deposited, the procedures thereof and the expenses required for the management of such funds by deducting same from their value, until such time they are paid to their beneficiaries.

Article 135

The ownership of funds deposited in the fund referred to in Article (134) of this Law shall devolve to the Competent Authority after the expiry of fifteen (15) years from the date of deposit, if said money has not been received from their beneficiaries after being officially notified and after publication of the announcement in two daily newspapers at least one year before the expiry of the period referred to. Said funds shall be dedicated to charitable work.

Section 3

Capital Change

First - Capital Increase

Article 136

A decision of the Extraordinary General Assembly may increase the company's authorized capital or the company's issued capital, if it does not have authorized capital.

A decision of the Board of Directors may increase the issued capital within the limits of the authorized capital, if any.

Article 137

The issued capital may be increased by providing in-kind contributions or converting the company's debt into shares.

Article 138

By a decision of the Extraordinary General Assembly, a maximum of (5%) some of additional shares arising from the increase in the issued capital may be allocated to the company's employees, in accordance with the rules and conditions specified in the Regulation.

Article 139

Under a decision of the Extraordinary General Assembly, the additional shares arising from the increase in the capital may be allocated to one or more persons, in accordance with the controls prescribed by the Regulation.

Article 140

In the event of an increase in capital, each shareholder may exercise the pre-emptive right to subscribe for such shares or to waive such right in accordance with the procedures and controls prescribed by the Regulation. If shareholders fail to subscribe for all or some of the additional shares arising from the increase in the issued capital within the specified period, the company's Board of Directors shall offer said shares for subscription in accordance with the provisions of the Capital Market Law or reduce the value of the capital increase by the value of the unsubscribed shares.

The Extraordinary General Assembly may decide to offer the additional shares arising from the increase in the capital directly for public subscription without offering them in advance to the shareholders of the company.

Second - Capital Decrease

Article 141

The company's issued capital may be decreased by a decision of the Extraordinary General Assembly, if it exceeds the requirements of the company, provided that this decrease does not result in the capital's falling below the minimum stipulated in this Law.

The company's issued capital may also be decreased by a decision of the Extraordinary General Assembly, if the company has sustained a loss and written off the same. If this decrease results in the capital's falling below the legally prescribed minimum, the company shall take measures to increase it within one year from the date of writing off the losses.

Article 142

If the company decreases the capital in accordance with the provisions of the first paragraph of Article (141) of this Law, it shall publish the decrease decision within seven (7) days from the date of its issuance and invite the creditors to file their objections.

The creditors may object to this decision before the Competent Authority within fifteen (15) days from the date of its publication.

The objector may initiate an action to invalidate the decision of the Assembly to decrease the capital before the competent court, within fifteen (15) days from the date of the objection.

The objection shall result in the stay of the decision to decrease the capital until adjudication of the case, or the lapse of the period referred to in the preceding paragraph without filing the lawsuit.

Third - The Company's Buyback of Shares

Article 143

The company may buy some of its shares by a decision of the Board of Directors in accordance with the cases and controls specified in the Regulation, provided that the purchase does not result in the decrease of the capital below the minimum prescribed by law or in affecting its ability to pay off its debts.

Article 144

The company may not pay the value of its shares, except from its net profits. However, the purchase price may be paid from another financial source, provided that the this does not affect company's ability to settle its debts during the fiscal year following the date of purchase or continue its activities.

Article 145

The company's Board of Directors shall issue a statement containing the purchase terms, the financial resources available for the payment of the company's debts and the continuation of its activities.

Article 146

The shares must be purchased within one hundred and eighty days (180) from the date of the purchase decision, otherwise, the decision shall be considered as void ab initio. The decision may be cancelled or amended within this period as per the manner in which it has been issued. The amendment of the decision shall not entail the extension of the purchase period.

Section 4

Preservation of the Capital

Article 147

The Board of Directors shall take all measures to ensure the preservation of its capital. In case of loss of (25%) of the company's capital, the Board shall take the necessary measures to address the causes of such losses and return the company to profitability. In case of the company's loss of (50%) of its capital, the Board shall invite the Extraordinary General Assembly to convene so as to take the necessary decisions in this regard, provided that the Assembly convenes within thirty (30) days at the latest from the date on which the Board verifies the percentage of the loss .referred to

The Competent Authority may invite the Assembly to convene on its own initiative or at the .request of the concerned parties

The members of the Board of Directors and the auditors shall, in all cases, be jointly liable for any damages arising from their failure to take the necessary measures to preserve the company's .capital

Article 148

If the company undertakes any act that prejudices the interests of its shareholders, dealers or creditors, or if there is a threat to the stability of the capital market, the Competent Authority :shall take one or more of the following measures

1- Serve a notice to the company including the causes of danger or damage, and work to .remove them

2- Appoint an observer in the company's Board of Directors for the period specified by the Competent Authority. Such member shall participate in the Board's discussions and record .his opinion on the decisions taken without having a counted vote

3- Compel the Chairman of the Board of Directors to invite the General Assembly or the Board to convene in order to take the necessary actions to remove the causes of danger or the damage within the period determined by the Competent Authority for the removal thereof. The meeting of the General Assembly or the Board of Directors shall be attended by one or more representatives from the Competent Authority without having a counted .vote

4- Dissolve the Board of Directors and appoint a temporary Board of Directors to remove the causes of danger or damage and conduct the business of the company until the election of a .new Board of Directors

5- Prevent the company from practicing some of its objects until the disappearance of the .causes of danger or damage

6- Prevent the company from practicing all its objects for a specified period that may be .extended until the causes of danger or damage cease to exist

The grievance against decisions issued in this regard shall be filed in accordance with the .procedures specified in the Regulation

Chapter 3

Bonds and Sukuks

Article 149

The company may issue -in exchange for the amounts it borrows -negotiable bonds or sukuks in accordance with the provisions of the Capital Market Law and in accordance with the controls

.prescribed by the Regulation

The company's statute may provide for the prohibition of issuing bonds or sukuks or limiting the .company's authority to issue them

Article 150

The company shall observe the provisions for the capital increase when issuing convertible .bonds or sukuks or bonds or sukuks that are automatically converted into shares on maturity

Article 151

If the terms of issue include the convertibility of sukuks or bonds into shares, the said sukuks or bonds may not be converted before at least two (2) years from the date of their issue. After the expiry of this period, the holders of bonds or sukuks may either accept their conversion into .shares or redeem their value

The holders of bonds or sukuks may redeem the value thereof before their maturity date in case .of the company's dissolution

Article 152

Bonds or sukuks shall be nominal and paid in full at the time of subscription. All bonds or sukuks .of the same issue shall be of equal values, maturity and duration

Article 153

The bond or sukuk shall not be divisible or held by more than one person, except in the case of inheritance, provided that the heirs are represented by one representative to be chosen thereby. Otherwise, they shall be represented by such person whose name first appears in the company's register of shareholders. The bond or sukuk owned by the heirs may not be disposed of, except .with their unanimous consent or the consent of their legal agent

Article 154

A General Assembly of holders of bonds or sukuks of the same issue shall be formed ipso jure, for the purpose of protecting their common interests. The Regulation shall specify the competencies of this assembly, and the manner and dates of its invitation. The company shall .bear the expenses arising therefrom

Article 155

The company may not change the issue terms or the rights inherent in bonds or sukuks, except .after approval of the General Assembly of holders of bonds or sukuks

Subscribers shall have the right to cancel their subscriptions and redeem the value of bonds or .sukuks, if the company does not comply with the terms of issue

Article 156

Bonds or sukuks of a single issue shall have equal and inherent rights as provided in the company's statute and the decision of the General Assembly or the Board of Directors to issue bonds or sukuks, namely, the right to redeem the value thereof from the company's funds, the right to attend the General Assembly of holders of bonds or sukuks, the right to access the financial statements and obtaining a copy thereof, the right to convene the General Assembly of holders of bonds or sukuks in particular, at the request of (10%) of holders of bonds or sukuks so as to consider the data and financial matters, and the right to access the minutes of the .company's General Assemblies

