
GLOBAL BUSINESS
CORPORATION REGULATIONS
2021

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PART 1 - INTRODUCTION

CHAPTER 1: GENERAL

1. TITLE

These Regulations shall be cited as the Global Business Corporation Regulations 2021 or these Regulations.

2. LEGISLATIVE AUTHORITY

The JAFZA makes these Regulations in accordance with the authority given to it by Article 5 of Decree No 1 of 1985 for the Establishment of the Free Zone Authority in Jebel Ali Port.

3. APPLICATION OF THESE REGULATIONS

- (1) These Regulations apply to any body corporate established as a Global Business Corporation under these regulations; or a body corporate established under another law or other regulations becomes subject to these Regulations.
- (2) The provisions of Federal Law No. 2 of 2015 concerning the Commercial Companies shall not apply to Global Business Corporations.

4. PROHIBITION OF CONDUCT OF BUSINESS

No person shall conduct business as a Global Business Corporation unless that person is a:

- (1) Private Company;
- (2) Public Company; or
- (3) Recognised Company,

with a valid Commercial Licence issued under these Regulations.

5. DATE OF ENACTMENT

These Regulations are enacted on the date specified in the Enactment Notice in respect of these Regulations.

6. SCHEDULES

- (1) Schedule 1 contains prescribed fines for contraventions of these Regulations and shall be in the form published on the official website of JAFZA from time to time.
- (2) Schedule 2 contains fees for applications made pursuant to these Regulations and shall be in the form published on the official website of JAFZA from time to time.
- (3) Schedule 3 contains model articles of association for Private Companies.

PART 2

CHAPTER 2: INTERPRETATION

7. RULES OF INTERPRETATION

- (1) In these Regulations, unless otherwise provided, a reference to:
 - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;
 - (b) a person includes any natural person, body corporate or body unincorporate, including a company, partnership, unincorporated association, government or state.
 - (c) an obligation to publish or cause to be published a particular Document shall, unless expressly provided otherwise in these Regulations, include publishing or causing to be published in Printed or electronic form;
 - (d) a day shall be to a business day, being a normal working day in the JAFZ;
 - (e) a calendar year shall mean a year of the Gregorian calendar;
 - (f) a reference to the masculine gender includes the feminine and vice versa;
 - (g) the singular shall include the plural and vice versa; and
 - (h) these Regulations includes any Regulations made under these Regulations.
- (2) The headings in these Regulations shall not affect its interpretation.
- (3) References in these Regulations to a body corporate include companies which are not Global Business Corporations.
- (4) A reference in these Regulations to a Chapter, Article or Schedule by number only, and without further identification, is a reference to the Chapter, Article or Schedule of that number in these Regulations.
- (5) A reference in an Article or other division of these Regulations to an Article by number or letter only, and without further identification, is a reference to the Article of that number or letter contained in the Article or other division of these Regulations in which that reference occurs.
- (6) Unless the context otherwise requires, where these Regulations refer to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.
- (7) References in these Regulations to a writing, filing, instrument or certificate include any mode of communication that preserves a record of the information contained therein and is capable of being reproduced in tangible form, on paper, including electronic means irrespective of the medium use. For the avoidance of doubt, a Company may, with the consent of a Shareholder, communicate with that Shareholder by electronic means. This does not affect any other legal requirements which may apply in relation to the form or manner of executing a document or agreement.

8. LEGISLATION IN THE JAFZ

References to Legislation and Guidance in these Regulations shall be construed in accordance with the following provisions:

- (a) Federal Law is law made by the federal government of the UAE;
- (b) Dubai Law is law made by the Ruler, as applicable in the Emirate of Dubai;

- (c) JAFZ Law is law made by either of the JAFZA or the Ruler (including, by way of example, these Regulations), as applicable in the JAFZ;
- (d) the Enactment Notice is the enactment notice pursuant to which these Regulations are brought into force.
- (e) Guidance means indicative and non-binding documents, notes or circulars issued by the Registrar or by the JAFZA and may comprise (i) guidance made and issued by the Registrar under these Regulations and (ii) any standard or code of practice issued by the JAFZA which has not been incorporated into these Regulations; and
- (f) references to “**Legislation administered by the Registrar**” are references to any JAFZ Law and regulations conferring functions and powers on the Registrar.
- (g) In applying these Regulations the Court shall determine any matter according to the laws for the time being in force in accordance with the one first ascertained under the following paragraphs:
 - (i) so far as there is regulatory content in these Regulations or any other regulations in force relating to Global Business Corporations; or
 - (ii) the common law of England and Wales.

9. DEFINED TERMS

“**Accounting Records**” means records and underlying Documents comprising initial and other accounting entries and associated supporting Documents such as:

- (a) cheques;
- (b) records of electronic funds transfers;
- (c) invoices;
- (d) contracts;
- (e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and
- (f) work sheets and spread sheets supporting costs allocations, computations, reconciliations and disclosures.

“**Allotment**” means in relation to Shares, a transaction by which a person acquires the unconditional right to be included in a Company's register of Shareholders in respect of such Shares.

“**Annual General Meeting**” means a General Meeting held by the Shareholders of a Company as an annual General Meeting in each year.

“**Appointed Publication**” means a publication which is either:

- (a) a website written in English and is appointed by the Registrar; or;
- (b) a newspaper published in English with national circulation in the UAE.

“**Approved Person**” has the meaning given to the term in Article 154(1)(a).

“**Articles of Association**” means in relation to a Company, its articles of association as originally framed or as altered in accordance with these Regulations.

“Beneficial Owner” means a natural person (other than a person acting solely in the capacity of a professional adviser or professional manager) who owns or controls (directly or indirectly):

- (a) shares or other interest entitling such person to receive distributions of income or capital, or to exercise voting right, of at least 25% of the Company;
- (b) voting rights in the Company of at least 25%; or
- (c) the right to appoint or remove the majority of the Director of the Company,

and may be traced through any number of persons or arrangements of any description and **“Beneficial Ownership”** shall be construed accordingly.

“Commercial License” means the commercial license of a Global Business Corporation.

“Company” means a Private Company.

“Constitutional Documents” means the Articles of Association of a Company and any other resolutions and agreements of which a copy or a written memorandum, as appropriate, is submitted to the Registrar.

“Court” means the Dubai International Financial Centre Court as established under Dubai Law.

“Creditors” includes present, prospective and contingent creditors.

“Decision-making Procedures” means the decision-making procedures prescribed in these Regulations for the exercise of the powers of the Registrar under these Regulations which are stated to be subject to such procedures.

“Director” means a person, by whatever name called, who is:

- (a) appointed to the position of a director; or
- (b) appointed to the position of an alternate director, and is acting in that capacity; or
- (c) not validly appointed as a director, but is acting in the position of a director (i.e. a de-facto director).

“Distribution” means has the meaning given in Article 63(7).

“Document” means includes summons, notice, statement, return, account, order and other legal process, and registers.

“Employee” means in relation to a Company means any individual who is appointed or employed by the Company whose services are provided to, or for the purposes of the Company, and includes any Officer of the Company.

“Employee Share Scheme” means a scheme or arrangement for encouraging or facilitating the holding of Shares or debentures in a Company by or for the benefit of:

- (a) the bona fide Employees or former Employees of the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company; or
- (b) the wives, husbands, widows, widowers or minor children or minor step-children of the individuals referred to in (1).

“Equity Securities” means:

- (a) ordinary Shares in the Company; or

- (b) rights to subscribe for, or to convert securities into, Ordinary Shares in the Company, and
- (c) ordinary share means any Shares in the Company other than those which carry limited rights to participate in dividends or capital (on a winding up of the Company).

"Foreign Company" means a body corporate which is not a Global Business Corporation or an FZE or FZCO.

"FZCO" a free zone company incorporated in the JAFZ as an FZCO.

"FZE" a free zone establishment, incorporated in JAFZ as an FZE.

"GBC Concierge Service" means a professional UAE registered agent who also provides corporate support services to Global Business Corporations. These support services may include, but are not limited to, assisting the Global Business Corporations and any related subsidiaries or branches: (a) with company incorporation requirements; (b) with licensing and visas; and (c) by liaising with relevant governmental authorities such as the Department of Economic Development and Ministry of Finance on their behalf.

"GBC Public Company Regulations" means the regulations in force from time to time governing the incorporation and operation of public Global Business Corporations.

"General Meeting" means a meeting of Shareholders of a Company.

"Global Business Corporation" means a body corporate which satisfies the criteria in Article 12 and holds a Commercial Licence issued by the Registrar.

"Guidance" carries the meaning given to it in Article 8 of these Regulations.

"Headquarters of Operations" means the principal place of operations either in Dubai or globally of a body corporate for a particular business stream.

"Incorporator" means a person to whom issued Shares are allotted in a Company upon its incorporation.

"Insolvency Law" means The Dubai International Financial Centre law relating to the insolvency of companies established under the Dubai International Financial Centre law as in force from time to time.

"Inspector" means an inspector appointed by the Registrar pursuant to Article 115.

"JAFZ" means The Jebel Ali Free Zone.

"JAFZA" means the JAFZ Authority established under Dubai Law.

"Issued Share Capital" means shares of a Company that have been issued.

"Legislation" means includes Regulations or rules made under Legislation.

"Liability" means includes any debt or obligation.

"Officer" in relation to a Company, means:

- (a) a Director or Secretary of that Company;
- (b) a senior manager of that Company,
- (c) a receiver or a receiver and manager of that Company;
- (d) an administrator of a deed of company arrangement executed by that Company;

- (e) an official manager of that Company; or
- (f) a liquidator or a provisional liquidator of that Company.

“Ordinary Resolution” means a resolution passed by a simple majority of the votes of such Shareholders as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a General Meeting for which notice specifying the intention to propose the resolution has been duly given and includes an Ordinary Resolution in writing.

“Ordinary Shares” means shares other than those which carry a right to participate in dividends or capital (i.e. Distributions) only up to a specified amount.

“Paid Up” means includes an amount paid or credited in respect of the issue price.

“Person” has the meaning given in Article 7.

“Personal Representative” means the executor or administrator for the time being of a deceased person.

“Printed” means includes typewritten and a photocopy of a Printed or typewritten Document.

“Private Company” means a body corporate which is incorporated as, or converted to, a Private Company under these Regulations.

“Privileged Communication” means a communication attracting a privilege arising from the provision of professional legal advice and any other advice or from the relationship of lawyer and client or other similar relationship, but does not include a communication subject only to a general duty of confidentiality.

“Public Company” means a body corporate which is incorporated as, or converted to a Public Company under the GBC Public Company Regulations.

“Recognised Company” means a Foreign Company registered under these Regulations pursuant to Article 152.

“Records” means documents, information and other records however stored.

“Register” means the register of Companies or Foreign Companies incorporated under these Regulations as maintained by the Registrar.

“Registered Details of a Company” means information included in the Register.

“Registrar” means the Registrar of Companies.

“Resolution” means Special Resolution or Ordinary Resolution as appropriate.

“Ruler” means the Ruler of the Emirate of Dubai.

“Schedule” means a schedule to these Regulations.

“Share” means a share in the share capital of a Company.

“Shareholder” means a person entered in the register of Shareholders of a Company as the holder of a Share in that Company.

“Secretary” means a person occupying the position of Secretary of a Company, by whatever name called.

“Securities” means any negotiable instrument including but not limited to stocks, shares, debentures, warrants, certificates, units, options or any right to or interest in any such instrument.

“Special Resolution” means a resolution passed by at least seventy five per cent (75%) of the votes of such Shareholders as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a General Meeting for which notice specifying the intention to propose the resolution has been duly given and includes a Special Resolution in writing.

“Standard Articles” means a model set of articles of association prescribed by the Registrar.

“UAE” means United Arab Emirates.

“UAE Company” means a body corporate established in the UAE, DIFC or the Abu Dhabi Global Market.

“UAE National” means any person who holds the nationality of the UAE.

“Year” means a calendar year having the meaning given in Article 7 of these Regulations.

10. **MEANING OF “HOLDING COMPANY”, “ULTIMATE HOLDING COMPANY”, “SUBSIDIARY” AND “WHOLLY-OWNED SUBSIDIARY”**

(1) A body corporate (the ‘first body corporate’) is a subsidiary of another body corporate (the ‘second body corporate’) if the second body corporate:

- (a) holds a majority of the voting rights in the first body corporate;
- (b) is a shareholder of the first body corporate and has the right to appoint or remove a majority of the board of directors or managers of the first body corporate; or
- (c) is a shareholder of the first body corporate and controls alone, pursuant to an agreement with other shareholders, a majority of the voting rights in the first body corporate,

or if the first body corporate is a subsidiary of another body corporate which is itself a subsidiary of the second body corporate, which is its holding company.

(2) A body corporate is a wholly-owned subsidiary of another body corporate if the first body corporate has no shareholders except:

- (a) the second body corporate; and
- (b) wholly-owned subsidiaries of or persons acting on behalf of the second body corporate or the second body corporate's wholly owned subsidiaries.

(3) A body corporate is the holding company of another body corporate if the second body corporate is a subsidiary of the first body corporate, and a reference to a holding company includes an ultimate holding company.

(4) A holding company is a holding body corporate which is a company and, a reference to an ultimate holding company is a reference to a holding company which is:

- (a) not itself a subsidiary of another body corporate; and
- (b) the top-most holding company of a chain of bodies corporate which have a subsidiary and holding company relationship with each other.

(5) In Article 10(1)(a) and (1)(c) the references to the voting rights in a body corporate are to the rights conferred on shareholders in respect of their shares, or (in the case of a body corporate not having a share capital) on partners, to vote at general meetings of the body corporate on all or substantially all matters.

(6) In Article 10(1)(b), the reference to the right to appoint or remove a majority of a board of directors or managers is to the right to appoint or remove directors or managers holding a majority of the voting

rights at meetings of the board on all or substantially all matters; and for the purposes of that provision:

- (a) a body corporate shall be treated as having the right to appoint to a directorship or manager position if:
 - (i) a person's appointment to it follows necessarily from his appointment as director or manager of the body corporate; or
 - (ii) the directorship or manager position is held by the body corporate itself; and
 - (b) a right to appoint or remove which is exercisable only with the consent or concurrence of another person shall be left out of account unless no other person has a right to appoint or, as the case may be, remove in relation to that directorship or manager position.
- (7) Rights which are exercisable only in certain circumstances shall be taken into account only:
- (a) when the circumstances have arisen, and for so long as they continue to obtain; or
 - (b) when the circumstances are within the control of the person having the rights,
- and rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.
- (8) Rights held by a person in a fiduciary capacity shall be treated as not held by that person.
- (9) Rights held by a person as nominee for another shall be treated as held by the other; and rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.
- (10) Rights attached to shares held by way of security shall be treated as held by the person providing the security:
- (a) where, apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions; and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.
- (11) Rights shall be treated as held by a body corporate if they are held by any of its subsidiaries. For the purposes of this Article rights shall be treated as being exercisable in accordance with the instructions or in the interests of a body corporate if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of:
- (a) any subsidiary or holding body corporate of the first body corporate; or
 - (b) any subsidiary of a holding body corporate of the first body corporate.
 - (c) the voting rights in a body corporate shall be reduced by any rights held by the body corporate itself.
 - (d) reference in any of Article 10(9) to 10(11) to rights held by a person include rights falling to be treated as held by such person by virtue of any other provision of those Articles.

11. PROVISION OF INFORMATION

Where any provision of these Regulations requires a Company to provide any information to a Shareholder or to any other person, the Company may provide such information either in print or in electronic form where accessible to such Shareholder or other person.

CHAPTER 3: INCORPORATION AND REGISTRATION OF GLOBAL BUSINESS CORPORATIONS

12. ELIGIBILITY AND RESTRICTIONS

- (1) A body corporate may only be incorporated as a Global Business Corporation if:
 - (a) it is a body corporate that is licensed by JAFZA and incorporated in JAFZA; and
 - (b) it has the core activity of:
 - (i) acting as a holding company;
 - (ii) investment vehicle;
 - (iii) the Headquarters of Operations; or
 - (iv) a licensed activity on JAFZA's official list of licensed activities available from JAFZA from time to time,and/or any other operational activities approved by the JAFZA.
- (2) A Foreign Company may be registered under this law as a Recognised Company if it meets the requirements in Chapter 25 and to upon it being registered as a Recognised Company it shall be deemed to be a Global Business Corporation and subject to these Regulations to the extent that they apply to a Recognised Company.
- (3) A Global Business Corporation must:
 - (a) be directed and managed in JAFZ or elsewhere in the UAE in respect of its licensed activity;
 - (b) have an adequate number of employees who are physically present in JAFZ or elsewhere in the UAE;
 - (c) incur adequate expenditure in JAFZ or elsewhere in the UAE in respect of its licensed activity; and
 - (d) have adequate physical assets in JAFZ or elsewhere in the UAE in respect of its licensed activity.
- (4) Subject to Article 12(5), a Global Business Corporation may establish a branch or representative office outside JAFZ and elsewhere in the UAE.
- (5) Any branch of a Global Business Corporation that wishes to conduct trade or other business in the UAE, must:
 - (a) obtain the appropriate licence to conduct the trade or other business activity from the applicable competent authorities;
 - (b) appoint an agent for the branch or representative office who shall be a UAE National or the GBC Concierge Service.
- (6) If the agent appointed pursuant to Article 12(5)(b) is a company, and is not the GBC Concierge Service, it shall be a UAE company and all its partners shall be UAE Nationals. The obligations of the agent to the company and third parties shall be limited to providing such services to the company, without any responsibility or financial obligations in connection with the business or activity of the branch or office of the foreign company inside the UAE or abroad.

13. PRIVATE COMPANY

The type of company that may be incorporated under these Regulations is a Private Company, if it meets the requirements in Article 16.

14. LEGAL PERSONALITY

A Company incorporated pursuant to Article 13 shall have a separate legal personality from that of its Shareholders. The liabilities of a Company, whether arising in contract, tort or otherwise, are the Company's liabilities and not the personal liabilities of any Shareholder or Officer of the Company, except where otherwise provided in these Regulations.

15. LIMITED LIABILITY

The Liability of a Shareholder of a Company is limited to the amount, if any, that remains unpaid on the Shares held by that Shareholder.

16. DEFINITIONS OF PRIVATE COMPANIES

A Private Company is a Company which:

- (a) has, at least, one (1) Shareholder;
- (b) is not a Public Company; and
- (c) is prohibited from making an offer of its Securities to the public pursuant to Article 58.

17. NAME OF A PRIVATE COMPANY

A Private Company shall exist under a name approved by the Registrar which shall be immediately followed by the word "**Limited**" or its abbreviation "**Ltd.**", which shall be inserted wherever the Company's name appears.

CHAPTER 4: COMPANY FORMATION & INCORPORATION

18. METHOD OF FORMING A COMPANY

- (1) A Company may be incorporated under these Regulations by any one (1) or more persons making an application to the Registrar in accordance with the requirements in this Chapter.
- (2) A Company shall not be incorporated for any unlawful purpose.
- (3) The application for incorporation under Article 18(1) shall be filed with the Registrar by the Incorporators or their duly authorised representative, and shall state:
 - (a) the proposed name of the Company;
 - (b) that the proposed Company is to be a Private Company;
 - (c) that the Company satisfies the criteria to be a Global Business Corporation in accordance with Article 12;
 - (d) the amount of the initial share capital and aggregate issue price of the initial shares and shareholdings of the Incorporators;
 - (e) a statement of Beneficial Ownership given in respect of each of the Shares proposed to be issued in the Company;
 - (f) the amount (if any) each Incorporator agrees in writing to pay for each share;
 - (g) the address of the proposed Company's registered office;
 - (h) the following information relating to each Incorporator:
 - (i) the full name, nationality and address of the Incorporator; and
 - (ii) if the Incorporator is:
 - (A) a natural person and were to hold Shares in trust for another person, the full name, nationality and address of the beneficial owner of the Shares; or
 - (B) a body corporate, the ownership information of the body corporate, the full name, place of incorporation and the registered office of the Incorporator, a copy of the current certificate of incorporation or registration in its place of origin, or a document of similar effect, certified by the relevant authority in the jurisdiction in which it is incorporated or otherwise to the satisfaction of the Registrar.
 - (i) the full name (including any previous names), nationality, address, business occupation (if any) and date of birth of the individuals who are to serve as the Directors and, if applicable, the Secretary;
 - (j) the Articles of Association, signed by or on behalf of each Incorporator; and
 - (k) such other particulars as the Registrar may require.

