The Amended Law on Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies and Single Member Companies

DISCLAIMER

The English version of the Law on Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies and Single Member Companies No. 159 of 1981, as amended, is a translation of the original Arabic for foreign investors' convenience and information purposes only. This translation, to the best of knowledge and capabilities of GAFI Translation Department, is an accurate rendering of the Arabic text. However, if there is any discrepancy, inconsistency, conflict or any other issue(s) between the Arabic original and the English translation, the Arabic original will prevail. Moreover, this translation must not be relied upon for the basis of a legal opinion nor may it be used for taking any course of action whatsoever.

This translation is subject to updates, amendments, corrections or modifications, if necessary. Should any mistake, error, inconsistency, or any other ambiguity or issue(s) be found in this translation, kindly communicate it with us on m.fayez@gafinet.org.eg.

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Table of Abbreviations and Acronyms

ASA	The Accountability State Authority
BoC	Board of Control
BoD	Board of Directors
CEO	Chief Executive Officer
FRA	The Financial Regulatory Authority
GAFI	The General Authority for Investment and Free Zones
GAFI BoD	The Board of Directors of the General Authority for Investment and Free Zones
GAFI CEO	The Chief Executive Officer of the General Authority for Investment and Free Zones
LLC	Limited Liability Company

The Law on Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies and Single Member Companies No. 159 of 1981[1]

In the Name of the People,

The President of the Republic,

The House of Representatives approved the following law (the "Law"), and it is hereby enacted.

Clause (I)[2]

The provisions of the Attached Law shall apply to joint stock companies, partnerships limited by shares, limited liability companies and single member companies.

Law No. 26 of 1954 on some provisions of joint stock companies, partnerships limited by shares, limited liability companies shall hereby be repealed. Moreover, Law No. 244 of 1960 on the merger of joint stock companies, Law No. 137 of 1961 on the formation of Board of Directors (BoD) of joint stock companies and any provision contrary to the provisions of the Attached Law shall hereby be repealed.

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[1] The Official Gazette – Issue (40) 1st Oct., 1981, amended in Laws:

- No. 230 of 1989 (the Official Gazette – Issue (29), Supplement "A" on 20th Jul., 1989.
- No. 212 of 1994 (the Official Gazette – Issue (24 - *bis*) on 18th Jun., 1994.
- No. 3 of 1998 (the Official Gazette – Issue (3 – *bis*) on 18th Jan., 1998.
- No. 159 of 1998 (the Official Gazette – Issue (24), Supplement "A" on 11th Jun.
- No. 94 of 2005 (the Official Gazette – Issue (24 - *bis*) on 21st Jun. 2005.
- No. 68 of 2009 (the Official Gazette – Issue (14 – *bis "D"*) on 8th Apr., 2009.
- No. 17 of 2015 (the Official Gazette – Issue (11), "Supplement" on 12th Mar., 2015.
- No. 4 of 2018 (the Official Gazette – Issue (2 – *bis "I"*) on 16th Jan., 2018.

Note: The Law on Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies is replaced by the Law on Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies and Single Member Company wherever mentioned in this Law, the Attached Law and in any other law.

[2] The First Paragraph is replaced by Law No. 4 of 2018.

Clause (II)

The provisions of the Attached Law may not prejudice the provisions of Laws on public sector companies, the investment of Arab and foreign funds and free zones or the regulation of some companies.

The provisions of the Attached Law shall apply to the aforementioned companies where no special provision is made in laws regulating such companies.

Clause (III)

The provisions of Law No. 113 of 1958 on the Recruitment into Joint-stock Companies and Public Institutions, Law No. 113 of 1961 prohibiting the earning of any person of more than five (5) thousand pounds annually and Law No. 73 of 1973 on conditions and procedures of electing workers' representatives to the BoDs may not apply to the companies governed by the Attached Law, nor may the provisions of Law No. 9 of 1964 on the allocation of a percentage of the profits to the employees of public institutions and other establishments apply to representation offices of foreign companies in Egypt and branches thereof.