Article 157

The Board of Directors of the company shall list the issue at Muscat Securities Market within .fifteen (15) days from the date of subscription termination

The company shall keep a register of the holders of bonds or sukuks and enter therein their particulars and the amounts borrowed therefrom. The register shall be made available for .holders of bonds or sukuks and shareholders

Article 158

The meeting of the General Assembly of holders of bonds or sukuks shall not be valid unless attended, in person or by proxy, by a number of holders of bonds or sukuks representing at least two-thirds of the issued bonds or sukuks. If this quorum is not present, the assembly shall be invited to another meeting. The meeting shall not be valid unless attended by a number representing one-third of the bonds or sukuks, provided that the meeting is held within thirty .(30) days from the date of the first meeting

The proxy to attend the meetings of this assembly shall be valid only if evidenced by a written .authorisation

Decisions of the General Assembly of holders of bonds or sukuks, approving the extension of the grace period for the payment of bonds or sukuks or the reduction of guarantees shall not be valid unless the assembly is attended by a number of holders representing at least two-thirds of .the bonds or sukuks

In all cases, the decisions of the General Assembly of holders of bonds or sukuks shall be passed .by a majority of two-thirds of bond or sukuk holders present

Article 159

The General Assembly of holders of bonds or sukuks shall have an agent to be appointed by the issuer of bonds or sukuks, in accordance with the controls specified by a decision of the Competent Authority

Chapter 4

Management of the Company

Section 1

General Provisions

Article 160

The Ordinary General Assembly, the Extraordinary General Assembly, the Board of Directors and the Executive Management shall have the right to conduct the works or the legal acts related to the company's activities. within the limits of the provisions of this Law and the company's .Memorandum of Association and bylaws

Article 161

Any act or action made by the Ordinary and Extraordinary General Assembly, the Board of Directors, one of its committees or the Executive Management shall be binding on the company .in the course of its ordinary business

In all cases, the company's liability for such acts and actions does not preclude the liability of the .person who carried them

Article 162

A bona fide third party may invoke any action or act against the company, even if issued beyond

the powers of its source or without following the procedures prescribed by law, and shall have the right to invoke the act or action, even if the person who carried it out on behalf of the .company has been duly elected or appointed

A third party shall not be deemed bona fide if he was aware or was able to be aware of the .shortcomings or defects referred to in the preceding paragraph

Article 163

In dealing with the company, a person is not required to know the competencies of the person with whom he deals or to investigate whether the act or action is permitted according to the company's regulations, as long as it is within the scope of its activity. Said person shall be deemed aware of the contents of any document or contract of the company or its transactions, .by their mere registration or publication in accordance with the provisions of this Law

Section 2

General Assembly

Article 164 The General Assembly shall be competent to decide on all matters which do not fall, in accordance with the provisions of this Law and the statute of the company, within the .competence of the Board of Directors

The General Assembly shall be convened at the invitation of the Board of Directors of the Company and whenever required by law or by the statute of the company. The General Assembly shall be invited when necessary, or at the request of shareholders representing at least (10%) of the capital, provided that the Assembly is convened within thirty (30) days from the .date of the emergence of the necessity or submission of the request

If the Board fails to convene the Assembly within the prescribed time limit, the auditor shall do .so within thirty (30) days of the expiry of the said term

Article 165

The Board of Directors of the company shall prepare the agenda of the General Assembly. Any proposal submitted by whoever owns more than (5%) of the capital shall be included in the agenda, provided that the proposal is submitted twenty (20) days at least before the date set for .convening the Assembly

.The auditor shall prepare the agenda of the Assembly in the event that he invites it to convene

Article 166

The General Assembly may not consider matters other than those included in the agenda, however, it may consider the urgent matters during the meeting upon a decision of an absolute .majority of the votes of those present

.Decisions issued by the Assembly shall be binding on the company and all its shareholders

Article 167

The invitation of the General Assembly shall not be valid unless the agenda is included therein. The invitation shall be published in accordance with the provisions of this Law after it has been approved by the Competent Authority. The invitation shall be sent to each shareholder at his address as recorded in the register of shareholders fifteen (15) days at least before the .scheduled date, and the Competent Authority may send an observer to attend the meeting

The Board of Directors shall deposit the minutes of the meeting with the Competent Authority within seven (7) days from the day following the date of the Assembly. The minutes shall be signed by the secretary, the auditor and the legal advisor of the company and shall be approved

.by the president of the meeting

Article 168

Each shareholder shall have the right to attend the meetings of the General Assembly in person or by proxy and shall have one vote for each share he owns. The proxy shall be valid only if evidenced by a written authorisation. The proxy may be from among shareholders or others, also, he may represent one or more shareholders, in which case their shares shall not exceed .(5%) of the company's shares, otherwise the proxy shall be void

.Such percentage does not apply on shares owned by the shareholder and his minor children

Article 169

A member of the Board of Directors may not represent a shareholder, otherwise the proxy shall be void. All members of the Board must attend the meetings of the General Assembly, and the Assembly may blame any Board member who does not attend the same without an acceptable .excuse

The absence of all or of some of them shall not affect the validity of the General Assembly meeting as long as the legal quorum is present

Article 170

The shareholders representing all the shares of the capital may convene the General Assembly to consider any matter for which the decision is subject to the authority of the General Assembly without being bound by the relevant procedures and dates, however, they shall notify the .Competent Authority of the date of the General Assembly meeting

Article 171

The meetings of the General Assembly shall be presided by the Chairman of the Board of Directors of the company, or by his deputy if he is not present. In case of absence of both the chairman and his deputy, it shall be presided by whoever the Board of Directors appoints or by .the auditor in case the Board fails to appoint a president therefor

The minutes of meetings shall be drafted by the secretary appointed by the General Assembly. Said minutes shall include the number and percentage of shares present in the capital, the deliberations of the Assembly, the decisions taken thereby, and the number of votes approving .the same, and any other data the shareholders request to enter therein

Article 172

The Annual Ordinary General Assembly shall be held within ninety (90) days from the date of the end of the company's fiscal year. The Annual General Assembly shall in particular have the :following powers

Study and approve the report of the Board of Directors on the company's activity and financial-1 .position during the ended fiscal year

Study and approve the report of the Board of Directors on the organization and management-2 .of the company during the ended fiscal year

Study and approve the auditor's report on the audited financial statements of the company for-3 .the ended fiscal year

.Elect and dismiss the members of the Board of Directors-4

.Study and approve the proposal of distribution of dividends to shareholders-5

.Approve the remuneration and attendance fees of the members of the Board of Directors-6

Appoint the auditor for the new fiscal year and determine his fees-7

Article 173

The meeting of the Ordinary General Assembly shall be valid only if attended, either in person or by proxy, by shareholders representing at least half of the capital shares. The proxy shall be valid only if evidenced by a written authorisation. If this quorum is not present, the Assembly shall convene within seven (7) days from the date scheduled for the first meeting. The second meeting shall be deemed valid regardless of the number of shares. The date of the second meeting shall .be fixed in the invitation addressed in the first meeting

The decisions of the Ordinary General Assembly shall, in all cases, be issued by an absolute .majority of the shares represented at the meeting

Article 174

The Competent Authority may, at the request of shareholders holding at least (5%) of the company's shares, issue a decision to suspend the decisions of the General Assembly of the company detrimental thereto or issued in favour of a certain class of shareholders or in order to grant a special benefit to the members of the Board of Directors or others, when the serious reasons for the request are proven thereto. The request to stay the execution of the General Assembly decisions shall not be accepted after five (5) working days from the date of their .issuance

Any interested party may file a motion to cancel the decisions stipulated in the first paragraph of this article before the competent court and provide the Competent Authority with a copy thereof during five (5) working days from the date of issuance of the decision to stay the execution of the General Assembly decisions, otherwise the stay shall be considered as void ab .initio

The court shall hear the action for nullity of the decision of the General Assembly and may order, summarily, the stay the execution of the decision of the Competent Authority at the .request of the Plaintiff until the adjudication of the merits of the case