19. ARTICLES OF ASSOCIATION

- (1) A Company's Articles of Association shall be in the English language and shall be divided into subparagraphs numbered consecutively.
- (2) A Company's Articles of Association shall contain:
 - (a) a statement that the Company is a Private Company;
 - (b) a statement that the Company is a Global Business Corporation;

- (c) the information set out under Articles 18(3)(a)18(3)(a) to 18(3)(d)18(3)(d)18(3)(d);
 - (d) matters required by these Regulations to be included in the Articles of Association of a Company; and
 - (e) such other matters as the Shareholders wish to include in the Articles of Association,
 - provided that the Articles of Association shall not contain a provision which is contrary to or inconsistent with these Regulations or, any other applicable JAFZ laws.
- (3) Scheduled to these Regulations are model articles of association to be known as the Standard Articles for Private GBC Companies or the Standard Articles. A Company may adopt, as its Articles of Association, the whole or any part of such Standard Articles.
- (4) If Standard Articles have not been adopted by a Company in their entirety, the Company shall submit to the Registrar, prior to such Articles of Association being adopted by the Company, a statement by the Incorporators that the Articles of Association proposed to be adopted by the Company complies with the requirements of these Regulations and any other applicable JAFZ laws.
- (5) If any change to these Regulations or any other applicable JAFZ laws results in an inconsistency between the provisions of a Company's Articles of Association and the provisions of these Regulations or any other applicable JAFZ laws:
- (a) the provisions of these Regulations and any other applicable JAFZ laws shall prevail; and
 - (b) the Company shall not be obliged to amend its Articles of Association except where it is expressly required to do so under these Regulations or any other applicable JAFZ laws or where required by the Registrar.
- (6) The Incorporators of a proposed Company shall upon incorporation, adopt Articles of Association. The Articles of Association so adopted shall:
- (a) be the Standard Articles as set out in Schedule 3;
 - (b) be the Standard Articles with modifications; or
 - (c) not be based on the Standard Articles.
- (7) If Regulation(4) applies:
- (a) the Articles of Association proposed to be adopted upon incorporation of the Company shall, at least provide for:
 - (i) the names of the Incorporators;
 - (ii) the purpose for which the Company is being formed;
 - (iii) the authorised share capital of the Company, the number of shares and the issue price of each share;
 - (iv) the number of shares issued and allotted to the Incorporators;
 - (v) the creation of classes of shares where the Company considers that it may seek to create classes of shares;
 - (vi) alteration of share capital;
 - (vii) the rights attaching to shares or classes of shares;
 - (viii) the transfer of shares;
 - (ix) the holding of annual general meetings;

- (x) the requisition by shareholders of general meetings;
 - (xi) the proceedings of the Company including voting at general meetings;
 - (xii) accounts and other information to be provided to shareholders before every annual general meeting;
 - (xiii) the maximum number of Directors;
 - (xiv) the appointment, retirement, disqualification and removal of Directors and other officers;
 - (xv) the remuneration of Directors;
 - (xvi) the powers of Directors;
 - (xvii) proceedings of Directors;
 - (xviii) appointment of the Secretary where a Company elects to appoint a Secretary; and
 - (xix) the keeping of minutes of meetings of Shareholders or Directors; and
- (b) the Incorporators shall submit a statement to the Registrar that the proposed Articles of Association comply with the requirements of these Regulations, such statement is to be delivered by a lawyer registered to practice in the UAE.

20. INCORPORATION

- (1) The Registrar may refuse to incorporate a Company for such reasons as the Registrar believes to be proper grounds for refusing such incorporation.
- (2) Where the Registrar refuses to incorporate a Company, the Registrar shall not be bound to provide any reason for the Registrar's refusal and the Registrar's decision shall not be subject to appeal or review in any court.
- (3) Where the Registrar incorporates a Company, the Registrar shall register the Articles of Association filed with the Registrar under Article 18(3).

21. EFFECT OF INCORPORATION

- (1) On the incorporation of a Company and registration of its Articles of Association, the Registrar shall:
 - (a) issue a certificate of incorporation confirming that the Company is incorporated as a Global Business Corporation and as a Private Company;
 - (b) assign to the Company a number, which shall be the Company's registered number; and
 - (c) enter the name of the Company in the Register.
- (2) On the date of incorporation mentioned in the certificate of incorporation:
 - (a) the Incorporators shall be the shareholders of the Company; and
 - (b) the Company, having the name contained in the certificate of incorporation, shall become a body corporate, capable of exercising all the functions of an incorporated Company.
- (3) A certificate of incorporation issued by the Registrar is conclusive evidence of the following matters:
 - (a) that the Company has been duly incorporated;
 - (b) that the Company is a Private Company; and

- (c) that the requirements of these Regulations have been complied with in respect of the incorporation of the Company.
- (4) Without prejudice to Article 21(3), the Registrar may make alternative arrangements relating to the issue of certificates of incorporation to Companies in circumstances prescribed in Regulations.
- (5) The certificate of incorporation issued by the Registrar upon incorporation of a Company shall set out:
 - (a) the name of the Company (if any);
 - (b) the Company's registered number;
 - (c) a statement that the Company is incorporated;
 - (d) the type of Company; and
 - (e) the date of incorporation.

22. CHANGE IN REGISTERED DETAILS OF A COMPANY

- (1) If there is a change to any of the Registered Details contained in the Register relating to a Company as specified in these Regulations, the Company shall notify the Registrar in writing of such change within fourteen (14) days of the change and comply with the requirements set out in these Regulations in this regard.
- (2) A Company which fails to comply with the requirements in Article 22(1) is liable to a level 2 fine.

23. COMMERCIAL LICENCE

- (1) Any person to whom a Commercial Licence has been issued, shall maintain, at all times, a valid Commercial Licence. A person who fails to comply with this requirement is liable to a level 7 fine.
- (2) A person referred to in Article 23(1) shall only conduct the activities that are permitted under that person's Commercial Licence. A person who fails to comply with this requirement is liable to a level 7 fine.
- (3) The Registrar may revoke, suspend, or vary the terms of, the Commercial Licence issued to a person.
- (4) Upon deciding to exercise the Registrar's powers under Article 23(3), the Registrar shall inform the person holding a Commercial Licence in writing of:
 - (a) its decision; and
 - (b) the date on which the decision shall be deemed to take effect (not being a date earlier than that of the notice).
- (5) If the Registrar decides to exercise the powers under Article 23(3) on the Registrar's own initiative, the Registrar shall only do so:
 - (a) if the Registrar:
 - (i) is satisfied that the person holding the Commercial Licence or any of its employees, officers or agents has breached, is breaching or is likely to breach any applicable JAFZ laws, rules or regulations; or
 - (ii) considers that the exercise of the power is necessary or desirable in the interests of the JAFZ; and
 - (b) in accordance with the Decision-Making Procedures.

- (6) A Commercial Licence shall have effect for:
- (a) a period of twelve (12) months from the date of its issue by the Registrar; or
 - (b) such other period for which such a licence has been issued by the Registrar.
- (7) A person referred to in Article 23(1) shall, at least fifteen (15) days prior to the expiry of its Commercial Licence, make an application to the Registrar for the renewal of its licence, unless it has:
- (a) ceased to carry on business as a Global Business Corporation; and
 - (b) given to the Registrar the notification prescribed in Regulations.
- (8) A person referred to in Article 23(1) who fails to comply with the requirements in Article 23(7) is liable to a level 7 fine.

24. EFFECT OF ARTICLES OF ASSOCIATION

- (1) Subject to the provisions of these Regulations, the Articles of Association, when registered, bind the Company and its Shareholders to the same extent as if they had been signed by the Company and by each Shareholder, and impose binding obligations on the part of the Company and each Shareholder to observe all the provisions of the Articles of Association.
- (2) Money payable by a Shareholder to the Company under the Articles of Association is a debt due from that Shareholder to the Company.

25. ALTERATION OF ARTICLES OF ASSOCIATION

- (1) Subject to the provisions of these Regulations, a Company may amend its Articles of Association, only by Special Resolution.
- (2) Unless the amendment relates solely to a change of its name, correcting manifest errors or increasing the amount of its authorised or Issued Share Capital, the Company shall, prior to any amendment to its Articles of Association taking effect, submit to the Registrar:
- (a) those amendments; and
 - (b) a certification by at least one (1) of the Directors of the Company stating that the proposed amendments to the Articles of Association comply with the requirements of these Regulations and any other applicable JAFZ laws.
- (3) If the Articles of Association are amended, the rights and obligations of the Shareholders and/or the Company which have arisen under the Articles of Association prior to the date of such amendment shall not be affected unless the amendment expressly provides for such effect.
- (4) Notwithstanding anything in the Articles of Association, a Shareholder of a Company is not bound by an amendment made to the Articles of Association after the date on which that Shareholder became a Shareholder, in so far as the amendment:
- (a) requires that Shareholder to take or subscribe for more Shares than held by that Shareholder at the date on which the amendment was made; or
 - (b) in any way increases that Shareholder's Liability as at that date to contribute to the Company's share capital or otherwise to pay money to the Company,
- unless that Shareholder agrees in writing, either before or after the amendment was made, to be bound by it.

26. COPIES OF ARTICLES OF ASSOCIATION FOR SHAREHOLDERS

- (1) A Company shall, on being so requested by a Shareholder, provide to such Shareholder a copy of the Articles of Association subject to payment of such reasonable fee as the Company may require.

- (2) A Company which fails to comply with the requirements in Article 26(1) is liable to a level 4 fine.

27. REGISTERED OFFICE AND CONDUCT OF BUSINESS

- (1) A Company shall, at all times, have a registered office in the JAFZ to which all communications and notices to the Company may be addressed. A Company which fails to comply with this requirement is liable to a level 4 fine.
- (2) A Document may be served on a Company by leaving it at, or sending it by post to, the registered office of the Company.

28. PROHIBITION AGAINST THE USE OF MISLEADING, DECEPTIVE OR CONFLICTING COMPANY NAMES

- (1) A Company shall not use a name which, by virtue of any fact, matter or circumstance, is, or is reasonably likely to become, misleading, deceptive or conflicting with another name, including an existing name of another company.
- (2) A Company shall, within thirty (30) days or such other time as agreed to by the Registrar, change its name if, by virtue of any fact, matter or circumstance, its name is, has become, or is reasonably likely to become, misleading, deceptive or conflicting with another name, including an existing Registered Name.
- (3) For the purposes of Articles 28(1) and 28(2), a Company is deemed to be aware of the fact, matter or circumstance which causes its name to be, or become, misleading, deceptive or conflicting with another name, including an existing Registered Name, if it is reasonably likely to be aware of that fact, matter or circumstance.
- (4) A Company which fails to comply with the requirements in Article 28(1) or 28(2) is liable to a level 4 fine.

29. CHANGE OF COMPANY NAME

- (1) A Company may change its name by Special Resolution, provided that the new name is acceptable to the Registrar. A Company shall file the Special Resolution by which it changed its name with the Registrar within fourteen (14) days of the date of the Special Resolution. A Company which fails to comply with this requirement is liable to a level 3 fine.
- (2) Where a Company has complied with the requirement under Article 29(1), the Registrar shall, as soon as practicable:
 - (a) enter the new name on the Register in place of the former name; and
 - (b) issue a certificate of name change showing the previous name and the new name of the Company.
- (3) The change of name shall take effect from the date on which the Registrar issues the certificate of name change.
- (4) A change of name by a Company under Article 29(1) does not:
 - (a) affect any rights or obligations of the Company; or
 - (b) render defective any legal proceedings by or against it; andany legal proceedings that might have been commenced or continued against it under its former name may be commenced or continued against it under its new name.

30. POWER TO REQUIRE CHANGE OF NAME

- (1) Without prejudice to the requirements in Article 29 if, in the opinion of the Registrar, the name by which a Company is registered is, has become or is reasonably likely to become, misleading, deceptive or conflicting with a Registered Name, or otherwise undesirable, the Registrar may direct

the Company to change it. The Registrar shall follow the Decision-Making Procedures when giving a direction under this Article.

- (2) A Company shall comply with a direction given by the Registrar under Article 30(1) within thirty (30) days from the date specified in the direction unless a longer period has been allowed by the Registrar.
- (3) A Company which fails to comply with a direction under this Article is liable to a level 4 fine.

31. ANNUAL RETURN

- (1) Every Company shall, at the same time as it applies for renewal of its Commercial Licence (and, in any event, prior to the date on which its Commercial Licence would expire), file with the Registrar an annual return containing:
 - (a) its financial statements, if required under Article 99(5);
 - (b) a statement, in respect of each class of Shares in the Company, setting out either:
 - (i) the name and address of each Shareholder who, on the filing date, held not less than five per cent (5%) of the allotted Shares of that class and the number of Shares of that class held by that Shareholder, together with the number of Shareholders each of whom on that date held less than five per cent (5%) of the allotted Shares of that class and the total number of Shares comprised in those holdings; or
 - (ii) the name and address of every Shareholder who, on the filing date, held any Shares of that class and the number of Shares of that class held by that Shareholder;
 - (c) those particulars as set out in Article 18(3) in respect of each Director and, if applicable, the Secretary;
 - (d) an entry relating to any treasury shares held as required by Article 62(7); and
 - (e) any other information or declarations prescribed by Regulations.
- (2) The annual return shall be accompanied by the filing fee prescribed by the Registrar from time to time.
- (3) A Company which fails to file an annual return by the date specified in Article 31(1) is liable to a level 4 fine.
- (4) A Company which provides incorrect or misleading information in its annual return is liable to a level 4 fine.

32. COMPANY RECORDS

- (1) The Records which a Company is required by these Regulations to keep may be kept in the form of a bound or loose-leaf book, or photographic film, or may be entered or recorded by a system of mechanical or electronic data processing or any other medium that is capable of reproducing any required information in intelligible written form within a reasonable time.
- (2) A Company shall take reasonable precautions to:
 - (a) prevent the loss or destruction of;
 - (b) prevent the falsification of entries in; and
 - (c) facilitate the detection and correction of inaccuracies in,
 - (d) the Records required to be kept under these Regulations.
- (3) If any Record referred to in this Article is kept otherwise than in intelligible written form, any duty imposed on the Company by these Regulations to allow inspection and copying of, or to require the giving or production of, information or Documents shall be treated as a duty to allow inspection and

copying of, or to require the giving or production of, information or Documents in intelligible written form.

33. ADMISSIBILITY OF RECORDS IN EVIDENCE

- (1) A Record kept by a body corporate under the requirement of these Regulations is admissible in evidence in any proceedings and is prima facie evidence of any matter stated or recorded therein.
- (2) A document purporting to be a Record kept by a body corporate is, unless the contrary is proved, taken to be such Record.

34. FILING OF SPECIAL RESOLUTIONS AND CERTAIN OTHER RESOLUTIONS AND AGREEMENTS

- (1) This Article applies to:
 - (a) any circumstances where a Special Resolution is required to be passed under these Regulations;
 - (b) any resolution or agreement agreed to by all the Shareholders of a Company that, if not so agreed to, would not have been effective for its purpose, unless passed as a Special Resolution;
 - (c) any resolution or agreement agreed to by all the holders of a class of Shares that, if not so agreed to, would not have been effective for its purpose, unless passed by some particular majority or otherwise in some particular manner; and
 - (d) any resolution or agreement that effectively binds all the holders of a class of Shares, though not agreed to by all those holders.
- (2) References in Article 30 to a Shareholder of a Company, or to a class of Shareholders of a Company, do not include the Company itself where it is such a Shareholder by virtue only of its holding shares as treasury shares.
- (3) A copy of every Resolution or agreement to which this Article applies, or (in the case of a Resolution or agreement that is not in writing), a written memorandum setting out its terms, shall be submitted to the Registrar within fifteen (15) days after it is passed or made.
- (4) A Company which fails to comply with the requirements of Article 34(3) is liable to a level 3 fine.

35. PARTICULARS IN COMPANY COMMUNICATIONS

- (1) The name of a Company, and the address of its registered office, shall appear in legible characters in all its business letters and order forms.
- (2) A Company shall not include any misleading or deceptive information in its communications, including in the Company's stationery and order forms.
- (3) Without limiting the generality of the obligation in Article 35(2) a Company shall not include in its letter heads, receipts, order forms and other correspondence any Registered Details of the Company where such information is inaccurate, false or misleading. Any reference to the amount of share capital of the Company included in such correspondence shall only be to the Company's fully Paid Up share capital.
- (4) For the purposes of Article 35(3) Registered Details of the Company are those included in the Register.

CHAPTER 5: CORPORATE CAPACITY AND TRANSACTIONS

36. CAPACITY OF COMPANY

- (1) A Company has the capacity, rights and privileges of a natural person.
- (2) The validity of an act done by a Company shall not be called into question on the ground of lack of capacity by reason of anything in its Articles of Association or by any act of its Shareholders.
- (3) Without limiting the generality of Article 36(2), a person acting in good faith when dealing with the Company is not affected by any limitations in its Articles of Association relating to its Directors' powers to bind the Company, or authorise another to bind the Company.

37. FORM OF CONTRACTS

A person acting under the express or implied authority of a Company may make, vary, revoke or discharge a contract or sign an instrument on behalf of that Company in the same manner as if the contract were made, varied, revoked or discharged or the instrument signed by a natural person.

38. PRE-INCORPORATION CONTRACTS

- (1) A contract that purports to be made by or on behalf of a Company prior to its incorporation has effect as a contract made with the person so purporting to act for or on behalf of the Company, and that person is personally liable on the contract and entitled to the benefits of the contract unless Article 38(2) applies.
- (2) A Company may, within such period as may be specified in the relevant contract and, if no such period is specified, within a reasonable time after the Company has been incorporated, adopt any contract referred to in Article 38(1) by act or conduct signifying its intention to be bound by such contract. Where it does so:
 - (a) the Company shall be bound by the terms of such contract and be entitled to its benefits; and
 - (b) the person who purported to act for or on behalf of the Company prior to its incorporation shall cease both to be bound by such contract and to be entitled to the benefits of such contract.

39. PARTICIPATION IN A HOLDING COMPANY

- (1) A body corporate cannot be a Shareholder of a Company which is its holding company, unless Article 39(2) applies. An Allotment or transfer of Shares in a Company to its subsidiary shall be void except to the extent otherwise provided in this Article.
- (2) Article 39(1) does not prevent a subsidiary which is, when it becomes a subsidiary, a Shareholder of its holding company, from continuing to be such a Shareholder for a period of twelve (12) months from the date on which it became the subsidiary, provided it:
 - (a) has no right to vote at meetings of the holding company or a class of its Shareholders; and
 - (b) shall not acquire further Shares in the holding company except on an Allotment of Shares to all Shareholders in proportion to the number of Shares held by such Shareholders immediately prior to the Allotment, by way of bonus issue.
- (3) Article 39(1) also applies to a nominee acting on behalf of a subsidiary as if it were the subsidiary itself.

CHAPTER 6: SHAREHOLDERS, SHARES AND CLASS RIGHTS

40. SHAREHOLDERS

- (1) The Incorporators of a Company are deemed to have agreed to become Shareholders of the Company and, on the registration of the Company, shall be entered as Shareholders in the Company's register of Shareholders.
- (2) Persons other than Incorporators may, by:
 - (a) agreeing to become a Shareholder in the Company;
 - (b) acquiring a Share in the Company; and
 - (c) having their name entered in the Company's register of Shareholders, become Shareholders of the Company.

41. NATURE OF SHARES

- (1) Subject to the Articles of Association and the terms of their issue, each Share shall:
 - (a) carry the right to vote at a meeting of the Company;
 - (b) represent a proportionate interest in the Company; and
 - (c) rank, if fully Paid Up, in all respects equally with each other Share of the same class of Shares in the Company.
- (2) Subject to Article 45, the Shares or other interests of a Shareholder of a Company are transferable in the manner provided in its Articles of Association.
- (3) A Company may create different classes of Shares to the extent permitted by its Articles of Association.

42. MINIMUM SHARE CAPITAL

- (1) Shares of a Company have no par value.
- (2) A Private Company shall have a share capital of at least 100USD, or where any applicable JAFZA Regulations prescribe a higher minimum share capital for Companies carrying out specified activities which the Private Company is licensed to conduct, such higher minimum share capital.

43. VARIATION OF CLASS RIGHTS

- (1) This Article applies to a variation or abrogation of the rights attached to a class of Shares in a Company.
- (2) If provision for the variation or abrogation of the rights attached to a class of Shares is made in the Articles of Association or pursuant to the terms of issue of the relevant Shares, those rights may only be varied or abrogated in accordance with those provisions.
- (3) If no provision is made as set out under Article 43(2), the rights attached to a class of Shares may only be varied or abrogated by:
 - (a) consent in writing of the holders of at least seventy five per cent (75%) of the voting rights of that class; or
 - (b) a Special Resolution passed at a separate meeting of the holders of Shares of that class approving the variation or abrogation.
- (4) For the purposes of this Article, any alteration of a provision in the Articles of Association for the variation or abrogation of the rights attached to a class of Shares, or the insertion of any such

provision into the Articles of Association themselves, is to be treated as a variation or abrogation of the relevant rights.