The Council of Ministers may set rules that would ensure setting maximum limit to the wages in companies governed by the Attached Law.

Clause (IV)

The Appropriate Minister shall issue the executive regulations (the "Executive Regulations") of the Attached Law, the regulatory decrees, drafts of articles of incorporation and association prescribed in the Attached Law after soliciting the opinion of the Financial Regulatory Authority (FRA) within maximum six (6) months from the date of publishing this Law.

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Clause (V)[1]

In application of the provisions of the Attached Law, the term "Appropriate Minister" shall mean the minister concerned with Investment affairs, and shall be referred to as such whenever mentioned in the Attached Law; the term "Appropriate Administrative Body" shall mean the General Authority for Investment and Free Zones (GAFI), and shall be referred to as "GAFI" whenever mentioned in the Attached Law.

Clause (VI)

This Law shall be promulgated in the Official Gazette, shall come into force after six (6) months from the date of publication thereof.

This Law shall bear the official Seal of the State and shall be implemented as a State law.

The Presidency of the Republic on Dhu al-Qidah 19, 1401 A.H. [September 17, 1981 A.D]

The President of the Republic

[1] This article has been replaced by Law No. 4 of 2018.

The Law on Joint Stock Companies Partnerships Limited by Shares, Limited Liability Companies and Single Member Companies

Part I: General Provisions

Chapter I: Companies Governed by this Law

Article (1)[1]

The provisions of the this Law shall apply to joint stock companies, partnerships limited by shares, limited liability companies and single member companies that have established the head office in the Arab Republic of Egypt ("ARE") or have carried on its main activity therein.

Each company being incorporated in ARE shall take its main head office in Egypt.

The articles of incorporation of the company shall specify the address of the company's head office in which the management of the company is carried on and shall publish any amendment made to the address of its head office; otherwise, actions may be taken including the service of notices on the address of the company's head office entered in the Commercial Register.

Article (1) ***bis***[2]

Without prejudice to the provisions of the Capital Market Law enacted by Law No. 95 of 1992, the Law of Economic Zones of Special Nature enacted by Law No. 83 of 2002, the Investment Law enacted by Law No. 72 of 2017, GAFI shall provide incorporation and post-incorporation services to such companies governed by the provisions of this Law.

GAFI shall mechanize such services and unify the procedures thereof in accordance with Article (50) of the Investment Law enacted by Law No. 72 of 2017. Immediately upon being activated, the procedures of electronic incorporation shall exclusively apply, and no other procedures set forth in any other law may apply.

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[1] The first paragraph has been replaced. The third paragraph has been added by Law No. 4 of 2018.

[2] This article has been added by Law No. 4 of 2018.

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The Executive Regulations shall specify the controls of the incorporation system and electronic services provided to the companies and establishments governed by the provisions of this Law.

Article (2)[1]

The term ("joint stock company") shall mean a company whose capital is divided into shares of equal value that can be traded as stipulated in the Law.

A shareholder shall be liable only for paying the value of shares being subscribed to and shall not be liable for company's debt except for the shares subscribed thereby.

A company shall have a commercial name derived from the object for which the company has been founded. The commercial name of the company may include the name or surname of one or more of the founders thereof.

Article (3)

The term ("partnership limited by shares") shall mean a company whose capital is made up of a share(s) owned by a general partner(s) and shares of equal value that are subscribed to by one shareholder or more, said shares can be traded as stipulated in the Law

The general partner(s) shall have unlimited liability for the company's obligations; while the shareholder shall be only liable for the value of shares subscribed to.

The address of the company shall consist of one name or more of the general partners exclusively.

Article (4)

The term ("limited liability company") shall mean a company of which the number of partners may not exceed fifty (50) and each partner is liable only for its share.

The company may neither be incorporated, nor the capital thereof be increased nor loan be taken out by subscription. Said company shall not issue tradable shares or bonds and the circulation of partners' stocks shall be subject to the partners' recovery as per conditions stipulated in the company's articles of incorporation, in addition to the conditions stated in this Law.