Article 175

The company shall enable shareholders, holders of bonds and sukuks to access the financial statements, reports of the Board of Directors and the auditors, relating to the ended fiscal year, at least fifteen (15) days before the date set for the Annual General Assembly. Subject to the provisions of the Capital Market Law, the Board of Directors of the company shall, in the event of an amendment to the financial statements by this Assembly, publish the amended financial statements and a summary of the Board of Directors' report in a daily newspaper within seven .(7) days from their approval by the Assembly

Article 176

:The Extraordinary General Assembly shall be competent to

Amend the statute of the company. The amendment of the statute shall not be effective-1 unless it has been approved by the Competent Authority in accordance with the procedures specified in the Regulation. The company shall file a copy of the amended statute with the Registrar within fifteen (15) days from the date of approval thereof by the Competent .Authority

Dispose of the company's fixed assets, or a part thereof constituting (25%) or more of the-2 .net assets value of the company

Convert, merge, dissolve and liquidate the company-3

Article 177

The meeting of the Extraordinary General Assembly shall be valid only if attended, either in person or by proxy, by shareholders representing at least (75%) of the capital shares. The proxy shall be valid only if evidenced by a written authorisation. If this quorum is not present at the first meeting, the Assembly shall, within seven (7) days from the date scheduled for the first meeting, hold a second meeting at the date set therefor in the invitation to the first meeting. The second meeting shall be deemed valid if attended by shareholders representing at least half .of the capital shares

In all cases, the decisions of the Extraordinary General Assembly shall be passed by a three-fourths majority of the shares represented at the meeting, provided that at the same time, such .majority does not exceed half the shareholders representing all the capital shares

Article 178

If any of the shareholders or their representatives withdraw from the Ordinary and Extraordinary General Assembly after announcing the presence of the quorum, the withdrawal shall not affect .the validity of the Assembly meeting and its decisions

Section 3

Board of Directors

Article 179

The management of the company shall be entrusted to a Board of Directors, the number of whose members to be determined by the company's statute, provided that it is formed of an odd number. The number of members of the Board shall not be less than five (5) members for the Public Joint Stock Company and (3) three members for the Closed Joint Stock Company and .shall not exceed in either of them eleven (11) members

Article 180

The members of the Board of Directors shall be elected by the Ordinary General Assembly from .among the shareholders or third parties by direct secret ballot

.The Regulation shall specify the rules, procedures and conditions of the election

Article 181

Each shareholder shall have a number of votes equal to the number of his shares. He may distribute his votes to more than one candidate. A single vote may not be given to more than one candidate. The term of membership of the Board of Directors shall be three (3) years from the date of the Assembly meeting whereat in which the election took place until the date of the third Annual General Assembly. If the date of this Assembly meeting exceeds the period of three (3) years referred to above, membership shall be extended ipso jure to the date of its meeting, .not later than the end of the period fixed for the Annual General Assembly

Article 182

Upon its election, the Board of Directors shall elect a chairman and a deputy from among its members and appoint a secretary for the Board. A copy of the formation decision and the minutes of the meeting shall be filed with the Registrar within seven (7) days at most from the .date of the issuance of the decision

Article 183

The Board of Directors, within the limits provided for in this Law and the company's statute, shall have all the powers necessary to conduct the affairs of the company. The Board shall implement the decisions of the General Assembly and take the necessary measures therefor. The Board may delegate its Chairman or a committee or more composed of its members to perform some of its functions, unless the company's statute provides otherwise.

Article 184

In order to run the affairs of the company, the Board of Directors shall take actions necessary to achieve its object and in particular the following:

1- Adoption of commercial and financial policies and the estimated budget of the company with a view to achieving its objectives and ensuring the preservation of the rights of its shareholders and its development.

2- Development of plans to achieve the objectives of the company and exercise of its activities in light of the purpose of its establishment and supervision of these plans and update of the same from time to time.

3- Taking the disclosure procedures of the company and following up of their application in accordance with the rules and conditions of disclosure issued by the Competent Authority.

4- Supervision of the performance of the Executive Management and ensuring the proper workflow to achieve the objectives of the company in light of the purpose of its establishment.

5- Adoption of the financial statements relating to the company's activity and the results of its operations submitted thereto by the Executive Management, including the real financial position of the company.

Article 185

The Board of Directors is prohibited from carrying out any of the following acts, unless expressly authorized by the company's statute or under a decision of the Ordinary General Assembly:

1- Make contributions, except for contributions required by the work interest when they are ordinary and of a little value.

2- Pledge or mortgage the assets of the company, except to secure debts of the company incurred in the ordinary course of the business.

3- Guarantee debts of third parties, except for guarantees made in the ordinary course of business for the sake of achievement of the company's objectives.

Article 186

The chairman of the Board of Directors shall represent the company before third parties and courts and implement the Board's decisions. He may delegate some of his powers to other members. The vice-chairman shall replace the chairman in his absence.

Article 187

The membership of whomever is elected in violation of the provisions governing the membership of the Board of Directors shall be cancelled as of the date of his election, and the person shall be liable for damages caused to the company as a result thereof. Decisions on which the member voted after his election in violation of the relevant provisions shall be invalidated, unless the vote percentage required for their validity is available without the vote of that member.

Article 188

If a member of the Board of Directors loses one of the conditions necessary for membership, the member shall immediately inform the Board thereof and the decisions on which he voted shall be invalidated after the termination of the membership, the vote percentage required for their .validity is available without the vote of that member

Article 189

The Board of Directors shall, at the invitation of its chairman, hold no less than (4) meetings per year, provided that the period between the two meetings does not exceed one hundred and .twenty (120) days. The chairman of the Board may invite it to convene whenever the need arises

Article 190

The chairman shall invite the Board of Directors to convene at the request of one or more members. If he fails to make such invitation within maximum three (3) working days, the Board .shall be convened by notification from the members requesting the invitation

Article 191

The Board of Directors may, by unanimous vote, convene its meetings using the appropriate means of communication that allow simultaneous audio-visual communication among members -without their presence in one place -provided that the secretary of the Board can identify them, .and record matters discussed

Article 192

The meeting of the Board of Directors shall not be valid unless attended by two-thirds of the members or their representatives. The decisions of the Board shall be issued by an absolute .majority unless the company's statute provides for a higher percentage

Article 193

The Board of Directors may issue any of its decisions by circulation in accordance with the cases .and rules prescribed by the Regulation

In this case, the secretary of the Board shall include the decisions passed by circulation in the .minutes of the Board meeting following their approval

Article 194

The minutes of meetings shall be prepared by the secretary of the Board of Directors and signed by the members attending the meeting and the secretary. A member who has not approved a decision taken by the Board shall record his objection in the minutes of the meeting. The signatories to these minutes shall be liable for the accuracy of the data contained therein

Article 195

A Board member may delegate another member to attend the meetings of the Board. A member may not represent more than one member or be represented by another member for more than .two (2) consecutive times

A member shall be deemed resigned ipso jure if he does not attend the meetings of the Board in .person three (3) consecutive times without an excuse accepted by the Board

Article 196

The company shall form an Audit Committee from among the members of its Board of Directors and appoint a legal advisor and an internal auditor in accordance with the terms and conditions .prescribed by the Regulation

Article 197

The General Assembly shall determine the remuneration and attendance fees of the members of .the Board of Directors in accordance with the rules set out in the Regulation

The company shall disclose the benefits granted to the members, whether in such capacity or in any other capacity, and the financial statements shall include any benefits received by each .member during the fiscal year in any capacity whatsoever

Article 198

The members of the Board of Directors may be dismissed by a decision of the Ordinary General Assembly. Any provision of the company's statute to the contrary shall be deemed null and void. .Dismissal shall be made under a proposal included on the agenda

.Membership shall be terminated from the date of issuance of the dismissal decision

It shall not be possible to re-elect Board members who have been dismissed when filling .vacancies therein or upon formation of the first new Board of Directors