44. SHAREHOLDERS' RIGHT TO OBJECT TO VARIATION OR ABROGATION

- (1) If the rights attached to any class of Shares are varied or abrogated in a manner referred to in Article 43(2) or 43(3), the holders of not less in the aggregate than fifteen per cent (15%) of the voting rights of that class (being persons who did not consent to, or vote in favour of a resolution for, the variation or abrogation) may apply to the Court to have the variation or abrogation cancelled. If such an application is made, the variation or abrogation has no effect unless and until it is confirmed by the Court.
- (2) The application to the Court shall be made within twenty eight (28) days after the consent was given under Article 43(3)(a) or the resolution was passed under Article 43(3)(b). Such an application may be made on behalf of the holders of Shares entitled to make it by one (1) or more of them as appointed in writing.
- (3) Notice signed by or on behalf of the applicants that an application to the Court has been made under this Article shall be given by or on behalf of the applicants to the Registrar within seven (7) days after it is made.
- (4) The Court, after being satisfied that Article 44(2) has been complied with, and after hearing the applicant and any other persons who appear to the Court to be interested in the application, may, if satisfied having regard to all the circumstances that the variation or abrogation would unfairly prejudice the holders of Shares of the relevant class, disallow the variation or abrogation. If the Court is not so satisfied, it shall confirm the variation or abrogation.

CHAPTER 7: TRANSFER OF SHARES AND REGISTERS OF SHAREHOLDERS AND DEBENTURE HOLDERS

45. TRANSFER AND REGISTRATION OF SHARES AND DEBENTURES

- (1) Notwithstanding anything in the Articles of Association, and without prejudice to Article 45(5), a Company shall only register a transfer of a Share in, or debenture of, the Company where an instrument of transfer in writing has been delivered to it by the transferee or the transfer is in accordance with any Regulations which enable title to Securities to be evidenced and transferred without a written instrument. The Company shall register any such transfer promptly.
- (2) Nothing in Article 45(1) shall prejudice any power of the Company to register as a Shareholder or debenture holder any person to whom the right to any Share in, or debenture of, the Company has been transmitted by operation of law, including pursuant to any order made by a court of competent jurisdiction.
- (3) A transfer of a Share or debenture of a deceased Shareholder or debenture holder made by his personal representative, although the personal representative is not himself a Shareholder or debenture holder, is as valid as if the personal representative had been a Shareholder or debenture holder at the time of the execution of the instrument of transfer.
- (4) On the application of the transferor of a Share in or debenture of a Company, the Company shall promptly enter in its register of Shareholders or register of debenture holders (as the case may be) the name of the transferee in the same manner and subject to the same conditions as if the application for the entry was made by the transferee under Article 45(1).
- (5) If a Company has reasonable grounds to refuse to register a transfer of Shares in, or debentures of, the Company, it shall, as soon as reasonably practicable and in any case within fourteen (14) days after the date on which the transfer was lodged with it, give to the transferor and transferee notice of its reasons for the refusal. Failure by the Company to do so shall be a contravention by the Company of Article 45(1) or 45(4), as applicable.
- (6) A Company which fails to comply with the requirements in this Article, without having reasonable grounds pursuant to Article 45(5), is liable to a level 4 fine.
- (7) A Company shall file a notice of transfer of shares with the Registrar within fourteen (14) days of the transfer.

46. BENEFICIAL OWNERSHIP

- (1) A Company which is notified or becomes aware of a change to its Beneficial Ownership shall, within fourteen (14) days of making the change, notify the Registrar of the particulars of the change.
- (2) The Registrar may request the provision of such further information in relation to a change in Beneficial Ownership as it may require.
- (3) Where the Registrar considers that a Company having such Beneficial Ownership is:
 - (a) contrary to any law or other legislation it is subject to or administers; or
 - (b) prejudicial to the interests of JAFZA or the UAE,

the Registrar may, by notice in writing served on the Company, require the Company to remove such person as a Beneficial Owner of the Company within the timeframe specified in the notice.
- (4) If the Company fails to comply with any provisions under this Article, it shall be liable to level 8 fine.

47. REGISTER OF SHAREHOLDERS

- (1) Every Company shall establish and maintain a register of its Shareholders and promptly enter in it:

- (a) the names and addresses of its Shareholders, together with a statement of the Shares held by each Shareholder, distinguishing each Share by its number (so long as the Share has a number) and, where the Company has more than one (1) class of issued Shares, by its class;
- (b) the date on which each person was registered as a Shareholder;
- (c) the date on which any person ceased to be a Shareholder;
- (d) the date on which the number of Shares held by any Shareholder increased or decreased;
- (e) in the case of Shares which are not fully paid, the amount remaining unpaid on each Share; and
- (f) in the case of joint holders of Shares in a Company, unless otherwise provided in its Articles of Association:
 - (i) the names of each joint holder;
 - (ii) the nominee shareholder for the purposes of voting; and
 - (iii) a nominated single address to which all communications required to be sent to a Shareholder can be sent.

(2) A Company which fails to comply with the requirements of Article 47(1) is liable to a level 4 fine.

48. REGISTER OF DEBENTURES

- (1) If a Company has issued debentures, it shall establish and maintain a register of debenture holders containing the information set out in Article 48(2).
- (2) The register of debenture holders shall contain the name and address of, and the amount of the debentures held by, each debenture holder.
- (3) A Company's failure to comply with the requirements in Article 48(1) in relation to a debenture does not affect the validity of that debenture.
- (4) A Company which fails to comply with the requirements of this Article 48 is liable to a level 4 fine.

49. PLACE WHERE THE REGISTERS ARE KEPT

- (1) A Company's register of Shareholders and, if it has issued debentures, its register of debenture holders, shall be kept at its registered office except as otherwise provided in Article 49(2).
- (2) A Company's register of Shareholders and, if it has issued debentures, its register of debenture holders, may be maintained by an agent of the Company at the premises of the agent, provided that the Company has immediate access to such registers. For this purpose, the Company may maintain a copy of the register and, where it does so, the Company shall update the copy of the register to reflect any changes to the information contained in the register of Shareholders or register of debenture holders within ten (10) days of the relevant change.
- (3) A Company which fails to comply with the requirements of Article 49(1) or 49(2) is liable to a level 4 fine.

50. INSPECTION OF REGISTERS

- (1) The register of Shareholders and any register of debenture holders shall be open for inspection by any Shareholder or debenture holder of the Company (respectively) during business hours without charge, in one (1) of the places specified below:
 - (a) if the register is maintained at the registered office of the Company, at that office;
 - (b) if the register of Shareholders or register of debenture holders is kept at the offices of an

- (c) agent, at the offices of such agent.
- (2) If a Company refuses to allow inspection of its registers upon a request made by a person in accordance with the requirements in Article 50(1), the Registrar may, on application by the person seeking to exercise such right, issue a direction to the Company requiring it to provide immediate inspection of the registers by the applicant.
- (3) A Company which fails to comply with each of the requirements in this Article is liable to a level 5 fine.

51. RECTIFICATION OF REGISTERS

- (1) If:
 - (a) the name of a person, or the number of Shares held or the class of Shares held by that person is, without sufficient reason, not entered correctly or omitted from a Company's register of Shareholders; or
 - (b) there is a failure or unnecessary delay in entering on the register of Shareholders the fact that a person has ceased to be a Shareholder;

a Shareholder of the Company or any person aggrieved, may apply to the Registrar for rectification of the register of Shareholders.
- (2) If:
 - (a) the name of a person, or the number of debentures held or the type of debentures held by that person is, without sufficient reason, not entered correctly in, or omitted from, a Company's register of debentures; or
 - (b) there is a failure or unnecessary delay in entering on the register of debentures the fact that a person has ceased to be a debenture holder;

the person aggrieved, or a debenture holder of the Company, may apply to the Registrar for rectification of the register of debenture holders.
- (3) Upon receipt of a request under Article 51(1) or 51(2) the Registrar:
 - (a) may order the Company to rectify the register of Shareholders or the register of debenture holders (as the case may be);
 - (b) may refuse the application for reasonable cause, which includes (but is not limited to) a dispute relating to the application or the relevant holding; and
 - (c) shall promptly inform the applicant of the Registrar's decision and, if the application is refused, the reasons for the refusal.
- (4) Without prejudice to the Registrar's powers under Article 51(3) the Court may make one (1) or more of the following orders:
 - (a) on application of the Registrar, an order enforcing any orders made by the Registrar under Article 51(3);
 - (b) on application of a person aggrieved, a Shareholder of the Company or a debenture holder of the Company, an order directing the Company to, or not to, rectify the register of Shareholders or register of debenture holders (as the case may be), or to do any act or thing; or
 - (c) on application of a person aggrieved, an order requiring the Company to pay damages or to do any act or thing.
- (5) A Company which fails to rectify its register of Shareholders or register of debenture holders, to the extent ordered by the Registrar, is liable to a level 2 fine.

52. SHARE CERTIFICATES

- (1) Subject to Article 52(2), every Company shall:
 - (a) within fourteen (14) days after the Allotment of any of its Shares; and
 - (b) within fourteen (14) days after the date on which a transfer of any of its Shares is lodged with the Company,

complete and have ready for delivery the certificates of all Shares allotted or transferred, unless title to Shares is evidenced in accordance with other requirements prescribed in Regulations.
- (2) Article 52(1) does not apply to a transfer of Shares which the Company is, for any reason, entitled to refuse to register and does not register.
- (3) If the title or transfer is evidenced without a written instrument, then the registration of the Allotment or transfer shall be completed within fourteen (14) days from the date on which the Allotment occurs or the transfer is notified to the Company.
- (4) A Company which fails to comply with each of the requirements in this Article 52 is liable to a level 3 fine.

CHATER 8: SHARE CAPITAL

53. ALTERATION OF SHARE CAPITAL

- (1) A Company may, by Special Resolution, alter its share capital unless prohibited by its Articles of Association. A Company may:
 - (a) increase its share capital by creating new Shares of an existing class or a new class of Shares;
 - (b) consolidate and divide its share capital (whether allotted or not) into a lesser number of Shares than its existing number of Shares; and
 - (c) sub-divide its Shares, or any of them, into a greater number of Shares than its existing number of Shares, provided that the proportion between the amount paid, and the amount unpaid, if any, on each sub-divided Share shall be the same as it was in the case of the Share from which the sub-divided Share is derived.
- (2) A Company which fails to comply with the requirements of Article 53(1) is liable to a level 3 fine.
- (3) Subject to Article 57, the Directors may exercise a power of the Company to:
 - (a) allot Shares; or
 - (b) grant rights to subscribe for or convert any Securities into Shares,
if they are authorised to do so by its articles of association or by ordinary resolution.
- (4) The issue price for any allotment or grant of right referred to in Article 53(3) shall be determined by the Board.

54. FILING REQUIREMENTS

A Company shall file with the Registrar a notice of alteration to share capital using the applicable form prescribed by the Registrar, for any alteration to its share capital after the initial allotment, within thirty (30) days of such allotment.

55. NON-CASH CONSIDERATION FOR SHARES IN A PRIVATE COMPANY

- (1) A Private Company shall not, except as provided under Article 55(2) allot Shares as Paid Up (in part or in full) other than for cash consideration.
- (2) Where a Private Company allots Shares for consideration other than cash, the board of Directors of the Company shall:
 - (a) determine the reasonable cash value of the consideration for the relevant issue price of the Shares or obtain a report by an auditor in respect of the same;
 - (b) resolve that, in its opinion, the consideration for the Shares is fair and reasonable to the Company and to all existing Shareholders;
 - (c) resolve that, in its opinion, the present cash value of the consideration to be provided for the Shares is not less than the aggregate issue price to be credited for the issue of the Shares; and
 - (d) submit a copy of the relevant resolutions to the Registrar along with the Allotment notice specifying the aggregate issue price of the Shares.
- (3) The resolutions and/or auditor's report required under Article 55(2) shall describe the consideration in sufficient detail and the present cash value of that consideration, as determined by the board of Directors, and the basis of their valuation.

- (4) Nothing in this Article applies to:
- (a) the Allotment of Shares in a Company on the conversion of any convertible Securities;
 - (b) the exercise of an option to acquire Shares in a Company;
 - (c) the Allotment of Shares that are fully Paid Up from the reserves of a Company to all Shareholders in proportion to the number of Shares held by each Shareholder; or
 - (d) the consolidation and division, or subdivision, of Shares, or any class of Shares, in a Company in accordance with Article 53(1).

56. BEARER SHARES

It shall be unlawful for a Company to issue bearer Shares. Any Shares issued by a Company which purport to be bearer Shares shall be void.

57. SHAREHOLDERS' PRE-EMPTION RIGHTS

- (1) A Company's Articles of Association may prohibit a Company from allotting Shares of a particular class unless the Company has complied with any pre-emption rights included in its Articles of Association. The Company may allot the Shares in accordance with those pre-emption rights, provided such an offer is communicated in accordance with Article 57(2).
- (2) An offer made pursuant to Article 57(1):
- (a) may be made in hard copy or electronic form;
 - (b) may, if a holder of Equity Securities has not given an address to the Company, be made by causing it, or a notice specifying where a copy of it can be obtained or inspected, to be published in the Appointed Publications;
 - (c) shall be open for acceptance for a period of not less than fourteen (14) days from the date on which:
 - (i) the offer is deemed to have been received in accordance with the Articles of Association (or, if the Articles of Association do not contain such provisions, when the offer is reasonably expected to have been received by the offeree); or
 - (ii) the offer is published in the Appointed Publications.
- (3) A Company does not contravene this Article where:
- (a) an offer has been made to holders of Equity Securities in accordance with this Article; and
 - (b) the Company allots Equity Securities to:
 - (i) an existing holder of Equity Securities; or
 - (ii) a person in whose favour an existing holder of Equity Securities has renounced his right to allotment.

CHAPTER 9: PROHIBITION OF PUBLIC OFFERS BY PRIVATE COMPANIES

58. PROHIBITION OF PUBLIC OFFERS BY PRIVATE COMPANIES

- (1) A Company shall not:
 - (a) make an offer of its Securities to the public; or
 - (b) allot or agree to allot its Securities to any person with a view to such Securities being offered to the public.
- (2) Unless the contrary is proved, an Allotment or agreement to allot Securities is presumed to be made with a view to such Securities being offered to the public if an offer of the Securities (or any of them) is made to the public:
 - (a) within six (6) months after the Allotment or agreement to allot; or
 - (b) before the receipt by the Company of the whole of the consideration to be received by the Company in respect of the Securities.
- (3) A Company does not contravene this Article if it:
 - (a) acts in good faith in pursuance of arrangements under which it is to re-register as a Public Company before the Securities are allotted; or
 - (b) undertakes, as part of the terms of the offer, to re-register as a Public Company within six (6) months from the date on which the offer is first made, and that undertaking is complied with.
- (4) For the purposes of this Article:
 - (a) an offer to the public includes an offer to any section of the public, however selected;
 - (b) an offer is not regarded as an offer to the public if it can be properly regarded, in all the circumstances, as:
 - (i) not being calculated to result, directly or indirectly, in the Securities becoming available to persons other than those receiving the offer;
 - (ii) being made to an existing Shareholder, Officer or Employee of the Company (or a member of their immediate family), an existing debenture holder of the Company, or a trustee of such persons, and if it is made on terms renounceable, it can only be renounced in favour of another person who is entitled to receive that offer; or
 - (iii) being an offer for Securities to be held under an Employee Share Scheme and, if it is made on terms renounceable, it can only be renounced in favour of another person who is entitled to receive that offer.
- (5) A Company which fails to comply with the requirements of Article 58(1) is liable to a level 7 fine.

59. ENFORCEMENT OF THE PROHIBITION IN ARTICLE 58

- (1) If it appears to the Court:
 - (a) on an application for an order made by a Shareholder or Creditor of the Company or by the Registrar under this Article; or
 - (b) in a proceeding brought under Article 114,that a Company is acting or proposing to act in contravention of Article 58, the Court shall make an order restraining the Company from contravening or continuing to contravene Article 58.

- (2) If it appears to the Court:
- (a) on an application for an order made by a Shareholder (being a person holding Shares at the time the offer was made or who became a Shareholder as a result of the offer) or Creditor of the Company or by the Registrar under this Article; or
 - (b) in a proceeding brought under Article 114,
that a Company has acted in contravention of Article 56, the Court may make any one (1) or more orders as specified in Article 59(3).
- (3) The Court may:
- (a) in the case of an application under Article 59(1), make an order restraining the Company from contravening or continuing to contravene that prohibition;
 - (b) in the case of an application under Article 58(2), issue an order requiring the Company to be re-registered as a Public Company; or
 - (c) if it appears to the Court that the Company does not meet the requirements for reregistration as a Public Company and/or it is impractical or undesirable to require the Company to take steps to do so, make one (1) or more of the following orders against either the Company or any person knowingly concerned in the breach (whether or not such person is an Officer of the Company):
 - (i) a remedial order so as to put the affected party back in the position that party would have been in, but for the contravention of Article 58;
 - (ii) without limiting the generality of Article 59(3)(c)(i), an order that any person knowingly concerned in the contravention of Article 58 shall offer to purchase Securities at such price and on such other terms as the court thinks fit;
 - (iii) in the event that a remedial order is made against the Company, an order that the Company's share capital be reduced accordingly;
 - (iv) an order that the Company be subject to a compulsory winding up; or
 - (v) such other order as the Court sees fit.
- (4) For the purposes of this Article, an affected party is a Shareholder or Creditor of the Company.

CHAPTER 10: REDEMPTION AND PURCHASE OF SHARES

60. POWER TO ISSUE REDEEMABLE SHARES

- (1) Subject to the provisions of this Article and Article 61, a Company may, if authorised to do so by its Articles of Association:
 - (a) issue and allot; or
 - (b) convert existing non-redeemable Shares, whether allotted or not, into,

Shares which are to be redeemed, or are liable to be redeemed, either in accordance with their terms or at the option of the Company or the Shareholder.
- (2) A Company shall not convert existing non-redeemable Shares into redeemable Shares if, as a result, there are no issued Shares that are not redeemable.
- (3) Shares may be redeemed only if they are fully paid and from the following sources from the Paid Up share capital, from realised or unrealised profits or other reserves of the Company.
- (4) A Company shall not redeem any of its Shares unless all of the Directors sign a certificate that they have formed the opinion:
 - (a) that, immediately following the date on which the payment for the redemption is proposed to be made, the Company will be able to discharge its liabilities as they fall due;
 - (b) that, having regard to:
 - (i) the prospects of the Company and to the intentions of the Directors with regard to the management of the Company's business; and
 - (ii) the amount and character of the financial resources that will, be available to the Company,

the Company will be able to:
 - (iii) continue to carry on its business; and
 - (iv) discharge its liabilities as they fall due,

until the expiry of the period of twelve (12) months immediately following the date on which the payment for the redemption is proposed to be made.
- (5) A Director who signs a certificate under Article60(4) without having reasonable grounds for the opinions expressed in the certificate is liable to a level 4 fine.
- (6) Upon the redemption of Shares pursuant to this Article, the Shares shall be treated as cancelled and the amount of the Company's share capital shall be reduced accordingly by the aggregate issue price of the Shares redeemed, unless they are held by the Company as treasury shares.
- (7) Where a Company is about to redeem Shares pursuant to this Article, it may issue Shares up to the value of the Shares to be redeemed, as if those Shares had never been issued.
- (8) A Company shall not redeem its Shares pursuant to this Article if as a result of the redemption there would no longer be a Shareholder of the Company holding Shares other than redeemable Shares.
- (9) A Company which redeems any of its Shares shall notify the Registrar of the redemption and confirm to the Registrar the share capital of the Company following completion of the redemption.

61. POWER OF COMPANY TO PURCHASE ITS OWN SHARES

- (1) Subject to any restrictions in its Articles of Association, a Company may purchase its own Shares to the extent permitted by this Article.