The company shall have a special name that may be derived from the object thereof and the address may include a partner(s) name.

[1] The third paragraph has been replaced by Law No. 4 of 2018.

Article (4) *bis*[1]

The term ("single member company") shall mean a company whose capital is wholly-owned by a single person, whether natural or juridical, in such a way that does not contradict the object thereof. The founder of the company may not be held liable for the obligations of the company except within the limits of the capital allocated therefor.

The company shall have a name to be derived from the object thereof or from the name of its founder. The name shall be followed by a phrase indicating that such company is a single member limited liability company. The name shall be put on the company's head office and branches, if any, and on all correspondences thereof.

Article (5)

Partnerships limited by shares or limited liability companies shall not carry on insurance, banking services, saving services, receiving deposits or investing in assets for third parties.

Article (6)

The contracts, invoices, commercial names and addresses, advertisements, papers and other printouts issued by the companies shall bear the address thereof, encompass the company's type either before or after the address in a legible form, and state the head office and the issued capital as per the latest value identified in the latest financial statements.

Any person has involved the company's name in any action that did not consider the provisions stipulated in the preceding paragraph shall be liable of all personal property for the obligations arising from such action; in case the estimated capital statement has been exaggerated, third parties shall deem said person liable for paying the difference between the real capital value and the estimated value stipulated in the statement to the extent necessary to satisfy third parties rights.

[1] This article has been added by Law No. 4 of 2018.

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Chapter II: The Incorporation

First: The Founders

Article (7)

The term ("founder") shall hereby mean any person actually participated in the incorporation and intended to assume related responsibility and shall be governed by the provision of Article (89) of this Law.

Each person who, in particular, signs the preliminary articles of incorporation, applies for the incorporation license or provides in-kind share upon incorporation shall be deemed a founder.

A person who participated in the incorporation on behalf of founders of liberal profession and others shall not be deemed a founder.

Article (8)[1]

Except for single member companies, the number of founding partners in joint stock companies shall be no less than three (3), and no less than two (2) in all remaining companies governed by the provisions of this Law. In the event of the number of partners is less than that quorum, the company shall be deemed dissolute by law, unless, within maximum six (6) months, the company satisfies the said quorum, or the remaining partners apply, within the said time limit, for changing the legal structure thereof into a single member company, and, in which case, the remaining partners shall be liable for the extent of all their property for all the obligations of the company within the said time limit.

Article (9)

The preliminary articles of incorporation signed by the founders shall be formed in accordance with the form issued upon a decree by the Appropriate Minister.

[1] This article has been replaced by Law No. 4 of 2018.

Said preliminary articles of incorporation shall not encompass any conditions that exempt all or some of the founders from the liability arising from the company's incorporation or any conditions stipulated to govern the company after the incorporation thereof, unless such conditions have been stipulated in the articles of incorporation or association.

Article (9) ***bis***[1]

Without prejudice to the provision of Article (9) of this Law, the shareholders or partners may, upon the incorporation of the company or thereafter, enter into an agreement regulating business relationship among themselves.

This agreement may not apply to the rest of shareholders or partners, unless adopted by the company's extraordinary general meeting by a majority of no less than three quarters of the capital or a higher majority in the cases specified in the Executive Regulations of this Law.

Article (10)

The founders shall be jointly liable for what they commit themselves thereto.

The founder, acting on behalf of others, shall be liable in person if the name of the grantor of a power of attorney is not stipulated in the articles of incorporation or the power of attorney has proved to be null.

Article (11)

The founder shall exert due diligence in its transactions with the company being incorporated or in the transactions on behalf thereof; and founders, jointly, shall be liable for the damages occurred to the company or third parties as a result of violating such liability.

In case the founder has received any money or information relevant to the company being incorporated, said founder shall pay to the company such money or profits realized from exploiting this money or information.

[1] This article has been added by Law No. 4 of 2018.