Article 199

Subject to the provisions of Article (198) of this Law, the Ordinary General Assembly which ratified the dismissal decision shall elect -at the same meeting -a new Board of Directors or a .replacement of the dismissed Member, as the case may be

Article 200

A Board member may resign his office by written notice addressed to the chairman of the Board. If the resignation is submitted by the chairman of the Board, the notice shall be addressed to the secretary of the Board. Membership shall be terminated as of the date specified in the .notification

The Board of Directors may resign by written notice to the Ordinary General Assembly, and .membership shall terminate in this event upon the election of a new Board of Directors

Article 201

If, for any reason, the office of any Board members becomes vacant in the period between two ordinary General Assemblies, the Board may take the following actions unless the company's :statute provides otherwise

The vacant positions shall be filled from among candidates with the next highest votes in-1 the latest elections of the Board held before the Ordinary General Assembly of the company. In case two candidates have equal number of votes, one of them shall be chosen by the Board of Directors. If no candidates are in the list, the Board may choose the member .who will fill that position until the nearest ordinary assembly

If vacant offices or the number of members appointed by the Board of Directors in-2 accordance with the provisions of the preceding Article reach half the number of elected members of the Board, the Board shall invite the Ordinary General Assembly to elect new .members within sixty (60) days from the date of the last vacancy

.In all cases, the replacement shall complete the term of his predecessor

Article 202

No member of the Board of Directors or Executive Management may exploit his position to make profits for himself or any other person, and whoever contravenes the same shall be liable towards the company, shareholders and third parties for damages resulting therefrom and shall

return to the company the profits he has received as a result thereof, even if the company did .not suffer damage

Article 203

A Board member of a company may not participate in the management of another company that .carries out similar activities

The members of the Board of Directors and the Executive Management of the Company shall not carry out any work similar to the company's activities or use the Company's assets or funds for their own benefit or for the benefit of others without the prior approval of the Ordinary General Assembly. Whoever violates the provisions of this Article shall be liable towards the company for .damage it sustains as a result thereof

Article 204

A member of the Board of Directors or any other party related to the company may not have a direct or indirect interest in the transactions or contracts executed for the company's account. Exceptions may be made to certain transactions and contracts concluded therewith, in accordance with the regulations issued by the Competent Authority. Related parties, the controls of disclosure of dealing and the rules of disclosure of such transactions and contracts .shall be specified in the Regulation

The company shall keep a register wherein the names of the interested members of the Board of Directors and the Executive Management shall be recorded, in addition to the nature of these .interests and the approvals or decisions issued in their respect

Article 205

A member of the Board of Directors and of the Executive Management shall notify the company in writing of all his interests with the company and of the securities he owns therein within five (5) days from the date of his membership or appointment. Also, he shall inform the company of .any change therein

Article 206

Members of the Board of Directors shall be jointly liable towards the company and its shareholders for damages resulting from their joint actions that are contrary to the law, or abuse of powers, and any fraud, forgery or error they commit in the performance of their duties and .from failing to act with due care in certain circumstances

Article 207

If one or more shareholders holding at least (5%) of the company's shares, deems that the company's affairs have been conducted in a manner that is detrimental to the interests of its shareholders or some of them, or that the company intends to perform an act or to omit an act in such a way that would be prejudicial thereto, he shall have the right to submit an application to the Competent Authority accompanied by the supporting documents to issue the decisions it .deems appropriate in this respect

If the Competent Authority rejects the application or does not issue its decision within thirty (30) days, the shareholder or shareholders shall have the right to refer to justice within ten (10) days .from the date of rejection of the application or the lapse of such period, as the case may be

The Competent Authority shall have the right to refer to justice if it estimates that the affairs of the company have been conducted or are conducted in a manner detrimental to the interests of its shareholders or some of them, or that the company intends to perform an act or to omit an .act in such a way that would be prejudicial thereto

The competent court shall hear the case filed by the shareholder or the Competent Authority summarily, in the cases mentioned in the second and third paragraphs of this article. The court may rule the nullity of the act or omission of an act, subject matter of the application, or the .continuation of an act omitted by the company

Article 208

The Board of Directors or the ordinary General Assembly may decide to file a lawsuit against any Board member deemed liable for damages caused to the company, pursuant to the provisions of Article (206) of this Law. If the company is under liquidation, the liquidator shall have the right .to file the lawsuit

Each shareholder may propose to file a lawsuit against the members of the Board of Directors. If the ordinary assembly does not adopt his proposal, he may file the lawsuit on behalf of the company. If the court issues its ruling in his favour, he shall have the right of recourse against the .company as to all the expenses he has incurred

In all cases, the liability action shall be time-barred after the lapse of five (5) years from the date .of the meeting of the Board of Directors

Chapter 5

Accounts

Section 1

Financial Registers and Statements

Article 209

The company shall maintain financial registers showing its transactions and financial position, provided that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and are audited in accordance with International Standards on Auditing. The Competent Authority may add other standards which are not inconsistent .therewith

Article 210

The financial statements include the balance sheet, the profit and loss account, a statement of .the cash flows and changes in equity, and relevant explanations

At the end of each fiscal year, the company shall prepare the financial statements to reflect the .company's true position and profits and losses in particular

Article 211

The company's statute shall specify the beginning and end of the fiscal year, provided that if the company is established during the first half of the calendar year, its fiscal year shall end at the end of the year. If the company is established during the second half of the calendar year, its .fiscal year shall end at the end of the following year

Article 212

The company shall place the financial registers at the disposal of the auditor to enable him to .perform his duties in accordance with the law

Shareholders shall have access to such registers after filing a request with the Executive .Management. If this request is rejected, the refusal must be grounded

Article 213

The company shall keep its financial registers for a period of ten (10) years to commence after .the end of the fiscal year. The Regulation shall specify the manner to keep these registers

Article 214

The Board of Directors shall prepare a report within sixty (60) days from the end of the fiscal year on the status and performance of the company, including in particular the financial position of the company and its subsidiaries, if any, the net profits proposed to be distributed to shareholders and any changes in the activity of the company or its subsidiaries and whatever may have affected the company's position, the rationale for its ability to continue to exercise all its activities and achieve its objectives, and any other data specified in the Regulation, as well as a report on the company's extent of compliance with the requirements of governance and sustainability as signed by the chairman of the Board, or his deputy, and a Board member, and .the chief executive officer or the director-general

Article 215

A report shall be prepared by the auditor in accordance with International Financial Reporting Standards (IFRS) clarifying the financial position of the company and including, in addition to the data specified in the Regulation, an indication as to whether or not the financial statements .reflect the company's true financial position

Article 216

The financial statements and reports provided for in the preceding articles of this Section shall be submitted to the Annual Ordinary General Assembly and a copy thereof shall be sent to the .Competent Authority before the approval of the agenda of the Assembly

If the said financial statements and reports were not presented to the Assembly, its decision .ratifying the accounts presented thereto shall be deemed null and void

Article 217

The Board of Directors shall enclose with the invitation sent to each of the shareholders and those entitled to attend the Annual Ordinary General Assembly, a summary of the audited financial statements, copies of the reports of the Board and the auditor thereon, at least fifteen (15) days prior to the Assembly meeting. Said copies of the statements and reports and the decision of the assembly shall be deposited with the Registrar within seven (7) days of the date .of the assembly meeting

Article 218

If the Board of Directors finds that there are errors in the financial statements before the meeting of the Annual General Assembly, it shall correct such errors and notify thereof each of the shareholders and those who are entitled to attend the Assembly before its meeting. If it is unable to carry out the correction prior to the meeting of the Assembly, the Assembly shall defer .consideration of the report to another meeting unless the error is material

The Board shall provide the Competent Authority with a copy of the report after its correction, and a copy thereof shall be filed with the Registrar within seven (7) days from the date of its .dispatch to the Competent Authority

Section 2

Auditor

Article 219

The company shall have one or more auditors who are licensed to practice the profession of accounting and auditing and accredited by the Competent Authority. The annual General

Assembly shall issue a decision to appoint him and determine his remuneration. He shall assume his functions as of the date of his appointment until the next annual General Assembly, and may .be reappointed annually, taking into account the terms and conditions of appointing auditors