- (2) A purchase under this Article shall be sanctioned by a Special Resolution.
- (3) The holders of the Shares to be purchased shall not have any right to vote on the Special Resolution referred to in Article 61(2) as is relevant.
- (4) A Company may not, under this Article, purchase its Shares if:
 - (a) as a result of the purchase, there would no longer be a Shareholder of the Company holding Shares other than redeemable Shares or Shares held as treasury shares;
 - (b) such Shares are not fully paid.
- (5) Articles 60(4) and 60(5) apply to the purchase by a Company under this Article of its own Shares as it applies to the redemption by the Company of its redeemable Shares.
- (6) Where a Company purchases its own Shares, the Shares shall be paid for upon purchase.
- (7) A copy of the contract setting out the terms for the purchase by the Company of its Shares shall:
 - (a) be sent to each Shareholder at or before the time at which the proposed Resolution is sent to him;
 - (b) be made available for inspection by Shareholders at the Company's registered office for a period no less than fifteen (15) days prior to the date of the meeting, and at the meeting itself.
- (8) A Company which purchases its own Shares shall notify the Registrar of the purchase and confirm to the Registrar the share capital of the Company following completion of the purchase within a period of fourteen (14) days.
- (9) A Company which fails to comply with any of the requirements in this Article 60 is liable to a level 5 fine.

62. TREASURY SHARES

- (1) A Company may hold any Shares that have been purchased by it under Article 61 as treasury shares provided that:
 - (a) there is no restriction in its Articles of Association which prohibits it to do so;
 - (b) the purchase was duly sanctioned by an Ordinary Resolution; and
 - (c) it complies with the requirements of this Article 62.
- (2) A Company that holds Shares as treasury shares may:
 - (a) cancel the Shares - in which case, the amount of the Company's share capital shall be reduced accordingly by the aggregate issue price of the Shares cancelled;
 - (b) sell the Shares;
 - (c) transfer the Shares for the purposes of, or pursuant to, an Employee Share Scheme;
 - (d) transfer the Shares to existing Shareholders as fully paid bonus Shares; or
 - (e) continue to hold the Shares.
- (3) While Shares are held by a Company as treasury shares:
 - (a) the Company shall not, for the purposes of Article 26(1), Article 85 and Article 88, be treated as being a Shareholder or as holding Shares in the Company;
 - (b) no voting rights (direct or through proxy) shall attach to the Shares held as treasury shares;

- (c) if a provision of these Regulations requires:
 - (i) a proportion of votes attaching to Shares held in the Company to be obtained; or
 - (ii) a proportion of the holders of Shares of the Company, (which may include persons representing by proxy other holders of Shares of the Company), to consent or not to consent,
 - in order for a Resolution to be passed or an action or decision to be taken or not to be taken by any person, the Shares held as treasury shares shall not, for the purposes of that provision, be taken into account in determining:
 - (A) the total number of Shares held in the Company; or
 - (B) whether such a proportion has been attained;
 - (d) the Company shall not make or receive any dividend, or any other Distribution (whether in cash or otherwise) of the Company's assets (including any Distribution of assets to Shareholders on a winding up), in respect of the Shares held as treasury shares;
 - (e) the rights in respect of the treasury shares shall not be exercised by or against the Company;
 - (f) the obligations in respect of the treasury shares shall not be enforceable by or against the Company; and
 - (g) any purported exercise or enforcement of a right, obligation or requirement referred to in Article 62(3)(b) to (f) is void.
- (4) Nothing in Article 62(3) shall prevent:
- (a) an Allotment of Shares as fully paid bonus Shares in respect of treasury shares; or
 - (b) the payment of any amount payable on the redemption of redeemable Shares that are held as treasury shares.
- (5) If under Article 62(2)(a), a Company is about to cancel Shares, it may issue Shares up to the Paid Up amount of the Shares to be cancelled as if those Shares had never been issued.
- (6) Any Shares allotted as fully paid bonus Shares in respect of Shares held as treasury shares by a Company shall be treated as if they were purchased by the Company at the time they were allotted.
- (7) If Shares are held by a Company as treasury shares:
- (a) the register of Shareholders kept under Article 47 shall include an entry relating to the number of Shares held as treasury shares;
 - (b) the Register shall, to the extent it contains details of the Shareholders of the Company, include an entry relating to the number of Shares held as treasury shares; and
 - (c) the annual return filed under Article 31 shall include an entry relating to the number of Shares held as treasury shares on 1st January in the year of the return.

63. PROHIBITION ON FINANCIAL ASSISTANCE TO ACQUIRE SHARES

- (1) A Company shall not provide financial assistance for a person to acquire Shares, or units of Shares, in a holding company, unless the giving of the financial assistance falls within Articles 63(2) to Article 63(6).
- (2) The giving of the financial assistance:
 - (a) does not prejudice to a material extent the interests of the Company or its Shareholders or the Company's ability to discharge its liabilities as they fall due; and

- (b) is approved by a Resolution of Shareholders holding not less than seventy five per cent (75%) of the number of the Shares giving a right to attend and vote at any Shareholders' meeting.
- (3) The Company's ordinary business includes providing finance and the financial assistance is given in the ordinary course of that business and on ordinary commercial terms.
- (4) The financial assistance is given in connection with, or for the purposes of, an Employee Share Scheme of the Company.
- (5) The financial assistance is only an incidental part of some larger purpose of the Company and the financial assistance is given in good faith in the interest of the Company.
- (6) The financial assistance is of a kind prescribed in these Regulations as exempted from the prohibition in this Article.
- (7) In this Article a reference to 'financial assistance' is a reference to financial assistance of any kind and includes:
 - (a) making a loan;
 - (b) making a gift;
 - (c) issuing a debenture;
 - (d) giving security over the Company's assets; and
 - (e) giving a guarantee or an indemnity in respect of another person's Liability,
but excludes:
 - (f) any Distribution of the Company's assets by way of dividend lawfully made or a Distribution in the course of a Company's winding up;
 - (g) an Allotment of fully paid bonus Shares;
 - (h) a redemption or purchase by a Company of its own Shares pursuant to these Regulations; and
 - (i) a reduction of share capital pursuant to these Regulations;
- (8) When a Company fails to comply with any of the requirements in this Article, the Company and any Officer in default are liable to a level 5 fine.

CHAPTER 11: REDUCTION OF CAPITAL

64. REDUCTION OF SHARE CAPITAL

- (1) A Company may reduce its share capital by a Special Resolution supported by a solvency statement under Article 65.
- (2) A Company shall not reduce its share capital under Article 64(1) if:
 - (a) its Articles of Association contain any prohibition or applicable restriction relating to capital reduction;
 - (b) as a result of the reduction, there would no longer be any Shareholder of the Company other than holders of redeemable Shares; or
 - (c) as a result of the reduction, the minimum share capital would fall below that required by these Regulations or by any other applicable JAFZ Regulations.
- (3) Subject to Article 64(1) a Company may reduce its share capital in any way on such terms as it may decide, and in particular:
 - (a) by extinguishing or reducing the Liability on any of its shares in respect of share capital not Paid Up, or
 - (b) either with or without extinguishing or reducing Liability on any of its Shares, by
 - (i) cancelling any paid-up share capital that is lost or unrepresented by available assets, or
 - (ii) by repaying any paid-up share capital in excess of the Company's requirements; and
 - (c) by causing any of its Shares which have been issued otherwise than as fully paid to be forfeited for failure to pay any sum due and payable on them or by accepting their surrender instead of causing them to be so forfeited.
- (4) For the purposes of this Article:
 - (a) a reference to share capital of a Company includes any capital reserve of that Company; and
 - (b) a redemption or purchase by a Company of its Shares in accordance with Chapter 10 is not a reduction of the share capital of the Company.
- (5) Subject to Articles 65(3) and 65(4), a Company which reduces its share capital otherwise than in accordance with this Chapter is liable to a level 5 fine.

65. SOLVENCY STATEMENT

- (1) A resolution for reducing share capital of a Private Company is supported by a solvency statement for the purposes of Article 65(3) if:
 - (a) at a date not more than thirty (30) days and not less than fifteen (15) days before the date from which the reduction of the share capital is to have effect, the Company has caused a notice to be published in the Appointed Publications stating:
 - (i) the amount of the share capital as most recently determined by the Company;
 - (ii) the aggregate issue price of the Shares;
 - (iii) the amount by which the share capital is to be reduced; and
 - (iv) the date from which the reduction is to have effect; and

- (b) it contains a solvency statement in accordance with Article 65(2).
- (2) A solvency statement is a statement by each Director of the Company that he:
- (a) has formed the opinion, as regards the Company's situation at the date of the statement, that there is no ground on which the Company could be found to be unable to discharge its debts as they fall due; and
 - (b) has also formed the opinion that:
 - (i) if the Company intended to commence its winding up within twelve (12) months of the date of the statement, the Company will be able discharge its debts in full within twelve (12) months of the commencement of the winding up; or
 - (ii) in any other case, the Company will be able to discharge its debts as they fall due during the year immediately following the date of the statement.
- (3) No Director of the Company shall make a solvency statement specified in Article 65(1)(b) unless he has reasonable grounds for the opinion expressed in that statement. In forming his opinion, each Director must take into account all of the Company's liabilities (including any contingent or prospective liabilities).
- (4) A Director who makes a declaration without having reasonable grounds for the opinion expressed in the declaration is liable to a level 4 fine.
- (5) Where a Company reduces the amount of its share capital, it shall file within thirty (30) days after the date from which the reduction has effect, a copy of the notice and solvency statement referred to in Article 65(1)(a).

66. TREATMENT OF RESERVES ARISING FROM REDUCTION OF CAPITAL

Any reserve arising from the reduction of a Company's share capital is not distributable, except as provided in the Articles of Association or authorised by a Special Resolution.

CHAPTER 12: DISTRIBUTIONS

67. RESTRICTIONS ON DISTRIBUTIONS

- (1) A Company may make a Distribution only out of profits available for Distribution, which shall be its accumulated, realised profits, so far as not previously utilised by Distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made.
- (2) Whether a Distribution may be made by a Company without contravening this Article is determined by reference to the following items as stated in the relevant accounts:
 - (a) profits, losses, assets and liabilities;
 - (b) provisions of any kind; and
 - (c) share capital and reserves (including Undistributable Reserves).
- (3) The relevant accounts are the Company's last annual accounts, except that:
 - (a) where the Distribution would be found to contravene this Article by reference to the Company's last annual accounts, it may be justified by reference to interim accounts; and
 - (b) where the Distribution is proposed to be declared during the Company's first accounting reference period, or before any accounts have been prepared in respect of that period, it may be justified by reference to initial accounts.
- (4) Where the relevant accounts are:
 - (a) the Company's last annual accounts, such accounts shall be the accounts that were circulated to Shareholders;
 - (b) interim accounts, such accounts shall be properly prepared so as to enable a reasonable judgment to be made as to the amounts of the items mentioned in Article 67(2);
 - (c) initial accounts, such accounts shall be properly prepared so as to enable a reasonable judgment to be made as to the amounts of the items mentioned in Article 66 .
- (5) If any applicable requirement in Article 67(4)67(4) is not complied with, the accounts may not be relied on for the purposes of this Article and the Distribution is accordingly treated as a contravention of this Article.
- (6) In this Article, "**Distribution**" means every description of Distribution of a Company's assets to its Shareholders, whether in cash or otherwise, except a Distribution by way of:
 - (a) an issue of bonus Shares;
 - (b) the redemption or purchase of any of the Company's own Shares out of share capital (including the proceeds of any fresh issue of Shares) or out of unrealised profits in accordance with these Regulations;
 - (c) the reduction of share capital either by:
 - (i) extinguishing or reducing the Liability of any of the Shareholders in respect of share capital not Paid Up or by repaying any Paid Up share capital; and
 - (ii) a Distribution of assets to Shareholders of the Company on its winding up.
- (7) In this Article "**Undistributable Reserves**" means, in respect of a Company:
 - (a) any capital redemption reserve;

- (b) the amount by which its accumulated unrealised profits (so far as not previously utilised by capitalisation) exceeds its accumulated, unrealised losses (so far as not previously written off in a reduction or reorganisation of capital duly made); and
 - (c) any other reserve that the Company is prohibited from distributing by its Articles of Association or under any applicable Legislation.
- (8) A Company which makes a Distribution in contravention of this Article is liable to a level 6 fine.

68. CONSEQUENCES OF UNLAWFUL DISTRIBUTION

Where a Distribution, or part of a Distribution, made by a Company to any of its Shareholders is made in contravention of Article 67 and, at the time of the Distribution, the Shareholder knows or has reasonable grounds for believing that it is so made, the Shareholder is liable to repay it, or that part of it, to the Company or, in the case of a Distribution made otherwise than in cash, to pay to the Company an amount equal to the value of the Distribution, or that part, at that time.

CHAPTER 13: DIRECTORS AND SECRETARIES

69. DIRECTORS

- (1) A Company shall have at least one (1) Director.
- (2) No person shall be a Director who:
 - (a) is under the age of 18 years;
 - (b) is not a natural person;
 - (c) is disqualified from being a Director by virtue of:
 - (i) having been convicted of a criminal offence, involving dishonesty or moral turpitude, in any jurisdiction in the past 10 years;
 - (ii) having been found guilty of insider trading or the equivalent in any jurisdiction at any time;
 - (iii) having been judged disqualified by any court;
 - (iv) having been disqualified by JAFZA; or
 - (v) a disqualification specified in the Articles of Association; or
 - (vi) is an undischarged bankrupt.

70. ELECTION, TERM AND REMOVAL OF DIRECTORS

- (1) The first Directors of a Company shall be elected by the Incorporators and thereafter the Directors shall be elected by Shareholders by Ordinary Resolution, or as otherwise provided in the Articles of Association, for such term as the Shareholders may determine.
- (2) Each Director holds office until his successor takes office or until his earlier death, resignation or removal by Ordinary Resolution or as otherwise provided in the Articles of Association.
- (3) A vacancy created by the death, resignation or removal of a Director may be filled by an Ordinary Resolution, or in the absence of such Ordinary Resolution, by the remaining Directors, provided that:
 - (a) any Director appointed by the remaining Directors shall be subject to reappointment by an Ordinary Resolution at the next General Meeting; and
 - (b) if no such Ordinary Resolution is passed at that next General Meeting, shall cease to be a Director at the conclusion of that General Meeting.
- (4) The number of Directors shall be fixed by the Articles of Association subject to the requirements in Article 69(1).
- (5) If, at a General Meeting, it is proposed that two (2) or more persons be appointed as Directors, such appointments must be made by separate resolutions in respect of each person, except where unanimously agreed otherwise by the Shareholders at the meeting.

71. DUTIES OF DIRECTORS

- (1) A Director or other office of a Company, in exercising his powers and discharging his duties, shall:
 - (a) act honestly, in good faith and lawfully, with a view to the best interests of the Company; and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

72. DUTY TO ACT WITHIN POWERS

A Director of a Company shall:

- (1) act in accordance with the Constitutional Documents; and
- (2) only exercise his powers for the purposes for which those powers have been conferred.

73. DUTY TO DECLARE INTEREST IN A PROPOSED TRANSACTION OR ARRANGEMENT

- (1) This Article applies when a Director of a Company becomes aware, or ought reasonably to have become aware, that he is in any way, directly or indirectly, interested in or has a conflicting legal duty in relation to a proposed transaction or arrangement with the Company.
- (2) In the circumstances described in Article 73(1):
 - (a) The Director in question shall declare the nature and extent of his interest to the other Directors of the Company in accordance with the requirements of Article 75 and the provisions of these Regulations to which it refers.
 - (b) Such declaration must be made before entering into the relevant transaction or arrangement.

74. CONTRAVENTIONS

A breach by a Director of a Company of any one (1) or more of the duties in Articles 72 or 73 shall constitute a contravention by that Director of the relevant duty.

75. DUTY OF DIRECTORS TO DECLARE INTEREST IN EXISTING TRANSACTION OR ARRANGEMENT

- (1) A Director of a Company who has, directly or indirectly, an interest in or conflicting legal duty in relation to a transaction or arrangement entered into by the Company or by a subsidiary of the Company which, to a material extent, conflicts or may conflict with the interests of the Company and of which he is aware, shall, unless he has previously declared such interest or conflicting duty pursuant to Article 73, declare to the other Directors of the Company the nature and extent of his interest or conflicting duty in accordance with the requirements in Article 75(2) and (3).
- (2) The declaration under Articles 73 and 75(1) shall be made as soon as practicable after the Director became aware of the circumstances which gave rise to his duty to make such declaration.
- (3) For the purposes of Article 75(2), the declaration shall be made:
 - (a) at a meeting of the Directors; or
 - (b) by a general notice in writing given to the other Directors.
- (4) A declaration:
 - (a) made at a meeting of the Directors under Article 75(3)(a) shall be tabled at, and recorded in the minutes of, that meeting; and
 - (b) made by way of a general notice given to the other Directors under Article 75(3)(a) shall be tabled at, and recorded in the minutes of, the first meeting of the Directors after the declaration is made, or where it is not reasonably practicable to do so, at the next earliest meeting of the Directors.
- (5) A notice given to the Company by a Director that he is to be regarded as interested or to have a conflicting duty in a transaction or arrangement with a specified person or that the Director has a conflicting legal duty in relation to a specified person is sufficient declaration of his interest in any such transaction or arrangement entered into after the notice is given.

- (6) If a declaration of interest or conflicting duty for the purposes of Article 73 or this Article 75 proves to be, or becomes, inaccurate or incomplete, a further declaration shall be made, in the same manner as the initial declaration.
- (7) Subject to Articles 75(8) and 75(9), where a Director fails to declare an interest or conflicting duty under this Article, the Company or a Shareholder of the Company or the Registrar may apply to the Court for an order and the Court may make such order as it thinks fit, including, without limiting the generality of the foregoing:
 - (a) an order setting aside the transaction or arrangement concerned; and/or
 - (b) a direction to the Director to account to the Company for any benefit, gain, or profit obtained by reason of the transaction or arrangement in question.
- (8) A transaction or arrangement is not voidable, and a Director is not accountable, under Article 75(7) where, notwithstanding a failure to comply with that Article:
 - (a) the transaction or arrangement is ratified by the Company in General Meeting; and
 - (b) the nature and extent of the Director's interest or conflicting duty in relation to the transaction or arrangement were declared in reasonable detail in the notice calling the General Meeting at which the ratification occurs in accordance with Article 76.
- (9) Without prejudice to its power to order that a Director account for any profit, gain or benefit realised, the Court shall not set aside a transaction or arrangement unless it is satisfied that:
 - (a) the interests of third parties who have acted in good faith would be unfairly prejudiced if the transaction or arrangement were not set aside; or
 - (b) the transaction or arrangement was not reasonable and fair in the interests of the Company at the time it was made.

76. RATIFICATION OF INTEREST IN EXISTING TRANSACTION OR ARRANGEMENT

- (1) This Article applies to the ratification of a transaction or arrangement, referred to in Article 75 of these Regulations, by a Company.
- (2) Where its Constitutional Documents do not prohibit it to do so, a Company may, by an Ordinary Resolution of the Shareholders of the Company, ratify a transaction or arrangement which would, if not for that ratification, be in contravention of Article 75.

77. PROHIBITION OF FINANCIAL ASSISTANCE TO DIRECTORS

- (1) Subject to Article 77(3), a Company shall not provide the following financial assistance to a Director:
 - (a) a loan, debenture, credit facility or other similar form of financial assistance;
 - (b) a guarantee or security or indemnity in connection with a loan, debenture, credit facility or other similar form of financial assistance, whether such financial assistance is provided by the Company or another person; or
 - (c) any other form of financial assistance as may be prescribed in these Regulations, unless:
 - (d) consent is given by Shareholders attending (in person or by proxy) a General Meeting who together hold not less than ninety per cent (90%) of the Shares which are voted at that meeting; and
 - (e) all of the Directors of the Company certify that the giving of the financial assistance does not materially prejudice either of the following:
 - (i) the interests of the Company and its Shareholders; or

(ii) the Company's ability to discharge its liabilities as they fall due.

- (2) Any such financial assistance provided pursuant to Article 77(1) shall be:
- (a) documented in writing; and
 - (b) prior to its provision, recorded in the minutes of the meeting of the Directors of the Company, under signature of all Directors, as being provided in compliance with the requirements of Article 77(1).
- (3) Article 77(1) does not apply to financial assistance where:
- (a) it comprises remuneration in the ordinary course paid to a Director for his services as a Director;
 - (b) it comprises Liability indemnity insurance related to the discharge of his duties to the Company;
 - (c) the Company's ordinary business includes providing finance and the financial assistance is given in the ordinary course of that business and on ordinary commercial terms; or
 - (d) it is financial assistance of a kind prescribed in these Regulations as exempted from this Article.

78. VALIDITY OF ACTS OF DIRECTOR

The acts of a Director are valid notwithstanding any defect that may afterwards be found in his appointment or qualification.