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Article (12)

Any disposition occurred between the company being incorporated and the founders thereof shall have no effect vis-à-vis the company after the incorporation, unless such disposition approved by (i) the company BoD, in case all BoD members have no relation with the founder who performed the disposition or have no interest in such disposition (ii) all partners or (iii) a resolution passed in a meeting convened by the company's general meeting whereas the interested founders have no countable votes.

In all cases, the interested founder shall present all relevant facts of the disposition before the body approving such disposition.

Article (13)

Subject to the provisions of the preceding Article (12), contracts and dispositions made by the founders in the name of the company being incorporated shall apply vis-à-vis the company after it has been incorporated, whenever such contracts and dispositions are necessary for the incorporation of the company. In cases other than the foregoing, such contracts and dispositions may not apply vis-à-vis the company, after incorporation, unless they have been approved by the relevant entity mentioned in the preceding Article (12).

Article (14)[1]

In case the company has not been incorporated within six (6) months from the date of incorporation notification due to founders' fault, each subscriber may apply to the summary court judge to appoint someone to refund the paid money and distribute it among subscribers.

The subscriber may claim compensation, when necessary, from founders, collectively, and may claim a refund of the subscription value of the capital of company being incorporated if one year from the date of subscription has elapsed without taking any incorporation procedures.

[1] The phrase "license application" has been replaced with the word "notification" by Law No. 3 of 1998.

Second: Incorporation Procedures

Article (15)

The preliminary articles of incorporation, articles of association or articles of incorporation shall be legal or the signatures therein shall be approved. Said articles shall comprise the data prescribed in the Executive Regulation vis-à-vis each type of company, and the Executive Regulations shall state the acknowledgments and certificates attached to the company's articles of incorporation as well as the forms of signatures' ratification by the Appropriate Administrative Body.

Article (16)[1]

A decision on the form of articles of incorporation and association vis-à-vis each type of company shall be issued by the Appropriate Minister. Each form shall encompass all data and conditions required by the Law or the executive regulations in this regard. Such form shall include terms and conditions to be adopted or omitted by the general partners and they shall add other conditions that do not contradict with the provisions of the Law or the executive regulations.

The provisions of such form shall not be violated, in cases other than the aforementioned ones.

The form shall be issued after obtaining the approval of the Legislation Division at the State Council.

[1] The phrase "unless by the approval of the Committee stipulated in Article (18) of this Law" has been repealed by Law No. 3 of 1998.

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Article (17)[1]

Founders or authorized representatives thereof shall notify GAFI of the incorporation of the company. Said notice shall be submitted together with the following documents:

a. In respect of joint stock companies and partnerships limited by shares, the preliminary articles of incorporation and articles of association, and in respect of limited liability companies and single member companies, the articles of incorporation;
b. The approval of the appropriate bodies in case, under the provisions of any other law, special approvals are required to be obtained in order to carry on the object of the company;
c. A certificate to be obtained from one of the licensed banks to the effect that all stocks or shares of the company have been subscribed to, and that the required minimum value of shares or cash shareholdings has been paid and placed at the disposal of the company until the company acquires juridical personality. Limited liability companies shall be exempt from submitting such certificate;
d. In respect of joint stock companies and partnerships limited by shares, a receipt evidencing payment of a fee of one per mille percent (0.001%) of the company's issued capital, and in respect of limited liability companies and single member companies, such fee to be paid of the paid up capital, provided that the fee is at least one hundred pounds (EGP 100) and does not exceed one thousand pounds (EGP 1000); and
e. A certificate to be obtained from one of the companies licensed to engage in central depository and registration of securities evidencing that the securities of joint stock companies and partnerships limited by shares have been deposited at such licensed companies.

The Appropriate Administrative Body shall provide a certificate testifying the foregoing to the person submitting the notification together with the aforementioned documents once fulfilled, the company shall be registered at the Commercial Register by virtue of such certificate without

[1] The First Paragraph has been replaced by Law No. 4 of 2018, and it was amended previously by Law No. 17 of 2015, as well a text was added to the Last Paragraph by Law No. 94 of 2005, and the Article was replaced by Law No. 3 of 1998.
Note: Article (8) of Law No. 4 of 2018 stipulates that: “the joint stock companies and partnerships limited by shares existing at the time this Law comes into force shall adjust to the provision of Item (e) of the First Paragraph of Article (17) which was replaced by this Law, within a period not exceeding one (1) year from the date of enforcement.

the need to effect any other condition or procedure and whatever the participation percentage of non-Egyptians therein.