Article 220

The Regulation shall specify the terms and conditions of appointing auditors, their qualifications, rights and obligations, and the benefits they receive from the company in any capacity .whatsoever

Article 221

The Competent Authority may, in all cases, object to the auditor's appointment by the General Assembly, under a grounded decision within fifteen (15) days from the date of filing the minutes of the meeting of the Annual ordinary General Assembly whereat the auditor was appointed .before this entity. The company shall convene a General Assembly to appoint another auditor

Article 222

The company may dismiss the auditor by a decision of the ordinary General Assembly. The assembly shall appoint another auditor at the same meeting. The Regulation shall specify the provisions of the termination of the auditor's relationship with the company

Article 223

The auditor may not be a founder, a member of the Board of Directors or of the Executive Management, or an employee of the company or its subsidiaries. It is not permissible for the auditor to provide technical, administrative or advisory services to the company or its .subsidiaries, except for services determined by the Competent Authority

Article 224

The company's auditor shall assume his professional and technical tasks, and keep the company's secrets, and in all cases, he shall be liable towards the company, shareholders and third parties for damages resulting from any fraud or forgery or error he commits in the course of .performance of his duties

Article 225

The auditor shall have the right to review all the company's books and verify whether they are prepared in accordance with the International Financial Reporting Standards, and whether the financial statements conform to those books. He may obtain the information he deems necessary for the performance of his duties. The Board of Directors shall enable him to do so. The auditor shall attend the General Assembly meetings and express his opinion on all matters .relating to his work

Article 226

The auditor shall take into account, in the preparation of the reports assigned thereto, any changes to the IFRSs to be followed in the preparation of the financial statements, and not in .violation of the laws and regulations adopted by the Competent Authority

If the report is drafted in violation of these laws and regulations, the decision of the annual .ordinary General Assembly ratifying said report shall be deemed null and void

If more than one auditor is appointed in the company, they shall be jointly liable for any damages resulting from offences committed thereby

Chapter 6

Holding Company and Subsidiary Company

Article 227

The holding company is a Joint Stock Company that financially and administratively controls one or more Joint-stock Companies or a Limited Liability Companies which become subsidiary thereto by holding at least (51%) of the shares or stakes of each of these companies. The holding .company invests its funds through its subsidiaries

The holding company may not hold shares in a Joint-Liability Company and a Limited Partnership .nor may it hold any shares in other holding companies

The provisions governing the Joint Stock Company shall apply to the Holding Company, in a .manner not inconsistent with the provisions of this Chapter

Article 228

:The objects of the Holding Company are as follows

Management of its subsidiaries or participation in the management of other companies in-1 .which it holds shares

.Participating in the establishment of joint stock companies or limited liability companies-2

Financing or lending to its subsidiary companies and guaranteeing their obligations towards-3 .third parties

.Investing its assets in the trading of shares, bonds and other securities-4

Owning real estate and movable property to carry out its operations within the limits-5 .permitted under the law

Owning and exploiting patents, trademarks, concession rights and other such moral rights, and-6 lease the same to its subsidiaries and third parties

Article 229

:The Holding Company shall be established in any of the following methods

Establishing a joint stock company whose objectives are limited to one or all of the activities-1 .provided for in in Article (228) of this Law

Amending the objects of an existing company into those of a Holding Company in accordance-2 .with the provisions of this Law

Converting a limited liability company to a holding company-3

Article 230

The Holding Company shall have a trade name next to which the expression ("Holding .Company") shall be added

Its issued capital shall not be less than two million (2000000) Omani Riyals

Article 231

A subsidiary company is a Joint Stock Company or a Limited Liability Company that is controlled by another company that owns at least (51%) of its shares. The Holding Company and its subsidiary shall have independent legal personality, and the Holding Company shall not be liable .for the debts of the subsidiary company

Article 232

A Subsidiary Company shall not own shares in the Holding Company. If it holds shares therein prior to the date on which it became a subsidiary of the holding company, said subsidiary company shall dispose of these shares within a period not exceeding one (1) year from the said .date. The aforementioned shares shall not have voting rights during this period

Article 233

The Board of Directors of the Holding Company may invite the chairman of the Board of any subsidiary company to attend its meetings when considering matters related to the subsidiary company so as to make any observations or express opinions thereon, or provide any clarifications or statements required therefrom. He may participate in the debate without having a counted vote on decisions

Title 4

Limited Liability Company

Chapter 1

General Provisions

Article 234

A Limited Liability Company is a company that consists of a number of physical or juristic persons that is not less than two (2), and not more than fifty (50), and each of them shall only be liable .to the extent of his membership interests in the capital

The company's capital is divided into membership interests of equal value and distributed upon .registration

By virtue of a decision of the Minister -with a view to observing the public interest and for considerations at his own discretion -the number of partners in some companies may be .increased to the maximum referred to in the preceding paragraph

.Companies solely established by the State shall be exempt from the provisions of this article

Article 235

Subject to the provisions of Article (256) of this Law, the Ministry shall, if the number of partners at any time after incorporation exceeds the maximum stipulated in Article (234) of this Law, notify the company to adjust its situation within one hundred and eighty (180) days following the warning date. If the company fails to so, it shall be considered dissolved and its partners shall be personally and jointly liable for its obligations arising from the increase as of the date of .its occurrence

Article 236

The name of the Limited Liability Company shall consist of the name of one or more of its partners, or of any word or phrase, provided that the name is not misleading as to its object, .identity or the identity of its partners

The expression “Limited Liability Company” (LLC) shall be added to the name of the company .wherever it appears

If the violation of the provisions of the preceding paragraph results in the commission of a bona fide third party of an error concerning the limits of liability of the partners, the person who committed such violation shall be liable with his own assets towards third parties for the .damages they have sustained as a result thereof

Article 237

The capital shares of a Limited Liability Company shall not be negotiable, and the company may .not resort to public subscription to raise or increase its capital

Article 238

The Limited Liability Company is established with a capital to be determined in its Memorandum .of Association and divided into shares of equal nominal value

Article 239

Shares in the Limited Liability Company's capital shall be in cash or in kind and may not consist of services or work., with the exception of the one-person company established for the purpose of issuing sukuk or bonds on behalf of the Joint Stock Company, in accordance with the .procedures and rules specified by the Regulation

Article 240

The Limited Liability Company shall be established under a contract signed by all partners and :shall include the data specified by the Ministry, in particular the following

.The company's name and head office-1

.The company's capital, and the cash and in-kind contributions and value thereof-2

The partners' names, nationalities, addresses, and the amount of their membership-3 .interests

.The company's objects-4

.The date of establishment of the company, and term thereof-5

.The name, personal data, and powers of the company's manager-6

.The beginning and end of the company's fiscal year and the date of its first fiscal year-7

.The parties who shall settle the dispute between the partners-8

Percentage of decisions of the Partners' Association in each meeting, except for the-9 .decisions that the law specifies a percentage therefor

Article 241

An account shall be opened for the company (under incorporation) in a bank licensed to operate in the Sultanate, in which the value of the partners' membership interests subscribed they shall .be deposited. Each partner shall deposit in cash the full value of his shares in the capital

The bank may not waive the deposit to any person whatsoever, unless the partners provide a certificate stating that the company has been registered with the Registrar, or that the partners .decides to renounce the establishment the company

Article 242

If one or more partners provides in-kind contributions, he shall indicate their type, location and value in a report prepared by an appraisal office, or an accountant licensed to operate in the Sultanate. The Ministry may evaluate the quota by itself or by referring it to one or more experts. If the share is assessed incorrectly, the person providing the contribution, the appraiser and the auditor, as the case may be, shall be liable towards the Ministry and third parties for the correct assessment of the contribution. If, however, the value is overestimated, the person

providing the contribution shall pay the difference in cash to the company and shall be liable .with his own assets for such difference