79. SECRETARY

- (1) A Company may have a Secretary.
- (2) In the case of a Company without a Secretary:
- (a) anything authorised or required to be given or sent to, or served on, the Company by being sent to its Secretary may be given or sent to, or served on, the Company itself and anything addressed to the Secretary shall be deemed to be addressed to the Company; and
 - (b) anything else required or authorised to be done by the Secretary may be done by a Director or a person authorised generally or specifically in that behalf by the Directors.

80. REGISTER OF DIRECTORS AND SECRETARY

- (1) Every Company shall maintain, at its registered office, a register of its Directors and, if applicable, a register of its Secretaries.
- (2) The register of Directors and, if applicable, Secretary of every Company shall set out, in respect of each Director and individual who is a Secretary, the following information:
- (a) full name;
 - (b) any former names, if any;
 - (c) date and place of birth;
 - (d) nationality;
 - (e) information identifying the person from their passport or other government-issued national identification document acceptable to the Registrar, including:
 - (i) identifying number;
 - (ii) country of issue; and
 - (iii) date of issue and of expiry;

- (f) address;
 - (g) date of appointment; and
 - (h) date of cessation (if applicable).
- (3) If the Secretary is not an individual, the register shall contain, the full name, place of incorporation, registered office and officers of the Secretary.
- (4) Whenever:
- (a) a Director or Secretary is appointed to a Company after initial incorporation/registration of the Company; or
 - (b) a Director or Secretary retires, is removed or for any other reason ceases to act;
- the Company shall file a notice of change of Director or Secretary with the Registrar within thirty (30) days of the change of Director, or Secretary, using the form prescribed by the Registrar.
- (5) Whenever there is any change in the name or address of a Director or Secretary of a Company, the Company shall file with the Registrar a notice of change of name or address using the form prescribed by the Registrar.
- (6) Any register required to be kept pursuant to Article 80(1) shall, during business hours (subject to such reasonable restrictions as the Company may by its Articles of Association or in General Meeting impose, but so that not less than two (2) hours in each day be allowed for inspection), be open to the inspection of the Registrar and of a Shareholder or Director of the Company without charge.
- (7) In the case of a refusal of inspection of any register required to be kept pursuant to Article 80(1), the Registrar may issue a direction requiring the Company to provide immediate inspection by the Registrar, a Shareholder or Director.
- (8) A Company which fails to comply with each of the requirements in this Article is liable to a level 2 fine.

81. ASSUMPTIONS IN RELATION TO DIRECTORS AND SECRETARY

- (1) Subject to Article 81(3), a person dealing with a Company is entitled to assume that anyone who appears, from the information that is available to the public on the Register, or the registers maintained by the Company, to be a Director or Secretary of the Company:
- (a) has been duly appointed; and
 - (b) has authority to exercise the powers and perform the duties customarily exercised or performed by a director or company secretary of a similar company.
- (2) A Company is not entitled to assert in proceedings in relation to dealings of the Company that any such assumption is incorrect.
- (3) A person is not entitled to make an assumption under Article 81(1) if at the time of the dealing with the Company such person knew or could have reasonably suspected that the assumption was incorrect.

82. DISQUALIFICATION ORDERS

- (1) Without prejudice to any other powers available to the Registrar or Company (as applicable), where it appears to him that it is expedient in the public interest that a person should not, without the leave of the Court, be a Director of, or in any way whether directly or indirectly be concerned or take part in the management of, a Company, the Registrar or Company (as applicable) may apply to the Court for an order to that effect against the person.
- (2) The Court may, on such an application, make the order applied for if it is satisfied that the person's conduct (including, without limitation, any breach by him of any one (1) or more of the duties set out in Articles 72(1) to 73 and Article 75 makes that person unfit to be involved in the management of a Company.

- (3) An order under Article 82(2) shall be made for such period as the Court considers appropriate but not exceeding 15 years.
- (4) A person who acts in contravention of an order made under this Article is liable to a level 7 fine.

CHAPTER 14: MEETINGS

83. PARTICIPATION IN MEETINGS

- (1) Subject to the Articles of Association, a Shareholder may participate in a meeting by phone or by other similar means of communication where each Shareholder present at the meeting can hear what is said by any other Shareholder present at the meeting and each Shareholder so participating at the meeting is deemed to be present at that meeting with the other Shareholders so participating.
- (2) Subject to the Articles of Association, a Director may participate in a meeting by phone or other similar means of communication where each Director present at the meeting can hear what is said by any other Director present at the meeting, and each Director so participating at the meeting is deemed to be present at that meeting with the other Directors so participating.

84. ANNUAL GENERAL MEETING

A Company is not required to hold an Annual General Meeting unless expressly required to do so under its Articles of Association.

85. REQUEST OF MEETINGS

- (1) On a Shareholders' request, the Directors or if appointed, the Secretary, of a Company shall, notwithstanding anything in the Articles of Association, forthwith proceed to call a General Meeting or, as the case may be, a meeting of holders of any class of Shares, to be held as soon as practicable but in any case not later than two (2) months after the date of the request.
- (2) For the purposes of this Article, a Shareholders' request is a request of Shareholders of the Company holding, at the date of the request, not less than five per cent (5%) of the share capital of the Shares which at that date carry the right to vote at the meeting requested.
- (3) The Shareholders' request shall state the purpose of the meeting, and shall be made by or on behalf of each Shareholder making the request and be deposited at the registered office of the Company. Such a request may consist of several Documents in similar form each signed by or on behalf of one (1) or more of such Shareholders.
- (4) If, within twenty one (21) days from the date of the deposit of the request, the Directors or Secretary of the Company do not proceed to call a meeting to be held within two (2) months of the date of the request, the Shareholders making the request, or any of them representing more than one half (1/2) of the total voting rights of all of them, may themselves call a meeting, but a meeting so called shall not be held after three (3) months from that date.
- (5) A meeting called under this Article shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by Directors or Secretary.

86. REGISTRAR'S POWER TO CALL MEETING IN DEFAULT

- (1) If default is made in holding a meeting in accordance with Article the Registrar may, on the application of any Director or Shareholder of the Company, call, or direct the calling of, a General Meeting of the Company.
- (2) The Company shall, unless with reasonable excuse, comply with a direction of the Registrar made under Article 86(1). A Company which fails to comply with this requirement is liable to a level 5 fine.

87. NOTICE OF MEETINGS

- (1) A General Meeting shall be called by at least fourteen (14) days' notice in writing.
- (2) If a General Meeting is called by shorter notice than that specified in Article 87(1), it is deemed to have been duly called if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at the General Meeting, being a majority together holding not less than ninety per cent (90%) of the share capital represented by the Shares giving a right to attend and vote at the General Meeting;

- (3) A notice of a General Meeting of a Company shall:
- (a) set out the time, place and date for the General Meeting;
 - (b) state the general nature of the General Meeting's business;
 - (c) set out the intention to propose any Ordinary Resolution or Special Resolution and state such Resolution.

88. GENERAL PROVISIONS AS TO MEETINGS AND VOTES

The following provisions apply to any General Meeting of a Company or of the holders of any class of Shares in a Company unless the Articles of Association provide otherwise:

- (a) A notice of every meeting shall be given to every Shareholder entitled to receive it:
 - (i) by delivering or posting it to such Shareholder's registered address;
 - (ii) in such electronic form as agreed by the intended recipient;
 - (iii) by making it available on such website as agreed by the intended recipient; or
 - (iv) in such other manner or form as may be agreed by the intended recipient.
- (b) Except in the case of a Company having a single Shareholder, at any General Meeting of the Company, two (2) Shareholders personally present or represented by proxy shall be a quorum, unless otherwise provided in the Articles of Association.
- (c) At any meeting dealing with a variation of any class rights other than an adjourned meeting, the quorum shall be persons holding or representing by proxy at least one-third ($\frac{1}{3}$) of the voting rights of the issued and allotted Shares of that class, and at any such adjourned meeting, one (1) person holding Shares of the class or such person's proxy shall be a quorum.
- (d) Any Shareholder elected by the Shareholders present at any such meeting may be chairman.
- (e) On a show of hands, every Shareholder present in person at any such meeting has one (1) vote and, on a poll, every Shareholder has one (1) vote for every Share held by that Shareholder.

89. REPRESENTATION OF BODY CORPORATE AT MEETINGS

- (1) A body corporate may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of a Company, or of the holders of any class of Shares of a Company, or of Creditors of a Company which it is entitled to attend.
- (2) A person so authorised is entitled to exercise the same powers on behalf of the body corporate which such person represents as that body corporate could exercise if it were an individual Shareholder or Creditor of the Company.

90. RESOLUTIONS IN WRITING OF A PRIVATE COMPANY

- (1) Subject to any restrictions in its Articles of Association, anything that may be done by a Resolution of a Company passed at a Shareholders' meeting may be done either by an Ordinary Resolution or by a Special Resolution in writing in accordance with this Article.
- (2) An Ordinary Resolution in writing is passed as an Ordinary Resolution if it is signed by or on behalf of by Shareholders representing a simple majority of the total voting rights of Shareholders who, at the date when the Ordinary Resolution is deemed to be passed, would be entitled to vote.
- (3) A Special Resolution in writing is only passed as a Special Resolution if:
 - (a) it stated that it was proposed as a Special Resolution; and

- (b) it is signed by or on behalf of by Shareholders representing not less than seventy five per cent (75%) of the total voting rights of Shareholders who, at the date when the Resolution is deemed to be passed, would be entitled to vote.
- (4) An Ordinary Resolution or Special Resolution in writing may consist of several instruments in the same form each signed by or on behalf of one (1) or more Shareholders.
- (5) An Ordinary Resolution or Special Resolution under this Article shall be deemed to be passed when the instrument, or the last of several instruments, is last signed or on such later date as is specified in the Ordinary Resolution or Special Resolution.
- (6) Any Document attached to an Ordinary Resolution or Special Resolution in writing under this Article shall be deemed to have been laid before a meeting of the Shareholders signing the Ordinary Resolution or Special Resolution.
- (7) Article 104 applies to an Ordinary Resolution or Special Resolution in writing under this Article as if it had been passed at a meeting.
- (8) Nothing in this Article affects or limits any provisions in the Articles of Association relating to the effectiveness of the consent of Shareholders, or any class of Shareholders, of a Company given to any Document, act or matter otherwise than at a meeting of them.

91. RECORDING OF DECISIONS BY SOLE SHAREHOLDER

- (1) If:
 - (a) a Company has only one (1) Shareholder;
 - (b) the Shareholder takes a decision which may be taken by the Company in a General Meeting and has effect as if agreed by the Company in a General Meeting; and
 - (c) the decision is not taken by way of Ordinary Resolution in writing,
the Shareholder shall provide the Company with a record in writing of the decision.
- (2) Failure to comply with Article 91(1) shall not affect the validity of the decision.

92. PROXIES

- (1) A Shareholder of a Company entitled to attend and vote at a General Meeting or at a meeting of the holders of any class of Shares is entitled to appoint, by notice to the Company in writing, another person (whether a Shareholder or not) as such Shareholder's proxy to attend and vote instead of such Shareholder.
- (2) A proxy appointed to attend and vote for a Shareholder has the same rights as the Shareholder including without limitation to:
 - (a) speak at the meeting;
 - (b) vote (but only to the extent allowed by the appointment or by the Articles of Association); and
 - (c) join in a demand for a poll.
- (3) Every notice calling a meeting of the Company shall contain a reasonably prominent statement that a Shareholder entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one (1) or more proxies to attend and vote instead of that Shareholder, and that a proxy need not also be a Shareholder.

93. DEMAND FOR POLL

- (1) A provision contained in the Articles of Association is void in so far as it would have the effect either of:
 - (a) excluding the right to demand a poll at a General Meeting, or at a meeting of the holders of any class of Shares on a question, other than the election of the chairman of the meeting or the adjournment of the meeting; or
 - (b) making ineffective a demand for a poll on any such question which is made either:
 - (i) by not less than five (5) Shareholders having the right to vote on the question; or
 - (ii) by a Shareholder or Shareholders representing not less than ten per cent (10%) of the total number of Shares having the right to a vote on the question.
- (2) The instrument appointing a proxy to vote at such a meeting is deemed also to confer authority to demand or join in demanding a poll, and for the purposes of Article 93(1), a demand by a person as proxy for a Shareholder is the same as a demand by the Shareholder.
- (3) On a poll taken at such a meeting, a Shareholder entitled to more than one (1) vote need not, if that Shareholder votes (in person or by proxy), use all such Shareholder's votes in the same way.

94. MINUTES AND EXAMINATION OF MINUTE BOOKS

- (1) Every Company shall cause minutes of all proceedings at General Meetings, meetings of the holders of any class of Shares, meetings of its Directors and of committees of Directors to be entered in books kept for that purpose, and the names of the Directors present at each such meeting shall be recorded in the minutes.
- (2) Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings took place, or by the chairman of the next succeeding meeting, is evidence of the proceedings.
- (3) Where minutes have been made in accordance with this Article, unless the contrary is proved, the meeting is deemed duly held and convened, and all proceedings which took place at the meeting are deemed to have duly taken place.
- (4) The books containing the minutes of a General Meeting or of a meeting of the holders of a class of Shares shall be kept at the Company's registered office, and shall during business hours be open to examination by a Shareholder without charge.
- (5) A Shareholder may require, on submission to the Company of a written request and on payment of such reasonable sum as the Company may require, a copy of any such minutes (provided that a Shareholder shall not be entitled to require a copy of minutes of a meeting of the holders of a class of Shares if that Shareholder is not a holder of such class of Shares) and the Company shall, within seven (7) days after the receipt of the request and the payment, cause the copy so required to be provided to that Shareholder.
- (6) In the case of a refusal or default, the Registrar may make an order directing an immediate inspection of the books in respect of all proceedings of General Meetings, or meetings of the holders of a class of Shares or directing that the copies required be furnished to the persons requiring them.

CHAPTER 15: ACCOUNTS, AUDITS AND REPORTING

95. APPLICATION OF THIS CHAPTER

The requirements of this Chapter as to accounts and audit apply in relation to each financial year of a Company.

96. WAIVER AND MODIFICATION OF REGULATIONS

- (1) The JAFZA may, without limiting powers conferred upon it elsewhere under these Regulations, make Regulations extending, waiving or modifying the application of the provisions of this Chapter in relation to a specific person or class of persons.
- (2) In particular, such Regulations may provide for:
 - (a) the inclusion in accounts of group accounts dealing with the affairs of a Company and its subsidiaries;
 - (b) the inclusion in accounts of a report by the Directors dealing with such matters as may be specified;
 - (c) the accounting standards or principles to be applied in the preparation of accounts, including:
 - (i) the creation or adoption of one (1) or more accounting standards or principles, or codes of practice;
 - (ii) which of, and the manner in which, such accounting standards or principles may apply to particular Companies and in particular circumstances; or
 - (iii) periods in which an accounting standard or principle may apply;
 - (d) the extending or shortening of a financial year in certain circumstances, including to facilitate synchronisation of accounts;
 - (e) the appointment, qualifications, remuneration, removal, resignation, rights and duties of auditors;
 - (f) the creation or adoption of auditing standards or codes of practice; and
 - (g) the waiver of the requirement for the preparation of accounts and examination and reporting thereupon by auditors.

97. MAINTENANCE OF ACCOUNTING RECORDS

- (1) Every Company shall keep Accounting Records which are sufficient to show and explain its transactions so as to:
 - (a) disclose with reasonable accuracy the financial position of the Company at any time; and
 - (b) enable the Directors to ensure that any accounts prepared by the Company under this Chapter comply with the requirements of these Regulations.
- (2) A Company's Accounting Records shall be:
 - (a) kept at such place as the Directors think fit except where otherwise prescribed in these Regulations; and
 - (b) preserved by the Company for at least 6 years from the date upon which they were created, or for some other period as may be prescribed in these Regulations;
 - (c) open to inspection by an Officer or auditor of the Company at all reasonable times; and
 - (d) otherwise kept and maintained in such manner as may be provided in these Regulations.

- (3) A Company which fails to comply with each of the requirements in this Article 97 is liable to a level 4 fine.

98. FINANCIAL YEARS

- (1) Subject to Article 93(2), the first financial year of a Company starts on the day on which it is incorporated and lasts for a period not exceeding eighteen (18) months as may be determined by the Directors.
- (2) Where a body corporate has become a Company by virtue of a transfer of incorporation pursuant to Article 106 the first financial year of that Company under these Regulations may, at the option of the Directors, be deemed to have started at the end of the previous financial year in the jurisdiction from which it transferred, in which case such financial year shall last twelve (12) months from the date it is deemed to have started.
- (3) The second and any subsequent financial year shall start at the end of the previous financial year and shall last twelve (12) months or some other period, which is within seven (7) days either shorter or longer than the twelve (12) months, as may be determined by the Directors.

99. ACCOUNTS

The Directors of every Company shall cause accounts to be prepared in relation to each financial year of the Company. Any reference to Company's accounts is a reference to accounts of the Company prepared in accordance with the requirements in this Article.

- (1) The accounts shall:
 - (a) be prepared in accordance with accounting principles or standards prescribed in these Regulations or otherwise approved by the Registrar;
 - (b) show a true and fair view of the profit or loss of the Company for the period and of the state of the Company's affairs at the end of the period; and
 - (c) comply with any other requirements of these Regulations.
- (2) A Company's accounts shall be approved by the Directors and signed on their behalf by at least one of them.
- (3) Within six (6) months after the end of the financial year, the accounts for that year shall be prepared and approved by the Directors;
- (4) A Company shall file with the Registrar within fourteen (14) days after circulation to Shareholders in accordance with Article 99(3), a copy of the accounts and the auditor's report.
- (5) Unless otherwise provided in its Articles of Association, a Company is not required to provide an auditors report with its account or provide copies of the accounts to its Shareholders.
- (6) Notwithstanding Article 99(5) the Shareholders representing not less than ten per cent (10%) of the votes of the Shares referred to in that Article may, by notice in writing given no earlier than the start of any financial year and no later than one (1) month before the end of such financial year, require the Company to obtain an audit of its accounts for that financial year.
- (7) A Company which fails to comply with each of the requirements in this Article 99 is liable to a level 4 fine.
- (8) Save for where expressly provided otherwise by these Regulations or by any applicable JAFZ Regulations, accounts and financial statements prepared by a Company shall be prepared in accordance with and comply with the International Financial Reporting Standards developed by the International Accounting Standards Board as applicable from time to time.
- (9) Should a Company consider that it is necessary to deviate from the International Financial Reporting Standards so as to be able to present a true and fair set of financial statements, the Registrar may, on application of the Company, consent to the deviation, subject to any conditions that he may impose.

- (10) Where a Company is a member of a corporate group that prepares its accounts and financial statements in accordance with another accounting standard, the Company may prepare its accounts and financial statements in accordance with that other standard with the written consent of the Registrar and subject to any conditions that he may impose.
- (11) Companies that are members of the same corporate group may prepare consolidated financial statements in accordance with the International Financial Reporting Standards or such other standard applicable to the ultimate holding company with the written consent of the Registrar and subject to any conditions that he may impose.

100. PROVISION OF COPY OF ACCOUNTS TO A SHAREHOLDER

- (1) Any Shareholder of a Company is entitled, on written request made by that Shareholder to the Company and without charge, to be furnished with a copy of the Company's latest accounts and if applicable, audited accounts and auditor's report.
- (2) A Company shall comply with such a request within seven (7) days of receipt of the request.
- (3) A Company, which fails to comply with each of the requirements in this Article, 100 is liable to a level 3 fine.

101. APPOINTMENT, REMOVAL AND RESIGNATION OF AN AUDITOR

- (1) The Registrar will maintain a list of approved auditors and any auditor appointed pursuant to these Regulations must be appointed from such list.
- (2) A Company must not appoint an auditor who:
 - (a) has or may reasonably be perceived to have, a conflict of interest; or
 - (b) is not, or may reasonably be perceived not to be, independent from the affairs of the Company.
- (3) The shareholders may by an Ordinary Resolution, or by a resolution passed by such greater percentage majority of Shareholders with voting rights as prescribed in the Articles of Association, appoint one or more auditors to hold office until the close of the next period for appointing auditors.
- (4) The shareholders may by Ordinary Resolution, or by a resolutions passed by such greater percentage majority of Shareholders with voting rights as prescribed in the Articles of Association, remove an auditor before the expiry of the term of appointment, and must appoint another auditor for the remainder of the term of the removed auditor.
- (5) The remuneration of an auditor will be fixed by Ordinary Resolution of the Shareholders.
- (6) An auditor may resign as an auditor by a notice of at least thirty (30) days to the Company. The Directors must forthwith call a General Meeting for the appointment of an auditor in accordance with these Regulations to ensure that a replacement auditor is appointed by the time the resigning auditor's resignation comes into effect.