Article 243

If the company is not registered with the Registrar within one hundred eighty (180) days from the date of deposit of the first contributions therein, any of the partners who have deposited the value of their contribution shall have the right to consider the Memorandum of Association cancelled by written notice to the other partners and the concerned bank, and then said partner and any other partner shall have the right to recover the value of their contributions to the .capital of the company previously provided

Article 244

The membership interests in the Limited Liability Company shall be indivisible. However, several persons may jointly own the membership interest, provided that one person chosen by them only represents them towards the company, deemed by the company to be the owner of the joint membership interest. The representative of the multiple owners shall be the person whose .name appears in the register of the owners of the membership interests

The company may determine for the owners of the joint membership interests a time limit for the selection and shall have the right after the expiry of the time limit to sell the membership interests to the account of its owners, in which case the partners shall have the pre-emptive .right to purchase them

In any case, the disposal of a joint membership interest by its owners requires the provision of .an official document

Article 245

Joint owners of membership interests shall be jointly liable for any obligations arising from such ownership and shall be considered one person when determining the number of partners in the company

Article 246

Shareholders or the manager appointed by them under the Constitutive Documents, as the case may be, shall within a maximum period of thirty (30) days of the date of completion of the procedures of establishment of the company, submit an application to the registerar for registration of the company. The originals and copies of the company's Constitutive Documents .and other documents specified by the Regulations shall be attached to the application

any amendment to the Constitutive Document shall be registered in the same manner and within the period set forth in the preceding paragraph, from the date of making such .amendment

Article 247

A special register of partners shall be maintained at the company, wherein the partners' names, nationalities, elected domicile, address, age, the number and value of membership interests of each of them, and any legal action effected on such membership interests shall be indicated. The partner's ownership of any membership interests shall not be deemed effective unless entered in the partners' register. The managers of the company shall be jointly liable for this register and the validity of its data. The partner and any interested party shall have the right to access this .register

Chapter 2

Disposal of Shares

Article 248

Subject to the restrictions prescribed by law and the provisions contained in the Memorandum of Association, each partner in the company shall have the right to dispose of his membership interests to any partner in the company or to third parties, free of charge or against .consideration, under an official document

Such disposal shall not be effective vis-a-vis the company or third parties except from the date of its registration with the Registrar and after its publication in accordance with the provisions of .this Law

.In all cases, the disposal shall not result in an increase in the maximum number of partners

Article 249

If a partner wishes to assign all or some of his membership interests to a person other than a partner, he shall send written notice expressing his wish to do so, to the manager of the company together with as many copies of such notice as there are partners in the Company, indicating the number of membership interests he intends to assign, the name, nationality, and .address of the proposed assignee as well as the terms of the transfer

Article 250

The manager of the company shall acknowledge the receipt of the notice of intent and the date of receipt and shall promptly send a copy of the notice to each other partner of the company at his domicile which is indicated in the partners register. The manager, when sending such notice to the other partners, shall advise such members, in writing, on their preemptive right to .purchase the membership interests offered for sale on the terms specified in the notice

Article 251

Each partner wishing to purchase shall notify in writing the company's manager who served him with the notice, of his intention to buy the membership interests offered for sale or any number thereof, as per the conditions stated in the notice, and shall deposit the full price of the membership interests he wishes to purchase within forty-five (45) days from the date of the company's manager receipt of the notice to dispose of the membership interests. If the period specified in the preceding paragraph elapses without the company's manager receiving the notice from any of the partners expressing his desire to exercise the pre-emptive right to purchase the membership interests, the partner shall have the right to dispose of his .membership interests to the person designated in the notice

Article 252

If valid notices of intent to purchase the membership interests are received from more than one partner, within the period specified in Article (251) of this Law, and the aggregate number of the membership interests such partners wish to purchase is greater than the number of membership :interests offered for sale, the following shall be observed

The membership interests offered for sale shall be distributed to the partners pro rata to their-1 .shares in the company's capital, and fractions shall be rounded to the nearest whole number

If a partner elects to purchase less than the percentage of his membership interests, all-2 membership interests he has elected to purchase shall be allocated to him and the remaining membership interests shall be divided among the remaining partners pursuant to the provisions .of the preceding clause

Article 253

If no valid notice of intent to exercise the preemptive right is received from any partner of the

company, or if the valid notices received relate in the aggregate to less than the number of membership interests offered for sale, the managers may decide to purchase, in the name of the company and on the terms provided in the notice of the proposed assignment, unless prohibited by the Memorandum of Association or any decision of the Partners' Association, provided that .the purchase price will not be paid from the company's capital or from its statutory reserve

Article 254

Membership interests so purchased in the name of the company in accordance with Article (253) of this Law shall be jointly owned by all partners in proportion to the number of membership interests owned by each of them. Such membership interests shall not be counted in determining the legal quorum required for the meeting of the Partners' Association or for the issuance of its decisions, nor shall such membership interests be considered in the distribution of dividends or assets of the company. Upon sale of such membership interests, the proceeds of .their sale shall accrue to the company and shall be added to its reserve

Article 255

If the partners or the company decides to purchase the membership interests offered, the company's manager shall send a written notice to the selling partner expressing their wish to exercise the preemptive right and such notice shall be accompanied by the purchase price as .specified in the notice of proposed assignment

If such notice and the same amount are not received by the selling partner within fifty (50) days from the date on which the notice of proposed assignment was received by the manager, such partner shall be free to effect the assignment provided such assignment takes place within thirty (30) days following the expiry of the fifty (50) days referred to, and in accordance with the .conditions specified in the notice of the proposed assignment

Article 256

The preemptive right shall not apply to membership interests transferred by inheritance or will on the death of a partner. If membership interests are transferred by inheritance or will to more than one person causing the number of partners to exceed maximum stipulated in Article (234) of this Law, then such membership interests shall be jointly held by all heirs or legatees under unless such heirs or legatees agree to transfer such membership interests to such number of .them which maintains the number of partners within the maximum allowed

Chapter 3

Increase and Decrease of the Company's Capital

Article 257

The capital of the Limited Liability Company's shall be increased or decreased by a unanimous .decision of the Partners' Association

Article 258

Each partner shall, upon capital increase, subscribe to a number of new membership interests in proportion to the number of the membership interests he owns. If a partner subscribes for less than the percentage to which he is entitled, other partners may subscribe for the remaining .membership interests, pro rata to the number of the membership interests they own

Article 259

The amounts of capital increase shall be deposited in one of the banks licensed to operate in the Sultanate. They shall not be withdrawn except after the full distribution of the membership interests and registration of the capital increase registered with the Registrar and publication

.thereof in accordance with the provisions of this Law

Article 260

If the capital is increased by in kind contributions, it shall be assessed in accordance with the .provisions of Article (242) of this Law

Article 261

Subject to the provisions of Article (238) of this Law, the capital of the company may be .decreased if it exceeds the needs of the company or if the company incurs any losses

Article 262

The decision to decrease the capital of the company shall be published in accordance with the provisions of this Law, together with an invitation to all creditors to submit their objections within thirty (30) days from the date of its publication. The decrease decision shall become effective only after the lapse of that period without objection, or after opposing creditors' .submission of a quittance either by paying their debts or providing appropriate guarantees

Chapter 4

Management of Limited Liability Company

Article 263

The Limited Liability Company shall be managed by one or more partners or other physical persons who are appointed for a limited or indefinite period of time, pursuant to the .Memorandum of Association or the decision of the Partners' Association

Article 264

The managers of the company shall carry out all the necessary work to achieve the objectives of the company and shall have all the powers necessary to conduct its business regularly, unless otherwise provided in the Memorandum of Association. Any decision issued by the company to restrict the powers of the managers or replace them shall be registered with the Registrar and published in accordance with the provisions of this Law and shall be effective only towards third parties as of the date of its registration

Article 265

The managers of the company, in terms of liability, shall be subject to the same provisions governing the members of the Board of Directors in a Joint Stock Company. Any provision of the Memorandum of Association or a subsequent agreement to the contrary shall be deemed null .and void

Article 266

The managers of the company shall inform the Partners' Association of any conflict between .their interest and the interest of the company in any of the operations to be carried out