102. AUDITOR

- (1) An auditor (if required) must audit the accounts of the Company once a year and prepare an auditor's report.
- (2) An auditor's report must:
 - (a) identify the standards or principles used in preparing the accounts;
 - (b) state whether in the auditor's opinion the accounts have been prepared in accordance with these Regulations and applicable laws, standards and principles;
 - (c) state whether the accounts give a true and fair view of the financial affairs; and
 - (d) state any other matter or opinion required under these Regulations;

- (e) An auditor has the right to access the Records of the Company that may be required for the audit, an auditor may request such information at the auditor may consider necessary. The Company must disclose the requested information to the auditor.
- (3) An auditor is entitled to receive a notice of a General Meeting and to attend a General Meeting in respect of an agenda item that is in relation to a matter that the auditor may be concerned with.

CHAPTER 16: COMPROMISES AND ARRANGEMENTS

103. POWER OF COMPANY TO COMPROMISE WITH CREDITORS AND SHAREHOLDERS

- (1) This Article 103 applies where a compromise or arrangement is proposed between a Company and:
 - (a) its Creditors or a class of Creditors; or
 - (b) its Shareholders, or a class of Shareholders.
- (2) The Court may, on the application of:
 - (a) the Company;
 - (b) a creditor or Shareholder of the Company; or
 - (c) in the case of a Company being wound up, its liquidator,

order a meeting of the Creditors or class of Creditors, or of the Shareholders or class of Shareholders, of the Company (as the case may be), in a manner as the Court directs.
- (3) The Court may only sanction a compromise or arrangement if a majority in number representing:
 - (a) three quarter (3/4) in value of the Creditors or class of Creditors; or
 - (b) three quarter (3/4) of the voting rights of the Shareholders or class of Shareholders,

as the case may be, present and voting either in person or by proxy at the meeting, agree to the compromise or arrangement.
- (4) Where the Court has sanctioned a compromise or arrangement under Article (3), such a compromise or arrangement shall be binding on:
 - (a) all the Creditors or the class of Creditors; or
 - (b) all the Shareholders or class of Shareholders,

as the case may be, and also on the Company or, in the case of a Company in the course of being wound up, on the liquidator and contributories of that Company.
- (5) The Company, or the person on whose application the Court issued the order under Article 103(3), shall deliver a duly certified copy of that order, by the Registrar of the Court, to the Registrar as soon as practicable, and in any case, no later than within seven (7) days of the date of the order.
- (6) The court order referred to in Article 103(3) has no effect, until a duly certified copy of that order has been delivered to the Registrar.
- (7) The Registrar shall, as soon as practicable after receipt of a copy of the court order referred to in Article 103(5) include that order in the Company's Articles of Association.
- (8) If the person referred to in Article 103(5) fails to comply with the requirement in that Article, that person is liable to a level 4 fine.

104. INFORMATION RELATING TO COMPROMISE TO BE CIRCULATED

- (1) This Article applies where a meeting of creditors or a class of creditors, or of Shareholders or a class of Shareholders, is called under Article 103.
- (2) The notice calling for the meeting of creditors or Shareholders shall include a statement containing the following particulars:
 - (a) an explanation of the effect of the compromise or arrangement;

- (b) any material interests of Directors in the compromise or arrangement, including his interest as an officer, creditor or Shareholder of the Company;
 - (c) if there any debentures issued by the Company, how the arrangement or compromise would affect the rights of the debenture holders; and
 - (d) any other matter which has a material impact on the Company, its creditors and Shareholders, and debenture holders, if any, resulting from the compromise or arrangement.
- (3) If the notice calling the meeting is given by advertisement, the advertisement shall include either the statement referred to in Article 104(2) or a notification of the place at which, and the manner in which the creditors or Shareholders entitled to attend the meeting may obtain copies of that statement.
- (4) Where a notice given by advertisement includes a notification that copies of the statement referred to in Article 104(2) can be obtained by creditors or Shareholders entitled to attend the meeting, the Company shall provide to such a creditor or Shareholder, upon application, a copy of the statement free of charge.
- (5) If a Company fails to comply with a requirement of this Article, the Company and every officer of it who is in default is liable to a level 4 fine.

105. PROVISIONS FOR FACILITATING COMPANY RECONSTRUCTION OR AMALGAMATION

Where an application is made to the Court under Article 103 for the sanctioning of a compromise or arrangement proposed between a Company and any persons mentioned in that Article, the Court may make any orders as it considers appropriate to facilitate the compromise or arrangement, including a reconstruction of the Company, or an amalgamation of the Company with any other company.

CHAPTER 17: TRANSFER AND CONVERSION OF INCORPORATION

106. CONVERSION

- (1) An FZE or an FZCO may by Special Resolution apply to the Registrar for its corporate form to be converted to, and on conversion to continue as, a Global Business Corporation.
- (2) An FZE or FZCO may apply to the Registrar for the conversion and continuation through an application containing the following:
 - (a) the name, nationality, address and other details of each shareholder and Beneficial Owner of the FZE or FZCO;
 - (b) the amount of capital of the proposed Global Business Corporation; and
 - (c) other information required by the Registrar.
- (3) An application made under 106(2) must be accompanied by:
 - (a) the Special Resolution referred to in this article;
 - (b) a draft of its Articles of Association as a Global Business Corporation; and
 - (c) a copy of the valid commercial license issued by JAFZA of the FZE or FZCO.
- (4) Subject to the acceptance of the conversion application, the Registrar shall issue:
 - (a) a Commercial Licence;
 - (b) a revised certificate of incorporation; and
 - (c) registered Articles of Association.
- (5) The date of incorporation of the Global Business Corporation will be that of the FZE or FZCO and all rights and obligations of the FZE or FZCO will continue with the Global Business Corporation.

107. TRANSFER OF INCORPORATION TO A GLOBAL BUSINESS CORPORATION

- (1) A Foreign Company may, if incorporated in the UAE and if it meets the eligibility requirements in Article 12 apply to the Registrar for the continuation of the Foreign Company as a Global Business Corporation.
- (2) An application for continuation shall be made to the Registrar and shall:
 - (a) be executed under seal and signed by an officer of the Foreign Company and verified by an affidavit, or other similar sworn statement, of the person signing the application;
 - (b) be accompanied by articles of continuation that comply with Articles 19(1) and 19(2); and
 - (c) be accompanied by any other Document prescribed by the Registrar.
- (3) The articles of continuation shall make any amendments to the original articles of incorporation and any amendments thereto necessary to make the articles of continuation conform to these Regulations and any other relevant law applicable in the JAFZ to Global Business Corporations.

108. CERTIFICATE OF CONTINUATION

- (1) Once the Registrar approves the application, the Registrar shall:
 - (a) issue a certificate of continuation on the terms and conditions the Registrar considers appropriate;

- (b) register the Company and enter its name on the Register; and
 - (c) allocate to the Company a number, which shall be the Company's registered number.
- (2) The Registrar may refuse to issue a certificate of continuation if the Registrar considers it appropriate to do so. This decision is final and not subject to appeal or review by the Court.
- (3) The Registrar is not required to provide reasons for refusing to issue a certificate of continuation.

109. EFFECT OF CERTIFICATE

From the date of continuation stated in the certificate of continuation:

- (a) the Foreign Company becomes a Company to which these Regulations applies as if it has been incorporated under these Regulations;
- (b) the articles of continuation become the Articles of Association of the Company; and
- (c) the certificate of continuation is treated as the certificate of incorporation of the Company.

110. RIGHTS AND LIABILITIES

Where a Foreign Company is continued as a Company under these Regulations, the Company:

- (a) continues to have all the property, rights and privileges and is subject to all the liabilities, restrictions and debts that it had before the continuation; and
- (b) remains a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.

111. TRANSFER OF INCORPORATION FROM A GLOBAL BUSINESS CORPORATION TO ANOTHER JURISDICTION

- (1) A Company may, if it is authorised by
- (a) a Special Resolution; and
 - (b) the Registrar in the manner prescribed in these Regulations
- apply to the appropriate official or public body of a foreign jurisdiction to transfer its incorporation to the foreign jurisdiction and request that the Company be continued as a Foreign Company.
- (2) A Company shall not apply under Article 111(1) unless the laws of the foreign jurisdiction provide that the Foreign Company:
- (a) shall continue to have all the property, rights and privileges and is subject to all the liabilities, restriction and debts that it had before the continuation; and
 - (b) shall remain a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.
- (3) A Company ceases to be a Company within the meaning of these Regulations when the Company is continued as a Foreign Company and when the Foreign Company files with the Registrar a copy of the certificate or instrument of continuation certified by the appropriate official of the foreign jurisdiction.
- (4) When the Registrar receives the foreign jurisdiction's certificate or instrument of continuation, the Registrar shall strike the name of the company off the Register.

112. REFUSAL TO GRANT AUTHORISATION TO TRANSFER INCORPORATION

- (1) The Registrar may refuse to authorise a Company to apply to be continued under Article 111(1).
- (2) The Company may appeal to the Court from a decision of the Registrar under Article 112(1).

113. TRANSFER OF INCORPORATION

Transfer of incorporation to a Global Business Corporation

- (1) A Foreign Company applying to transfer its incorporation from another jurisdiction (in this Regulation referred to as "the original jurisdiction") to a Global Business Corporation and be continued as a Company, shall apply using the form prescribed by the Registrar which shall include:
 - (a) the Company's name;
 - (b) that it is a Private Company
 - (c) the Company's address of its place of business in the JAFZ;
 - (d) the nature of the Company's business;
 - (e) the names and addresses of the Company's Directors or Secretary (if applicable); and
 - (f) any declaration, certification, information, document or confirmation as the Registrar may require.
- (2) An application pursuant to Regulation 111(1) shall be accompanied by:
 - (a) the articles of continuation as required in Article 107(2)(b), together with:
 - (i) a copy of the Foreign Company's certificate of incorporation or document of similar effect and any amendments thereto, certified by the relevant authority in the original jurisdiction or otherwise to the satisfaction of the Registrar; and
 - (ii) a copy of the Articles of Association or other constitutional document of similar effect and any amendments thereto, certified by the relevant authorities in the original jurisdiction or otherwise to the satisfaction of the Registrar;
 - (b) evidence satisfactory to the Registrar that the Foreign Company is permitted by the laws of the original jurisdiction to be continued under the laws of another jurisdiction;
 - (c) evidence satisfactory to the Registrar that all necessary consents and other requirements in the original jurisdiction have been obtained and certified by the relevant authorities;
 - (d) evidence satisfactory to the Registrar that the Foreign Company meets the requirements for incorporation as a Company as applicable;
 - (e) a copy of the Foreign Company's most recent audited accounts filed with the relevant authority in the original jurisdiction or otherwise to the satisfaction of the Registrar;
 - (f) any declaration, certification, information, document or confirmation as the Registrar may require; and
 - (g) the relevant fee prescribed in Schedule 2.
- (3) If any documents submitted to the Registrar are not in the English language, the documents shall be accompanied by a certified English translation.
- (4) A Foreign Company shall not apply to the Registrar under Regulation 111 unless the Directors, Secretary (if applicable) or Officers have filed with the Registrar a declaration that:

- (a) the Foreign Company is solvent;
 - (b) at the time of the application, there is no reasonable prospect of the Foreign Company becoming insolvent; and
 - (c) there are no applications made to any court:
 - (i) to put the Foreign Company into liquidation;
 - (ii) to wind up the Foreign Company;
 - (iii) to have the Foreign Company declared insolvent; or
 - (iv) for the appointment of a receiver in relation to any property of the Foreign Company.
- (5) In Regulation 113(4)(b) '**insolvent**' has the meaning given under the Insolvency Law.

Certificate of continuation

- (6) The certificate of continuation issued by the Registrar upon approval of the application for continuation, shall set out:
- (a) the name of the Company;
 - (b) the Company's registered number;
 - (c) the date of incorporation of the Foreign Company;
 - (d) the jurisdiction of incorporation of the Foreign Company;
 - (e) a statement that the Foreign Company is continued as a Private Company; and
 - (f) the date of continuation.
- (7) A certificate of continuation is conclusive evidence that the Foreign Company is a duly incorporated Company from the date of continuation stated in the certificate.
- (8) Where a Foreign Company is continued as a Company, the Company must file with the Registrar any certificate or document issued under the laws of the original jurisdiction evidencing the fact the Foreign Company has ceased to be incorporated under the laws of that jurisdiction.

Transfer of incorporation from a Global Business Corporation

- (9) A Company, applying to the Registrar for authorisation to transfer its incorporation and be continued as a Foreign Company, shall apply using the applicable form prescribed by the Registrar and shall be accompanied by:
- (a) a certified copy of the Special Resolution approving that the Company transfer its incorporation and be continued as a Foreign Company;
 - (b) evidence acceptable to the Registrar that the Company is able to transfer its incorporation and be continued under the laws of another jurisdiction;
 - (c) any declaration, certification, information, document or confirmation as the Registrar may require; and
 - (d) the relevant fee prescribed in Schedule 2.
- (10) A Company shall not apply to the Registrar under Regulation 113(9) unless the Directors have filed with the Registrar a declaration that:

- (a) the Company is solvent;
 - (b) at the time of the application, there is no reasonable prospect of the Company becoming insolvent; and
 - (c) there are no applications made to any court:
 - (i) to put the Company into liquidation;
 - (ii) to wind up the Company;
 - (iii) to have the Company declared insolvent; or
 - (iv) for the appointment of a receiver in relation to any property of the Company.
- (11) In Article 113(10)(b) '**insolvent**' has the meaning given under the Insolvency Law.
- (12) A Company making an application under Regulation 113(9) shall place a legible and comprehensible notice sixty (60) days prior to making such an application in one (1) or more Appointed Publication(s) best suited to bring the proposed transfer of incorporation to the attention of any persons who may be affected by such transfer.

CHAPTER 18: APPLICATIONS TO COURT

114. ORDERS FOR COMPENSATION

- (1) Where a person intentionally, recklessly or negligently commits a breach of any requirement, duty, prohibition, responsibility or obligation which is imposed by or under these Regulations the person is liable to compensate any other person for any loss or damage caused to that other person as a result of such conduct, and is otherwise liable to restore such other person to the position they were in prior to such conduct.
- (2) Where a person suffers loss or damage caused as a result of conduct described in Article 114(1), the Court may, on application brought by the person, or the Registrar on behalf of such person, make orders for the recovery of damages or for compensation or for the recovery of property or any other order as the Court sees fit, except where such Liability is excluded under these Regulations or any other Legislation administered by the Registrar.
- (3) Nothing in this Article affects the powers that any person or the Court may have apart from this Article.

115. ORDERS IN EVENT OF UNFAIR PREJUDICE

- (1) Where a Company's affairs are being or have been conducted in a manner whereby the conduct is unfairly prejudicial to the interests of its Shareholders generally or of one (1) or more Shareholders, or an actual or proposed act or omission of the Company (including an act or omission on its behalf) is or would be so prejudicial, the Court may, on application of one (1) or more Shareholders of the Company, make one (1) or more of the following orders:
 - (a) an order regulating the conduct of the Company's affairs in the future;
 - (b) an order requiring a person to do, or refrain from doing, any act or thing;
 - (c) an order authorising proceedings to be brought in the name of and on behalf of the Company by such person or persons and on such terms as the Court may direct;
 - (d) an order providing for the purchase of the rights of any Shareholders of the Company by other Shareholders or by the Company itself and, in the case of a purchase by the Company itself, the reduction of the Company's capital accounts accordingly; or
 - (e) any other order as the Court sees fit.
- (2) If an order under this Article requires the Company not to make any, or any specified, alterations in its Articles of Association, the Company shall not, without leave of the Court make any such alteration.
- (3) An alteration to the Articles of Association made by virtue of an order under this Article is of the same effect as if duly made by Special Resolution of the Company, and the provisions of these Regulations apply to the Articles of Association as so altered accordingly.
- (4) The copy of the order of the Court under this Article 115 altering, or giving leave to alter, the Articles of Association shall, within fourteen (14) days from the making of the order or such longer period as the Court may allow, be delivered by the Company to the Registrar for registration.
- (5) Nothing in this Article affects the powers that any person or the Court may have apart from this Article.

116. COMPULSORY WINDING UP

- (1) The Registrar may apply to the Court for the winding up of a Company if:
 - (a) a Company is acting or has acted in contravention of these Regulations or any other Legislation administered by the Registrar; or
 - (b) it is in the interests of the Shareholders of the Company, or of the Creditors of the Company, for a Company to be wound up.

- (2) The Court may make any orders considered necessary or desirable for the winding up of a Company referred to in Article 115(1).
- (3) Nothing in this Article affects the powers that any person or the Court may have apart from this Article.

117. APPOINTMENT OF A RECEIVER

- (1) In this Article, “**relevant requirement**” means a requirement, duty, prohibition, responsibility or obligation which is imposed by or under these Regulations or any other Legislation administered by the Registrar.
- (2) Where:
 - (a) the Registrar has appointed an Inspector or Inspectors to conduct an investigation into the affairs of a Company;
 - (b) a civil or regulatory proceeding has been instituted, by the Registrar or otherwise, against a person as a result of that person's conduct in relation to the affairs of a Company; or
 - (c) a person has engaged, is engaging or is proposing to engage in conduct that constituted, constitutes or would constitute a contravention of a relevant requirement,

the Court may, on application of the Registrar or any other person, make an order appointing a receiver or receiver and manager, having such powers as the Court may see fit, of the property or any of the property of the relevant Company.

- (3) Nothing in this Article affects the powers that any person or the Court may have apart from this Article.

118. POWER OF COURT TO GRANT RELIEF IN CERTAIN CASES

- (1) If, in proceedings relating to any contravention, default, negligence, or any breach of duty, obligation, prohibition, requirement, responsibility or trust imposed by or under these Regulations or any other Legislation administered by the Registrar commenced against an Officer of a Company or a person employed by a Company as auditor, it appears to the Court that such Officer or person is or may be liable in respect of his conduct but that such person has acted honestly and that having regard to all the circumstances of the case (including those connected with his appointment) such person ought fairly to be excused for such person's conduct, the Court may relieve him, either wholly or partly, from his Liability on such terms as it thinks fit.
- (2) If an Officer or person mentioned in Article 118(1) has reason to apprehend that a claim will or might be made against him in respect of any contravention, default, negligence, or any breach of duty, obligation, prohibition, requirement, responsibility or trust imposed by or under these Regulations or any other Legislation administered by the Registrar, such person may apply to the Court for relief, and the Court on the application has the same power to relieve such person as it would have had if proceedings against that person for any such matter had been brought.

119. EFFECT OF PROVISIONS

For the avoidance of doubt, nothing in any Article in this Chapter limits the generality of any other Article in this Chapter, or the generality of any other provision in these Regulations or any other Legislation administered by the Registrar, which may provide for administrative remedies or the commencement of proceedings in the Court.

CHAPTER 19: THE REGISTRAR'S POWERS OF INSPECTION AND INVESTIGATION

120. APPLICATION AND INTERPRETATION OF THIS CHAPTER

Without limiting the generality of the powers available to the Registrar, the Registrar may exercise any powers conferred upon the Registrar under these Regulations or any other Legislation administered by the Registrar, in respect of a Company, Recognised Company or an Officer or Employee of it, after the Company has been removed from the Register of Companies, for a period of three (3) years from the date on which the Registrar becomes aware of an act or omission which gives rise to the right to exercise the relevant power. For the purposes of this Article, the Registrar becomes aware of a contravention if it has information from which the contravention can reasonably be inferred.

121. APPOINTMENT OF INSPECTORS

- (1) The Registrar may, if the Registrar consider it necessary or desirable in the pursuit of the Registrar's objectives, appoint one or more Inspectors to investigate the affairs of a Company and to submit such written report as the Registrar may direct.
- (2) Inspectors appointed under Article 121(1) may, with the consent of the Registrar, also investigate and report on the affairs of another Company that is or was related to the Company in respect of which they were initially appointed.
- (3) The Registrar may appoint an Inspector to investigate an alleged contravention of these Regulations or any other Legislation administered by the Registrar.

122. POWERS OF INSPECTORS TO OBTAIN INFORMATION AND DOCUMENTS

- (1) If Inspectors appointed under Article 121 consider that any person may be able to give information or produce a Document which is or may be relevant to the investigation, they may:
 - (a) enter the business premises of such person during normal business hours for the purpose of inspecting, obtaining and copying information or Documents stored in any form on such premises;
 - (b) require such person to produce, or procure the production of, any books, Records or other Documents in such person's custody or power relating to the investigation;
 - (c) require such person to give, or procure the giving of, specified information relating to the investigation;
 - (d) require such person to attend before them at specified times and on reasonable notice and answer all questions put to them relating to the investigation (a compulsory interview); and
 - (e) require such person to give reasonable assistance to them in connection with the investigation.
- (2) Where the Inspectors exercise their powers under Article 122(1), they may:
 - (a) require any appropriate person to make available any relevant information stored at those premises for inspection or copying;
 - (b) require any appropriate person to convert any relevant information into a form capable of being copied;
 - (c) use the facilities of the occupier of the premises, free of charge, to make copies;
 - (d) require a person requested to attend a compulsory meeting to answer questions put to them in private.
- (3) Where the Inspectors exercise their power under Article 122(1)(d) to conduct a compulsory interview, they may give a direction:

- (a) concerning who may be present;
 - (b) preventing any person present during any part of the compulsory interview from disclosing to any other person any information provided to the interviewee or questions asked by the interviewer during the compulsory interview;
 - (c) concerning the conduct of any person present, including as to the manner in which they shall participate in the interview;
 - (d) requiring the interviewee to swear an oath or give an affirmation that the answers of the interviewee will be true;
 - (e) requiring the interviewee to answer any questions relevant to the investigation; and
 - (f) requiring the interview to be audio or video recorded.
- (4) If Inspectors appointed under Article 121 have reasonable grounds for suspecting that a Director, past Director, affiliate or other party related to a Company maintains or has maintained a bank account of any description, whether alone or jointly with another person, into or out of which has been paid money which is in any way related to the affairs of the Company which is the subject of investigation, the Inspectors may require such person to obtain and produce all books and Records in such person's custody or power relating to the bank account.
- (5) A person in respect of whom a requirement is made by an Inspector pursuant to this Article 122 shall comply with that requirement. A person who fails to comply with such requirement is liable to a fine, as set out in Schedule 1.
- (6) A person required under this Article to answer any question which is put to such person by an Inspector shall not:
- (a) knowingly or recklessly make a statement which is false, misleading or deceptive in a material particular; or
 - (b) knowingly or recklessly withhold any information the omission of which makes the information which is furnished misleading or deceptive in a material particular.
- A person who fails to comply with the requirements of this Article 122(6) is liable to a level 7 fine.
- (7) The Inspectors may exercise their powers under this Article in respect of any person within, or outside of, the JAFZ provided that, if the person is outside the JAFZ, the Inspectors shall either:
- (a) use any arrangements it has with a relevant authority in the jurisdiction in which the person is resident or domiciled, or the premises are located, to assist it to exercise the power; or
 - (b) apply to the Court for an order compelling the person to provide the information, produce or procure the production of the Documents, or answer questions, or permitting the Inspectors to enter the premises of that person.

123. USE AND EFFECT OF DOCUMENTS AND INFORMATION OBTAINED FOR INVESTIGATIONS

- (1) Information given or a Document produced as a result of the exercise by the Inspectors of powers under Article 122 is admissible in evidence in any proceedings, provided that any such information or Document also complies with any requirements relating to the admissibility of evidence in such proceedings.
- (2) The requirement to give, produce or procure the information or Documents specified under Article 122 shall not apply if such information or Documents are subject to legal professional privilege.

- (3) The Inspectors shall not disclose a statement made by a person in answer to any question asked pursuant to a requirement made of the person under Article 122 to any law enforcement agency for the purpose of criminal proceedings against the person unless:
- (a) the person consents to the disclosure; or
 - (b) the Inspectors are required by law or court order to disclose the statement.
- (4) The Inspectors may retain possession of any information and Documents given to them pursuant to a requirement made under Article 122 for so long as is necessary:
- (a) for the purposes of the investigation to which the notice relates;
 - (b) for a decision to be made about whether or not a proceeding to which the information or Documents would be relevant should be commenced; or
 - (c) for such a proceeding to be completed.
- (5) A person is not entitled to claim a lien on any Documents as a basis for failing to comply with a requirement made under Article 122, but any lien is not otherwise prejudiced.
- (6) Where a person is unable to produce information or Documents in compliance with a requirement made under Article 122, the Inspectors may require the person to state, to the best of that person's knowledge or belief, where the information or Documents may be found and who last had possession, custody or control of the information or Documents.
- (7) Where the Inspectors consider that, if disclosed, the fact of the issuing of a notice requiring a person to:
- (a) produce Documents;
 - (b) give information;
 - (c) attend a compulsory interview; or
 - (d) give assistance,

may hinder the investigation to which it relates, the Inspectors may direct a person who receives a notice under this Article not to disclose the receipt of a notice or any information relating to compliance therewith to any other person, other than his legal representative under a duty of confidentiality.

- (8) A person is entitled to legal representation during the course of an investigation.

124. OBSTRUCTION OF THE INSPECTORS

- (1) A person shall not, without reasonable excuse, engage in conduct, including without limitation the:
- (a) destruction of Documents;
 - (b) failure to give or produce information or Documents specified by the Inspectors;
 - (c) failure to attend before the Inspectors at a specified time and place to answer questions;
 - (d) giving of information that is false or misleading; or
 - (e) failure to give any assistance in relation to an investigation which the person is able to give,
- that is intended to obstruct the Inspectors in the exercise of any powers under Article 122 or under these Regulations or any other Legislation administered by the Registrar.

- (2) If any person fails to comply with a requirement under Article 122 or refuses to answer any question put to such person by the Inspectors for the purpose of the investigation, the Inspectors may certify the refusal in writing to the Court. The Court may thereupon inquire into the case and make such orders as it sees fit.
- (3) A person who fails to comply with the requirements in Article 124(1) is liable to a level 7 fine.

125. INSPECTORS' REPORTS

- (1) The Inspectors shall make such written report to the Registrar that the Registrar may require at the conclusion of the investigation of the Inspectors.
- (2) The Inspectors shall make such interim reports, if any, to the Registrar that the Registrar may require.
- (3) The Registrar may, upon receipt of a report by an Inspector, do any one (1) or more of the following:
 - (a) provide a copy of the report to the Company to which the report relates with or without a direction that it be disclosed to the Shareholder(s);
 - (b) provide a copy of the report to any person whose financial interests may have been affected by the matters dealt with in the report;
 - (c) cause the report, or such parts of the report as the Registrar considers appropriate, to be published.

126. POWERS OF REGISTRAR TO APPLY TO COURT

- (1) The Registrar may apply to the Court for an order under this Article 126 if, from any report made or information obtained under this Chapter, the Registrar considers that:
 - (a) the Company's affairs are being, or have been, conducted in a manner which is:
 - (i) contrary to these Regulations or any other laws administered by the Registrar, or
 - (ii) unfairly prejudicial to the interests of the Company's Shareholders generally, or of some part of its Shareholders; or
 - (b) an actual or proposed act of the Company (including an act or omission on its behalf) is, or would be, so contrary or prejudicial.
- (2) If the Court is satisfied that an application by the Registrar under Article 126(1) is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.

CHAPTER 20: OTHER POWERS OF THE REGISTRAR

127. DIRECTION TO COMPANY TO COMPLY WITH THESE REGULATIONS OR OTHER LEGISLATION ADMINISTERED BY THE REGISTRAR

- (1) If a Company or any Officer of it fails to comply with:
- (a) a provision of these Regulations or any other Legislation administered by the Registrar; or
 - (b) a requirement made by the Registrar pursuant to any power under these Regulations or any other Legislation administered by the Registrar,

which requires any of them to provide to, or file with, the Registrar any information or Document, or to give notice to the Registrar of any matter, the Registrar may issue a direction that the Company or any Officer of it makes good the failure within a time specified in the direction.
- (2) If a Company or any Officer of it fails to comply with a provision of these Regulations or any other Legislation administered by the Registrar which requires any of them to comply with a lawful requirement in relation to another person, including without limitation:
- (a) a requisition of Shareholders to call a General Meeting under Article 85(1); or
 - (b) the provision of a copy of accounts and report to a Shareholder pursuant to a request under Article 100(1),

the Registrar may issue a direction that the Company or any Officer of it makes good the failure within a time specified in the direction.
- (3) If the Registrar considers that the Company or any Officer of it has failed to comply with a direction under Articles 127(1) or 127(2), the Registrar may apply to the Court for one or more of the following orders:
- (a) an order directing the Company or Officer to comply with the direction or with any provision of these Regulations or any other Legislation administered by the Registrar relevant to the issue of the direction;
 - (b) an order directing the Company or Officer to pay any costs incurred by the Registrar or other person relating to:
 - (i) the issue of the direction by the Registrar; or
 - (ii) the contravention of these Regulations or any other Legislation administered by the Registrar relevant to the issue of the direction; or
 - (c) any other order that the Court considers appropriate.
- (4) Nothing in this Article prejudices the operation of any other Article imposing penalties on a Company or any Officer of it in respect of a failure mentioned in this Article 127, or any powers that the Registrar or other person or the Court may have under any other provision of these Regulations or any other Legislation administered by the Registrar.

128. GENERAL POWER TO OBTAIN INFORMATION

- (1) Where the Registrar considers necessary or desirable in the performance of the Registrar's powers and functions under these Regulations or any other Legislation administered by the Registrar, the Registrar may require any person incorporated or registered under any Legislation administered by the Registrar, including any Director, Officer, partner, employee or agent of such person, by written notice, to:
- (a) give, or procure the giving of, such specified information; or
 - (b) produce, or procure the production of, such specified Documents,

to the Registrar and such person shall comply with the Registrar's request.

- (2) The Registrar may require any person incorporated or registered under any Legislation administered by the Registrar to allow the Registrar to enter its premises during normal business hours or at any other time as may be agreed for the purpose of inspecting and copying information or Documents stored in any form on such premises as the Registrar considers necessary or desirable in the performance of the Registrar's powers and functions under these Regulations or any other Legislation administered by the Registrar and such person shall comply with the Registrar's request.
- (3) Information given or a Document produced as a result of the exercise by the Registrar of powers under this Article is admissible in evidence in any proceedings, provided that any such information or Document also complies with any requirements relating to the admissibility of evidence in such proceedings.
- (4) The requirement to give, produce or procure the information or Documents specified under Article 128(1) or 128(2) shall not apply if such information or Documents are subject to legal professional privilege.
- (5) The Registrar may apply to the Court for an order to require a person to give, produce or procure the information or Documents prescribed under Article 128(1) and the Court may make such an order as it deems fit.

129. POWERS TO STRIKE OFF COMPANIES OR RECOGNISED COMPANIES

- (1) The Registrar may, subject to Article 129(2), strike the name of a Company or Recognised Company off the Register if the Registrar has reason to believe that:
 - (a) the Company or Recognised Company is not carrying on business or is not in operation;
 - (b) the Company or Recognised Company is acting in contravention of these Regulations or any other Legislation administered by the Registrar; or
 - (c) it is prejudicial to the interests of the JAFZ for the Company or Recognised Company to remain on the Register.
- (2) The provisions of this Article 129 shall apply to a Company and to the extent the Insolvency Law allows to a Recognised Company.
- (3) The Registrar shall, when exercising the Registrar's powers under Article 129(1) act in accordance with the principles of due process and in addition publish a prior notice in the Appointed Publication of the Registrar's intention to strike the name of the Company off the Register and to cause the Company to be dissolved.
- (4) Where a Company is being wound up in a Creditors' winding up and:
 - (a) the Registrar has reason to believe either that:
 - (i) no liquidator is acting; or
 - (ii) the affairs of the Company are fully wound up; and
 - (b) the returns required to be made by the liquidator have not been made for a period of six (6) consecutive months, the Registrar may strike the name of the Company off the Register subject to the same procedures as specified in Article 129(1).
- (5) If an application is made by a Company to strike the Company's name off the Register following a voluntary winding up in accordance with the procedures in the Insolvency Law, the Registrar may strike the Company's name off the Register where the requirements in Article 129(7) to 129(9) are met.
- (6) The application referred to in Article 129(5) shall:
 - (a) be made on the Company's behalf by its Directors or a majority of them;

- (b) be in the form prescribed by these Regulations; and
 - (c) within seven (7) days of being made, be copied to every person who, at the date of the application, is:
 - (i) a Shareholder of the Company;
 - (ii) an employee of the Company;
 - (iii) a Creditor of the Company; or
 - (iv) a Director of the Company (except where such Director is a party to the application).
- (7) An application under Article 129(5) on behalf of a Company shall not be made:
- (a) if at any time in the previous three (3) months, the Company has:
 - (i) changed its name;
 - (ii) traded or otherwise carried on business;
 - (iii) made a disposal for value of property or rights held, prior to disposal, for gain, in the normal course of trading; or
 - (iv) engaged in any other activity, other than those which are necessary or expedient for the purposes of making an application under Article 129(5) for concluding the affairs of the Company or complying with the associated legal requirement, or
 - (b) at a time when any process in respect of the Company, or its property, has commenced pursuant to the Insolvency Law.
- (8) The Registrar may not strike a Company off the Register under Article 129(5) until the expiration of three (3) months from the publication of a notice, by the Registrar, in the Appointed Publication:
- (a) stating that the Registrar may exercise the power to strike the Company off the Register; and
 - (b) inviting any person to show cause why that should not be done.
- (9) Where a Company is struck off the Register pursuant to Articles 129(1), 129(4) and 129(5), the Liability of every Director and Shareholder of the Company continues and may be enforced as if the Company had not been dissolved.
- (10) Where the Registrar strikes the name of the Company off the Register upon completion of the applicable procedures under this Article, the Company shall be dissolved.

130. RESTORATION OF A COMPANY

- (1) The Court may, on application of:
- (a) any former Director of a Company;
 - (b) any person having an interest in any property that was subject to rights vested in the Company or that was benefited by obligations owed by the Company;
 - (c) any person who but for the Company's dissolution would have been in a contractual relationship with it;
 - (d) any person with a potential legal claim against the Company;
 - (e) any former Shareholder of the Company;
 - (f) any person who was a Creditor of the Company at the time of its striking off or dissolution; or

(g) any other person appearing to the Court to have an interest in the matter,

make an order or orders to restore a Company to the Register and any other order as the Court considers appropriate, provided that such an order shall not be inconsistent with any provision in the Insolvency Law regarding the dissolution of companies.

- (2) The general effect of an order by the Court pursuant to Article 130(1) for restoration to the Register is that the Company is deemed to have continued existence as if it had not been dissolved or struck off the Register. The Company shall not be liable to a fine for failure to deliver accounts for any financial year in relation to which the period for filing accounts ended after the date of dissolution or striking off and before the restoration of the Company to the Register.
- (3) The Court may give directions and make such provisions as seems just for placing the Company and all other persons in the same position (as nearly as may be) as if the Company had not been dissolved or struck off the Register.
- (4) The copy of the order of the Court under this Article 130(1) shall, within fourteen (14) days from the making of the order, or such longer period as the Court may allow, be delivered to the Registrar by the person making the application for the order.
- (5) The Registrar shall, as soon as practicable upon receipt of a copy of the Court order, restore the Company to the Register.
- (6) The restoration of the Company shall take effect upon a copy of the Court's order being delivered to the Registrar.

CHAPTER 21: GENERAL CONTRAVENTIONS

131. GENERAL CONTRAVENTIONS PROVISION

- (1) A person who:
 - (a) does an act or thing that the person is prohibited from doing by or under an Article of these Regulations or any other Legislation administered by the Registrar;
 - (b) does not do an act or thing that the person is required or directed to do under an Article of these Regulations or any other Legislation administered by the Registrar; or
 - (c) otherwise contravenes any other Legislation administered by the Registrar,
commits a contravention of these Regulations.
- (2) Under this Article, a **'person'** does not include the JAFZA, Registrar or the Chairman of Ports, Customs & Free Zone Corporation.

132. INVOLVEMENT IN CONTRAVENTIONS

- (1) If a person is knowingly concerned in a contravention of these Regulations or any other Legislation administered by the Registrar committed by another person, the first person as well as the other person commits a contravention and is liable to be proceeded against and dealt with accordingly.
- (2) Without limiting the generality of Article 132(1), if an officer of a body corporate is knowingly concerned in a contravention of these Regulations or any other Legislation administered by the Registrar committed by a body corporate, the officer as well as the body corporate commits a contravention and is liable to be proceeded against and dealt with accordingly.
- (3) If the affairs of a body corporate are managed by its Shareholders, Article 132(2) applies in relation to the acts and defaults of a Shareholder in connection with that Shareholder's functions of management as if that Shareholder were an officer of the body corporate.
- (4) For the purposes of this Article, **"officer"** means a director, member of a committee of management, chief executive, secretary or other similar officer of the body corporate or association, or a person purporting to act in such capacity, and an individual who is a controller of the body.
- (5) For the purposes of this Article 132, a person is **'knowingly concerned'** in a contravention if, and only if, the person
 - (a) has aided, abetted, counselled or procured the contravention;
 - (b) has induced, whether by threats or promises or otherwise, the contravention;
 - (c) has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to, the contravention; or
 - (d) has conspired with another or others to effect the contravention.
 - (e) has, alone or in concert with others, directly or indirectly, done, attempted or planned any of the following:
 - (i) conceal the existence or extent or nature of a contravention; or
 - (ii) obstruct, impede or prevent competent authorities within the JAFZ from detecting, investigating or prosecuting a contravention.
- (6) In this Article, a **'person'** does not include the JAFZA, Registrar or the Chairman of Ports, Customs & Free Zone Corporation.

CHAPTER 22: ENFORCEMENT

133. ENFORCEABLE UNDERTAKINGS

- (1) The Registrar may accept a written undertaking given by a person where the Registrar considers the provision and acceptance of such an undertaking is necessary or desirable in the pursuit of the Registrar's objectives.
- (2) The person may withdraw or vary the undertaking at any time, but only with the consent of the Registrar.
- (3) If the Registrar considers that the person who gave the undertaking has been in breach of any of its terms, the Registrar may apply to the Court for an order under Article 133(4).
- (4) If the Court is satisfied that the person has been in breach of a term of the undertaking, the Court may make all or any of the following orders:
 - (a) an order directing the person to comply with that term of the undertaking;
 - (b) an order directing the person to pay to any person or to the Registrar an amount up to the amount of any profit, gain or benefit that the person has obtained directly or indirectly and that is reasonably attributable to the breach;
 - (c) any order that the Court considers appropriate directing the person to compensate any other
 - (d) person who has suffered loss or damage as a result of the breach;
 - (e) any other order that the Court considers appropriate.

134. ADMINISTRATIVE CENSURES

- (1) The Registrar may censure a person where such person contravenes:
 - (a) any regulations, standards or codes of practice or Guidance administered by the Registrar; or
 - (b) a provision of any Legislation administered by the Registrar.
- (2) The Registrar shall, when exercising the Registrar's power under Article 134(1) follow the Decision-making Procedures prescribed in these Regulations.
- (3) The Registrar may censure a person by any means, including by way of publishing a notice of censure.

135. ADMINISTRATIVE IMPOSITION OF FINES

- (1) Where the Registrar considers that a person has committed a contravention of a provision of these Regulations or any other Legislation administered by the Registrar, the Registrar may, where such a contravention is subject to a fine as specified in Schedule 1 of these Regulations or such other Legislation administered by the Registrar:
 - (a) grant the person a period of up to 14 days to rectify the contravention, at the Registrar's sole discretion; and
 - (b) impose on such person a fine not exceeding the amount specified as the maximum fine applicable to the relevant contravention.
- (2) The Registrar shall, in exercising the Registrar's power under Article 135(1) follow the Decision making Procedures prescribed in these Regulations, except where such procedures are expressly disappplied.
- (3) The JAFZA shall, for the purposes of this Article, prescribe the applicable procedures in relation to the imposition and recovery of fines, including any circumstances in which such procedures are inapplicable to the imposition of a fine.

- (4) If all or any of the amount of a fine payable under these Regulations is outstanding 30 days after notice of that fine has been issued, the Registrar may recover the outstanding amount as a debt due to it.
- (5) This section is subject to any direction of the Court.

136. FEES

The fees in respect of matters set out in Schedule 2 shall be paid to the Registrar by the relevant person.

CHAPTER 23: THE JAFZA

137. THE POWERS AND FUNCTIONS OF THE JAFZA

- (1) Without limiting the powers and functions conferred elsewhere under these Regulations or under any other law made by the Ruler, the JAFZA has the powers and functions to:
 - (a) ensure that the Registrar exercises its statutory powers and functions in accordance with the Registrar's objectives;
 - (b) review the performance of the Registrar and the use of the Registrar's resources; and
 - (c) give the Registrar written directions:
 - (i) to further any of the Registrar's regulatory objectives; or
 - (ii) relating to the performance of the Registrar's statutory functions,and such directions shall not constitute Regulations.
- (2) The JAFZA may delegate to the Registrar such of its regulatory powers and functions, other than those specified in Article 138, where such powers and functions may more efficiently and effectively be performed by the Registrar.