Article 267

The managers of the company are prohibited from carrying out the following acts unless expressly authorised to do so under the Memorandum of Association or by unanimous decision :of all the partners

Make contributions, except for contributions required by the work interest when they are-1 .ordinary and of a little value

.Sell all the company's assets or a part thereof-2

Pledge or mortgage the assets of the company, except to secure debts of the company-3 incurred in the ordinary course of the business

Guarantee debts of third parties, except for guarantees made in the ordinary course of-4 .business for the sake of achievement of the company's objectives

Discharge the company's debtors from their obligations or conclude a conciliation or an-5 .arbitration agreement therewith

Article 268

The Limited Liability Company shall be bound by all acts performed by the managers acting in its name. The bona fide third party shall have the right to assume that any act done by the managers of the company in the course of its business is within the powers vested in the managers and the company shall be bound thereby unless the limitation of the managers' .powers is filed with the Registrar

Article 269

Managers are personally or jointly liable, as the case may be, towards the company and third parties for their violation of the provisions of this Law and the Memorandum of Association and .any mismanagement

If more than one manager participates in the same acts that hold them liable, the proportion of .their respective damages shall be adjudged by the competent court

Article 270

Any partner who is not a manager may, at any time, request any information about the company and, inspect by himself or through an expert appointed by him, its books, registers, accounts and .other documents

The partners or any of them shall have the right to file a liability action against the managers in favour of the company and claim full compensation for the damages suffered by them. Any provision to the contrary stipulated in the Memorandum of Association or any subsequent agreement shall be deemed null

Article 271

Subject to the provisions of Article (18) of this Law, the liability action shall be instituted in accordance with the provisions of Articles (269) and (270) of this Law within five (5) years from .the date of knowledge of the harmful acts or actions

Article 272

Managers and partners are prohibited from obtaining from the company loans or guarantees for themselves or their spouses or relatives up to the third degree, and any act to the contrary shall .be null and void

Article 273

The manager or managers may be dismissed by a decision issued by the Partners' Association with the approval of the numerical majority of the partners holding three quarters of the capital, provided that the decision appoints a manager or managers as replacement of those who have been dismissed. If the manager is a partner in the company, he may not participate in voting on the decision concerning his dismissal. One or more partners may request the court to dismiss the manager or managers. The decision of dismissal shall be published in accordance with the .provisions of this Law

Article 274

In respect of each fiscal year, the managers shall withhold (10%) of the net profits of the company after deduction of taxes as a statutory reserve until such reserve amounts to, at least, .one third of the capital of the company

The statutory reserve shall not be distributed to the company's partners as dividends and may .be used to cover accumulated losses

The company's manager or managers may deduct up to (20%) of the net annual profits of the .company for the optional reserve account

Article 275

The company's manager or managers shall, at the end of each fiscal year, and within ninety (90) days of its expiry, prepare the statement and report on the activity of the company, its financial position and proposals on the distribution of profits, and shall put their report at the disposal of the company's auditor, if any. The auditor shall prepare his report and submit it to the Partners' Association and submit a copy thereof to the manager or managers within sixty (60) days from .the date of receipt of the said documents

Article 276

The company's manager or managers shall, within one hundred and eighty (180) days from the end of the fiscal year, send to each partner of the company a copy of the financial statements, the report of the managers and the report of the auditor relating to the ended fiscal year with .an invitation to convene the Partners' Association for approval thereof

Article 277

All the assets of the documents stated in Article (276) of this Law shall be deposited at the company's head office at least fourteen (14) days before the time set for the Partners' .Association meeting. Each partner shall have the right to access to such documents

Each partner may request, at will, access to the entries and documents relating to the work of the previous ten (10) years. Any text to the contrary of this Article stipulated in the .Memorandum of Association or in a subsequent agreement shall be null and void

Chapter 5

Auditor of the Company

Article 278

The Limited Liability Company shall have an auditor appointed by the Partners' Association for :one fiscal year in any of the following cases

.If the number of partners in the company exceeds seven (7) persons-1

.If the capital of the company exceeds fifty thousand (50,000) Omani riyals-2

.If the Memorandum of Association provides for the appointment of an auditor-3

If one or more partners representing at least one fifth of the company's capital require the-4 .appointment of an auditor

Article 279

A manager may not be an accountant of the company before the expiration of five (5) years from the end of his term of office in the company, nor may an auditor be a manager of the company

.before the expiration of five (5) years from the date of his last appointment as auditor

Article 280

Subject to the provisions of Articles (278) and (279) of this Law, the auditor shall be subject, in respect of his appointment and the determination of his terms of office, rights, duties, powers and responsibilities to the same conditions and rules as are applicable to the appointment of auditors in the Joint Stock Company

Chapter 6

Partners' Association

Article 281

The Limited Liability Company shall have a Partner's Association that meets at least once a year within one hundred and eighty (180) days from the end of the fiscal year, at the time and place specified in the Memorandum of Association or determined by the manager of the company. In cases other than the distribution of profits, approval of the balance sheet, profit and loss account and reports of managers and auditors, pursuant to a text of the Memorandum of Association or subsequent agreement registered with the Registrar, the Association of Partners may convene and make its decisions using appropriate means of communication that allow simultaneous audio-visual communication among members -without their presence in one place .-or by circulation signed by all partners

Article 282

The managers of the company may invite the Partners' Association to convene at any time, and they shall invite it to convene when the Law or the Memorandum of Association requires so or at the request of one or more partners representing at least one fifth of the company's capital, .with the publication of the invitation in accordance with the provisions of this Law

Article 283

If the managers fail to invite the Partners 'Association, any partner may request the competent .court to appoint a person to invite the partners' association to convene and prepare its agenda

Any text contained in the Memorandum of Association or a subsequent agreement contrary .thereto shall be deemed null and void

Article 284

The invitation to attend the Partner's Association shall be sent to each partner at his registered .address with the company at least fifteen (15) days prior to the date set for the meeting

The invitation shall not be valid unless it contains the agenda, and the time and place of the .meeting

Article 285

The Partners' Association may not consider other than the topics on its agenda and may, in .exceptional cases, consider an urgent and unexpected issue arising during the meeting

Article 286

Each partner shall attend the Partners' Association and shall have one vote for each membership .interests he owns or represents

Each partner may delegate in writing one of the partners to attend the meeting of the Partners' Association and vote on its decisions unless the Memorandum of Association or an agreement

.signed by all partners registered with the Registrar provides otherwise

.The partner may not represent more than one partner in the same meeting

Article 287

The partners and their delegates who represent all the membership interests of the company may convene the Partners 'Association without taking into account the rules prescribed for its invitation. The Partners' Association shall deliberate on all subjects whose determination is .within its competence

Article 288

The meeting of the Partners' Association is not valid unless attended in person or by proxy or a number of partners representing at least half of the company's capital. The proxy shall be valid only if evidenced by a written authorisation. If this quorum is not present, a second meeting shall be held to discuss the same agenda. The partners shall be notified of the second meeting at least seven (7) days prior to its scheduled date. The decisions of the second meeting shall be valid regardless of the amount of capital represented therein, provided that the second meeting is held within thirty (30) days from the date of the first meeting

Article 289

The Partners' Association shall take its decisions by an absolute majority of the votes cast on a .particular decision, unless the Memorandum of Association provides for a higher majority

Article 290

The company may not be converted to a Joint-Liability Company or Limited Partnership, except by unanimous decision of the partners. However, the company may be converted to a joint stock company and any provision of its Memorandum of Association may be amended under a decision taken by the majority of the partners representing at least three quarters of the .company's capital

Chapter 7

One Person Company

Article 291

One-Person Company is a Limited liability company whose capital is fully owned by one physical or juristic person. A physical person may not establish more than one limited liability company of one person, and the limited liability company formed of one person may not establish .(another limited liability company formed of a single person (physical or juristic

Article 292

The One-Person Company shall be established in accordance with the procedures and rules .specified by the Regulation

Article 293

The owner of the company's capital shall be liable for its obligations only to the extent of its .capital