138. POWER TO MAKE REGULATIONS

- (1) The JAFZA may make Regulations in respect of:
 - (a) any matters relating to the objectives, powers or functions of the Registrar; or
 - (b) to facilitate the administration of, or further the purposes of, any law administered by the Registrar.
- (2) The JAFZA may, in the exercise of its power under Article 138, make Regulations in respect of:
 - (a) forms, procedures and requirements under these Regulations;
 - (b) the keeping of public registers and databases; and
 - (c) the conduct of the Registrar and the Registrar's officers, employees and agents in relation to the exercise of powers and performance of functions, including those relating to the exercise of discretionary powers and powers to conduct investigations and hearings.
- (3) The JAFZ may issue a standard or code of practice which it may incorporate by reference into these Regulations. Such a standard or code of practice shall have the same effect as these Regulations except where otherwise stated.
- (4) Without limiting the generality of Article 138(1), the Regulations under this Article may:
 - (a) make different provision for different cases or circumstances;
 - (b) include supplementary, incidental and consequential provision; and
- (5) Where any Regulations made under these Regulations purports to be made in the exercise of a particular power or powers, it shall be taken also to be made in the exercise of all the powers under which it may be made.

CHAPTER 24: MISCELLANEOUS

139. APPOINTMENT OF THE REGISTRAR

- (1) There shall be an officer known as the Registrar of GBC Companies or the Registrar and such other Officers as may be necessary to assist the Registrar in the exercise of his functions under these Regulations.
- (2) The JAFZA shall appoint an individual to serve as Registrar and may dismiss such a person from the office of Registrar for proper cause.
- (3) In exercising the Registrar's powers and performing the Registrar's functions, the Registrar shall act in an independent manner, notwithstanding that the Registrar is an agency of the government of the Emirate of Dubai.
- (4) Any functions of the Registrar under these Regulations may, to the extent authorised by the Registrar, be exercised by any officer of his staff.

140. THE OBJECTIVES, FUNCTIONS AND POWERS OF THE REGISTRAR

- (1) In performing the Registrar's functions and exercising the Registrar's powers, the Registrar shall pursue the following objectives:
 - (a) to promote good practices and observance of the requirements of these Regulations;
 - (b) to administer these Regulations in an effective and transparent manner;
 - (c) to prevent, detect and restrain conduct which is, or may be, in contravention of these Regulations; and
 - (d) to maintain a reliable and up-to-date Register of Global Business Corporations and, to provide access to the public of that Register, in accordance with these Regulations.
- (2) The Registrar has such powers and functions as may be conferred, or expressed to be conferred, on the Registrar:
 - (a) by or under these Regulations; and
 - (b) by or under any other law, decree or direction made by the Ruler or the JAFZA,
and shall exercise such powers, and perform such functions, only in pursuit of the Registrar's objectives under those laws, regulations, decrees and directions, as applicable.
- (3) Without limiting the generality of Article 140(2), such powers and functions of the Registrar shall include, so far as is reasonably practicable:
 - (a) preparing or causing to be prepared in a timely and efficient manner:
 - (i) draft Regulations to be adopted pursuant to these Regulations;
 - (ii) draft standards or codes of practice; and
 - (iii) Guidance,
reasonably required to enable the Registrar to perform the Registrar's statutory functions;
 - (b) submitting such draft Regulations and draft standards or codes of practice to the JAFZA for approval and advising the JAFZA of any Guidance that has been issued;
 - (c) issuing or prescribing forms to be used for any of the purposes of these Regulations or any other Legislation administered by the Registrar;

- (d) issuing or prescribing procedures and requirements relating to these Regulations or any other Legislation administered by the Registrar;
- (e) where the Registrar considers it appropriate to do so:
 - (i) issuing a Commercial Licence to a Global Business Corporation:
 - (A) for any period less than the period specified in Article 23(6)(a); or
 - (B) subject to any conditions or restrictions; or
 - (ii) issuing a commercial permission to a Global Business Corporation to undertake a specified activity in the JAFZ;
- (f) acquiring, holding and disposing of property of any description;
- (g) making contracts and other agreements;
- (h) with the prior written consent of the JAFZA, borrowing monies and providing security for such borrowings;
- (i) employing or appointing persons on such terms as the Registrar considers appropriate to assist the Registrar in the exercise and performance of its powers and functions;
- (j) where the Registrar considers it appropriate to do so, delegating such of the Registrar's functions and powers as may more efficiently and effectively be performed, either generally or in relation to any particular matter, by the Registrar's officers or the JAFZA employees, or by any other person:
 - (i) to such officers or employees; or
 - (ii) with the approval of the JAFZA, to any such other person.
- (k) specifying the method of delivery of Documents pursuant to these Regulations or any other Legislation administered by the Registrar, whether by electronic means or by any other means; and
- (l) exercising and performing such other powers and functions as may be delegated to the Registrar by the JAFZA pursuant to the provisions of these Regulations or any other Legislation administered by the Registrar.

(4) The Registrar may permit or require the use of an electronic system for the filing, delivery or deposit of, Documents or information required under or governed by these Regulations or any other Legislation administered by the Registrar and may specify the circumstances in which persons shall be deemed to have signed or certified Documents on an electronic or computer-based system for any purpose under these Regulations or any other Legislation administered by the Registrar.

- (5) The Registrar shall assist the UAE in complying with its obligations under any international treaty or other agreement to which the UAE is a party through the exercise of the Registrars' powers and functions.
- (6) The Registrar has the power to do whatever the Registrar deems necessary, for or in connection with, or reasonably incidental to, the exercise and performance of his powers and functions, inclusive of the power of delegation, subject to the applicable Decision-Making Procedures.
- (7) Subject to Article 140(8) neither the Registrar nor any delegate or agent of the Registrar can be held liable for anything done or omitted to be done in the performance or purported performance of the functions of the Registrar (including any function delegated to the Registrar) or in the exercise or purported exercise of any power or discretion of the Registrar (including any power delegated to the Registrar).
- (8) Article 140(7) does not apply if the act or omission is shown to have been in bad faith.

141. WAIVERS AND MODIFICATION OF THESE REGULATIONS

- (1) In this Article, a reference to a **“relevant provision”** is a reference to any provision of these Regulations or any other law administered by the Registrar which is expressed to be subject to this Article.
- (2) The Registrar may:
 - (a) on the application of a person; or
 - (b) with the consent of a person,by means of a written notice provide that one (1) or more relevant provisions either:
 - (c) shall not apply in relation to such person; or
 - (d) shall apply to such person with such modifications as are set out in the written notice.
- (3) A written notice may be given subject to conditions.
- (4) A person to whom a condition specified in a written notice applies shall comply with the condition. In the event of failure to comply with a condition, the Registrar may, without limiting any other powers that the Registrar may have, apply to the Court for an order, including an order that the person shall comply with the condition in a specified way.
- (5) Unless the Registrar is satisfied that it is inappropriate or unnecessary to do so, the Registrar shall publish a written notice in such a way as the Registrar considers appropriate for bringing the notice to the attention of:
 - (a) those likely to be affected by it; and
 - (b) others who may be likely to become subject to a similar notice.
- (6) The Registrar may on the Registrar's own initiative or on the application of the person to whom the written notice applies, withdraw or vary such notice.
- (7) The JAFZA may make Regulations in connection with the provision of a written notice under this Article, including Regulations prescribing procedures for the making of applications and providing of consents.

142. OBLIGATION OF DISCLOSURE TO THE REGISTRAR

- (1) Subject to Article 142(2), a Company or an auditor of a Company shall disclose to the Registrar any matter which reasonably tends to show one of the following:
 - (a) a contravention, or likely contravention of a provision of these Regulations or any other Legislation administered by the Registrar;
 - (b) a failure, or likely failure, to comply with any obligation to which a person is subject under such Legislation; or
 - (c) any other matter as the JAFZA may prescribe in Regulations,which, in each case, may be attributable to the conduct of the relevant Company or of its Employees or agents. A Company or an auditor of a Company which fails to comply with the requirements of this Article 142(1) is liable to a level 4 fine.
- (2) Article 142(1) shall not apply to the extent that compliance with such requirement would disclose a Privileged Communication.
- (3) A Company shall establish and implement appropriate systems and internal procedures to enable its compliance with Article 142(1).

- (4) Any provision in an agreement between a Company and an Officer, employee, agent or auditor is void in so far as it purports to hinder any person from causing or assisting a Company to comply with an obligation under Article 142(1).
- (5) No person shall be subjected to detriment or loss or damage merely by reason of undertaking any act to cause or assist a Company to comply with an obligation under Article 142(1).
- (6) The Court may, on application of an aggrieved person, make any order for relief where the person has been subjected to any such detriment or loss or damage referred to in Article 142(5).

143. DISCLOSURES TO THE REGISTRAR

A person is neither liable to a proceeding, nor subject to a Liability, nor in breach of any duty, merely by reason of the giving of information or production of a Document by the person to the Registrar:

- (1) in good faith; and
- (2) in reasonable belief that the information or Document is relevant to any functions of the Registrar, whether such information or Document is given or produced pursuant to a requirement at law or otherwise.

144. WHISTLEBLOWING

- (1) A person who makes a disclosure of information specified in Article 143 to the Registrar, the Company's auditor or a member of the audit team, or a Director or other Officer of a Company, is entitled to the protection set out in Article 144(3)(c).
- (2) For the purposes of Article 144(1), the disclosure of fact made by the person must:
 - (a) include the identity of that person;
 - (b) relate to a reasonable suspicion that the Company has or may have contravened a provision of these Regulations or any other Legislation administered by the Registrar; and
 - (c) be made in good faith.
- (3) Where a person makes disclosure under Article 144(2):
 - (a) such person shall not be subject to any civil or contractual Liability for making that disclosure;
 - (b) no contractual, civil or other remedy or right shall be enforced against such person by another person for making that disclosure, or any consequence resulting from such disclosure; and
 - (c) such person shall not be dismissed from his current employment, or otherwise subject to any action by the employer or any related party of the employer which is reasonably likely to cause detriment to that person.
- (4) Any person who takes any action which contravenes the requirements in Article 144(2)(c) is liable to a level 6 fine.

145. IRREGULARITIES

- (1) In this Article:
 - (a) **"procedure"** is a reference to any procedure including but not limited to the making of a decision, the conduct of a hearing, the giving of a notice, and any proceeding whether a legal proceeding or not; and
 - (b) **"procedural irregularity"** includes a reference to a defect, irregularity or deficiency of notice or time.

- (2) A procedure under these Regulations or any other Legislation administered by the Registrar is not invalidated because of any procedural irregularity unless the Court declares that the defect, irregularity or defect in procedure has or may cause substantial injustice which cannot be remedied by any order of the Court and declares the procedure invalid.
- (3) A person may apply to the Court for an order:
 - (a) declaring that:
 - (i) any act or thing purporting to have been done; or
 - (ii) any procedure purporting to have been commenced or undertaken,

under these Regulations or any other Legislation administered by the Registrar is not invalid by reason of any contravention of a provision of such Law, Regulations or other Legislation; or
 - (b) extending or abridging the period for doing any act, matter or thing or commencing or undertaking any procedure under these Regulations or any other Legislation administered by the Registrar,

where any such act or thing, or procedure, is essentially of a procedural nature.

146. FALSE OR MISLEADING INFORMATION

- (1) A person shall not:
 - (a) provide information which is false, misleading or deceptive to the Registrar; or
 - (b) conceal information where the concealment of such information is likely to mislead or deceive the Registrar.
- (2) A person who fails to comply with the requirements in Article 146(1) is liable to a fine, as set out in Schedule 1.

147. COMPLIANCE WITH AN ORDER OR DIRECTION OF THE REGISTRAR

Where the Registrar makes an order, issues a direction or makes a requirement in relation to a person pursuant to a provision of these Regulations or any other Legislation administered by the Registrar, such person shall comply with such order, direction or requirement. A person who fails to comply with such order, direction or requirement is liable to a level 6 fine.

148. PUBLICATION BY THE REGISTRAR

- (1) The Registrar shall make available to the public without undue delay after the making or issuing of:
 - (a) Regulations made by the JAFZA; and
 - (b) Guidance in the form of:
 - (i) guidance made and issued by the Registrar under these Regulations; and
 - (ii) a standard or code of practice issued by the JAFZA which has not been incorporated into these Regulations.
- (2) The Registrar may publish in such form and manner as the Registrar regards appropriate information and statements relating to the practices and procedures of the Registrar, decisions of the Court, and any other matters which the Registrar considers relevant to the conduct of affairs of Global Business Corporations.
- (3) Publications made under this Article may be provided with or without charge as the Registrar may determine.

149. PUBLIC REGISTERS

- (1) The Registrar shall publish and maintain a register of current and past registrations of Companies and Registered Companies in such manner they see fit.
- (2) The Registrar shall make a reasonably current version of any register maintained under Article 149(1) freely available for viewing by the public during the normal business hours of the Registrar.

150. LANGUAGE

The Registrar may require communication to which the Registrar is a party to be conducted in the English language.

CHAPTER 25

151. FOREIGN COMPANIES

- (1) A Foreign Company shall not carry on business in the JAFZ unless it is registered as a Recognised Company under this Chapter.
- (2) For the purposes of Article 151(1) 'carrying on business' includes:
 - (a) establishing or maintaining a place of business that carries out any of the activities specified in Article 12; or
 - (b) employing persons;in the JAFZ, but shall not include merely:
 - (c) being a party to a proceeding, claim or dispute;
 - (d) holding meetings of its shareholders or Directors;
 - (e) creating a charge on property;
 - (f) collecting its debts or enforcing its rights with regard to any security; or
 - (g) conducting an isolated transaction;in the JAFZ.
- (3) A Foreign Company may apply to the Registrar for registration as a Recognised Company in accordance with Article 157.
- (4) Upon a Recognised Company becoming a Global Business Corporation, the Registrar shall strike off its registration as a Recognised Company.

152. REGISTRATION

- (1) The Registrar may refuse to register a Foreign Company for such reason as the Registrar believes to be proper grounds for refusing such registration, including the undesirability of permitting the Foreign Company to carry on business in the JAFZ under its name.
- (2) Where the Registrar refuses to register a Foreign Company, the Registrar shall not be bound to provide any reason for the Registrar's refusal and the Registrar's decision shall not be subject to appeal or review in any court.

153. EFFECT OF REGISTRATION

- (1) Upon registration of a Foreign Company as a Recognised Company, the Registrar shall:
 - (a) issue a certificate of registration;

- (b) assign a number, which shall be the Recognised Company's registered number; and
 - (c) enter the name of the Recognised Company in any public register.
- (2) A certificate of registration shall set out:
- (a) the name of the company;
 - (b) the company's registered number;
 - (c) a statement that the company is registered as a Recognised Company; and
 - (d) the date of registration.
- (3) A certificate of registration issued by the Registrar shall be conclusive evidence:
- (a) of registration of a Foreign Company as a Recognised Company; and
 - (b) that the requirements of these Regulations have been complied with in respect of such registration.
- (4) Without prejudice to Article 153(1)(a), the Registrar may make alternative arrangements relating to the issue of certificates of registration to Recognised Companies in circumstances prescribed in any other regulations it implements in relation to Recognised Companies.

154. REQUIREMENTS OF A RECOGNISED COMPANY

- (1) A Recognised Company shall at all times:
- (a) appoint and retain at least one (1) Approved Person who is authorised to accept service of any Document or notice on behalf of the Recognised Company and to undertake any other function as may be prescribed in these Regulations, such Approved Person must:
 - (i) in the case of a natural person, a person who is ordinarily resident in the United Arab Emirates; or
 - (ii) in the case of any other person, a company or limited liability partnership body corporate incorporated in the JAFZ.
 - (b) have a place of business in the JAFZ to which all communications and notices may be addressed;
 - (c) hold a Commercial Licence, unless exempted by the Registrar;
 - (d) file with the Registrar, a notice of change of any of the following within 14 days of such change.
 - (i) the address of the principal place of business of the Recognised Company in the JAFZ;
 - (ii) details of the Recognised Company's shareholders or members;
 - (iii) details of the Recognised Company's Directors or secretary,
 - (iv) details of the Approved Persons; and
 - (v) details of the address of its principal place of business in the JAFZ,
 in the form and manner required in these Regulations;
 - (e) submit to the Registrar on an annual basis a copy of any annual return or comparable document filed in its jurisdiction of incorporation, within thirty (30) days from the date of filing of such statement in its jurisdiction of incorporation; and
 - (f) comply with any other requirement prescribed in these Regulations.

- (2) The JAFZA may make Regulations:
- (a) prescribing procedures in relation to the requirements under this Part; and
 - (b) waiving or modifying any requirements under this Part in relation to different cases or classes of case.
- (3) A Recognised Company which fails to comply with each of the requirements in this Article 154 is liable to a level [2] fine¹.

155. CONDUCT OF BUSINESS IN THE JAFZ

A Recognised Company shall comply with the requirements of these Regulations and specifically Article 12(1)(b) in relation to the conduct of its business in the JAFZ.

156. MAINTENANCE OF ACCOUNTING RECORDS

- (1) A Recognised Company shall keep Accounting Records which are sufficient to show and explain its transactions so as to:
- (a) disclose with reasonable accuracy the financial position of the Recognised Company at any time; and
 - (b) enable its Directors or managers to ensure that any accounts prepared by the Recognised Company under this Chapter comply with the requirements of this Law.
- (2) A Recognised Company's Accounting Records shall be:
- (a) kept at such place as the Directors or managers think fit unless specifically prescribed in any separate regulations;
 - (b) preserved by the Recognised Company for at least six (6) years from the date upon which they were created, or for some other period as may be prescribed in separate regulations;
 - (c) open to inspection by an Officer or auditor of the Recognised Company at all reasonable times; and
 - (d) otherwise kept and maintained in such manner as may be provided in any separate regulations.
- (3) A Recognised Company which fails to comply with each of the requirements in this Article 156 is liable to a level [2] fine².

157. APPLICATION FOR REGISTRATION

- (1) A Foreign Company applying for registration as a Recognised Company shall apply using the applicable form prescribed by the Registrar³ and shall therein set out:
- (a) its name and the address of its place of business in the JAFZ;
 - (b) the trading name (if relevant);
 - (c) the nature of the business to be conducted in the JAFZ;
 - (d) a list of its Directors and officers including the following personal details:
 - (i) their given and family names;
 - (ii) any former given or family names;

- (iii) their date and place of birth;
 - (iv) nationality; and
 - (v) their address;
 - (e) its registered office in its place of origin or, in the event there is no registered office required under the laws of the place of origin, its principal place of business in its place or origin;
 - (f) the following personal details of the Approved Person(s) appointed under Article 154(1)(a):
 - (i) their given and family names;
 - (ii) any former given or family names;
 - (iii) their date and place of birth;
 - (iv) nationality; and
 - (v) their address; and
 - (g) any other matters the Registrar considers appropriate.
- (2) An application pursuant to Article 157(1) shall be accompanied by:
- (a) a copy of the current certificate of the Foreign Company's incorporation or registration in its place of origin, or a document of similar effect, certified by the relevant authority in the jurisdiction in which it is incorporated or otherwise to the satisfaction of the Registrar;
 - (b) a copy of the Foreign Company's constitution certified as a true copy by a Secretary, Director or Officer of the Foreign Company;
 - (c) a copy of the Foreign Company's most recent accounts filed, if applicable, with the relevant authority in the jurisdiction in which it is incorporated or otherwise to the satisfaction of the Registrar; and
 - (d) a copy of a resolution appointing the Approved Person(s) under Article 154(1)(a); and
 - (e) any other matters the Registrar considers appropriate.
- (3) If any of the documents are not in the English language, the documents shall be accompanied by a translation certified to the satisfaction of the Registrar.

158. RECOGNISED COMPANY NAMES

- (1) When a Recognised Company changes its name, it shall file a notice of change of name with the Registrar, using the form prescribed by the Registrar.

159. INSPECTION AND REMEDIES

The provision of Chapter 19 shall apply equally to Recognised Companies and references to "Company" in Chapter 19 shall be construed to include Recognised Companies.

Issued in Dubai by Jebel Ali Free Zone Authority on: 20 May 2021

(signed)
Sultan Ahmed Bin Sulaeym
Chairman of Ports, Customs & Free Zone Corporation

SCHEDULE 1

FINES

Please refer to the Schedule published on the official website of JAFZA from time to time.

SCHEDULE 2

FEES

Please refer to the Schedule published on the official website of JAFZA from time to time.

SCHEDULE3
MODEL ARTICLES OF ASSOCIATION FOR PRIVATE COMPANIES