Article 294

The company shall be managed by the owner of the capital who may appoint one or more Managers to represent it before courts and third parties. Said manager(s) shall represent the company before courts and third parties and shall be liable for its management towards the

.owner

Article 295

The company shall terminate upon the death of its capital owner, unless the heirs' ownership interests accrue to one person or the heirs have chosen to continue the company in another .legal form within one hundred and eighty (180) days from the owner's death

.The company shall also terminate upon the expiry of the juristic person who owns its capital

Article 296

If the male fide capital owner liquidates the company or suspends its activities prior to the expiry of its term or before achieving its objects, or if he does not separate his personal interests .from the interests of the company he shall be liable for its obligations with his personal assets

Article 297

Apart from the provisions of the proceeding Articles, the provisions regulating the limited liability company shall apply to one-person company to the extent they are not inconsistent with .its nature

Title 5

Inspection, Penalties and Final Provisions

Chapter 1

Inspection

Article 298

The Competent Authority may inspect the company and its subsidiaries at any time to monitor .their compliance with the provisions of the Law

The employees of the Competent Authority - appointed by a decision of the competent agency in agreement with the head of the Competent Authority - shall have the capacity of judicial officer in respect of crimes that are in violation of the provisions of this Law and the regulations .and decisions issued in implementation thereof

Article 299

The employees of the Competent Authority granted the capacity of judicial officers shall have all the powers that entitle them to carry out their duties, including access to the company's head office and branches, access to copies of all records, books, documents, statements, etc., and they shall have the right to inspect them at the company's head office or elsewhere, and express .reservations about the same if necessary

.The company's officials and auditors shall enable them to perform their duties

Article 300

The partners or shareholders owning (20%) of the share capital of the company may apply to the Competent Authority to inspect the company in terms of serious violations attributed to the managers, members of the Board of Directors or Executive Management or the auditor in the .performance of their duties

The Competent Authority may also carry out the inspection on its own or at the request of the .interested parties

Article 301

The request provided for in Article (300) of this Law shall contain serious evidence of the existence of the violations, which shall justify taking such action.

The competent authority shall refer the request to the person appointed to hear the statements of the inspection applicants, the company's officials and the auditor, and whoever he deems necessary to hear their statements, provided that he drafts a report on the outcome of his work, including his opinion, and submits the same to the head of the Competent Authority.

Article 302

The head of the Competent Authority or his authorized representative may appoint at the expense of the inspection applicants an auditor from among those registered to conduct an inspection of the company's works and books. The company's officials shall enable the auditor to view the books, documents and papers that they save or have the right to obtain, in addition to all matters related to the company.

The auditor shall submit a detailed report on his task to the head of the Competent Authority within the term specified in the appointment decision.

Article 303

If the head of the Competent Authority finds that the accusations attributed to the company's officials as per the report of the auditor are incorrect, he may order the publication of the report in whole or in part or the outcome thereof in accordance with the provisions of this Law. The publication costs shall be imposed on the applicants without prejudice to their liability for compensation, if justified. If it appears to the head of the Competent Authority that the accusations attributed to the company's officials are correct, he shall take the necessary measures, convene the General Assembly to discuss the violations and decide thereon, and shall designate the person who shall preside over the meeting in this case.

Article 304

The Ordinary General Assembly may dismiss the members of the Board of Directors or the auditor or terminate the service of any Executive Management employee, if any of them is proved to have committed the violations contained in the inspection report, without prejudice to the liability of any of them.

A person who has been dismissed in accordance with this article may not be re-elected before the expiry of five (5) years from the date of his dismissal.

Chapter 2

Penalties

Article 305

Without prejudice to any more severe penalty provided for in any other law, the offences set forth in this Law shall be punishable by the penalties provided for therein.

Article 306 Shall be punished by imprisonment for a term of not less than one year and not exceeding three years, and a fine not less than ten thousand (10,000) Omani Riyals, and not more than fifty thousand (50.000) Omani Riyals or either of these penalties:

Any person who has intentionally included incorrect data or information in the Memorandum-1 of Association, in the application for a licence to establish a company, or in any document necessary to obtain the licence or register the company with the Registrar, or intentionally omits a material fact in any of the foregoing, where the inclusion of the data or information or omissions of the act would deceive and harm others.

2- Any person who uses fraudulent means to induce someone to contribute or participate in a company.

3- Each of the founders of the company or members of its Board of Directors or auditors who intentionally issued an invitation to subscribe for the company's shares or bonds or other securities in violation of the provisions of the Law, and whoever knowingly offers such shares, bonds or other securities for subscription.

4- Any person who overestimated -with intent to defraud -the value of an in-kind share in the capital of the company. 5-Any person who deliberately distributes profits based on incorrect financial statements or without financial statements.

6- Any manager or member of the Board of Directors of the company or of the Executive Management, auditor or liquidator or person responsible for the management of the company who intentionally included incorrect data or information in the company's balance sheet or profit and loss account or in a report prepared for the ordinary or Extraordinary General Assembly, or deliberately concealed a material fact in any of the foregoing, where the true financial position of the company has been thereby concealed from shareholders, creditors and third parties.

7- Any person who has been falsified the company's registers or included therein incorrect facts, and anyone who has prepared or submitted to the Ordinary or Extraordinary General Assembly reports containing incorrect statements that would have affected the decisions of the Assembly.

8- Any of the company's managers or members of its Board of Directors or of its Executive Management who deliberately exploit the company's funds for their personal benefit or for the interest of another company or institution in which they have an interest.

9- Any liquidator who exploited the company's funds for his personal benefit or deliberately waived the company's funds in violation of the provisions of the Law.

Article 307

Shall be punished by imprisonment for a term of not less than six (6) months and not exceeding three (3) years, and a fine of not less than three thousand (3000) Omani Riyals and not more than twenty thousand (20,000) Omani Riyals, or either of these penalties:

1- Any person who, due to negligence, has included or omitted incorrect data or information in the Memorandum of Association or in the application for the company's incorporation or in a document necessary for the establishment of the company or registration thereof with the Registrar, where the inclusion of such data or information would deceive and harm others.

2- Any manager or member of the Board of Directors or of the Executive Management who prevents auditors from performing their duties or hinder their work.

3- Each expert, who due to negligence, overestimated the value of an in-kind share in the company's capital by more than (25%) of its real value.

4- Any of the members of the first Board of Directors of the company who deliberately fails to register the company with the Registrar

Article 308

Shall be punished by a fine not less than five thousand (5000) Omani Riyals and not more than ten thousand (10,000) Omani Riyals:

1- Any member of the Board of Directors or auditor or liquidator who fails to invite the Annual General Assembly or to invite the Ordinary or Extraordinary General Assembly to convene whenever required by law.

2- Anyone in respect of whom the reasons for termination of membership are available and failed to inform the company immediately after the materialisation of the reason.

3- Any person who caused by his own mistake the registration the company in the Registrar to be refused.

4- Any person who submitted an application for registration of data, information, decisions or documents in violation of the provisions of the Law.

5- Any person who did not allow the shareholders or third parties to access the books of the company or any other documents when they are entitled to.

Article 309

Any person who contravenes any provision of this Law or the Regulation and for which no penalty has not been specified therein, shall not be punished by a fine of not less than one hundred (100) Omani Riyals and not exceeding three thousand (3000) Omani Riyals

Article 310

The Competent Authority may conciliate in the crimes stipulated in this Law or the Regulation at any stage of the public proceedings, and before a judgment has been issued therein, against payment of a sum of money not less than twice the minimum fine prescribed for this crime. Conciliation shall result in the termination of the public proceedings.

Article 311

The fines that have been imposed on the company due to the Board of Directors' violations of the Law or the statutes of the company during the ended fiscal year shall be deducted from the remuneration of the Board of Directors or the remuneration of the member who caused the violation. The General Assembly may not deduct such fines if it finds that these fines are not due to the Board's negligence or error.

Article 312

Any person who violates this Law or the Regulation shall be liable for compensating the damage caused to any person as a result of his violation.