The company shall be publicized and acquire the juridical personality after the elapse of fifteen (15) days from the date on which it has been registered in the Commercial Register unless the Appropriate Administrative Body decides to grant the company with the juridical personality before the elapse of such term; by way of exception to the aforementioned, companies and establishments carrying on their business in Sinai Peninsula shall acquire the juridical personality only by a decree issued by GAFI CEO and no amendment shall be introduced to its articles of association nor its capital's shares be traded except after obtaining GAFI CEO aforementioned approval.

Article (18)[1]

The Appropriate Administrative Body, within ten (10) days from the date of receiving the notice of company incorporation, may raise an objection against the incorporation of the company, by virtue of a letter via registered mail delivered to the company's address stated in the documents attached to the notification, a copy of such letter shall be delivered to the Commercial Register in order to insert the objection to the company's Commercial Registry, said objection shall be reasoned and encompass the necessary procedures to be taken in order to rectify the reasons behind such objection.

The Appropriate Administrative Body shall not object to the incorporation of the company unless for any of the following reasons:

a. The preliminary articles of incorporation, articles of incorporation, or articles of association violate the necessary data set forth in the form or include matters in violation to the Law;
b. The object of company violates the Law or public order; or
c. One of the founders does not fulfil the legal capacity necessary to incorporate the company.

[1] This article has been replaced by Law No. 3 of 1998.

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Article (19)[1]

The company shall, within fifteen (15) days from the date of being notified of the objection, rectify the reasons behind the objection, and may file a complaint against such objection before the Minister of Economy; otherwise, the Appropriate Administrative Body shall issue a decision to cross out the company from the Commercial Register.

The elapse of fifteen (15) days from the date on which a complaint was filed without deciding thereon shall be deemed an admission of the complaint giving no effect to the objection.

In case the complaint is rejected, the company shall be notified by virtue of a registered mail to rectify the reasons of the rejection, if the company fails to remove the causes of the objection within ten (10) days from the date of service of the notice, the Appropriate Administrative Body shall issue a decision to cross out the company from the Commercial Register.

In all cases, the company's juridical personality shall cease to exist from the date the decision of crossing out the company has been issued; concerned parties shall appeal against said decision before the Administrative Court within sixty (60) days from the date of receiving the notification or knowledge thereof, the Court must decide on the appeal summarily.

The founders shall be liable, jointly, of all their property for the effects or damages attaining third parties due to crossing out the company from the Commercial Register, without prejudice to the prescribed criminal penalties.

Article (19), *bis*[2]

Without prejudice to the provisions of the Capital Market Law enacted by Law No. 95 of 1992, GAFI may not raise objection against capital increase, unless proven to GAFI that such increase took place by way of fraud or by inflicting harm to the rights of third parties or shareholders, or was in violation of the Egyptian Accounting Standards or as a result of a substantial violation to the provisions of this Law and the capital increase rules and procedures. The appropriate office of the Commercial Register shall enter such objection in an endorsement to that effect.

A company shall, within fifteen (15) days from the date on which it has been notified of the objection, rectify the reasons thereof, and may file a grievance against such objection before the Grievances Committee stipulated

[1] This article has been replaced by Law No.3 of 1998.
[2] This article has been added by Law No.4 of 2018.

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in Article (160) *bis* of this Law; otherwise the office of the Commercial Register shall cross out such endorsement that is giving effect to the capital increase.

The elapse of sixty (60) days from the date on which a grievance was filed without deciding thereon shall be deemed to be an admission of the grievance giving no effect to the objection. In case the grievance is rejected, GAFI shall notify the company and the office of the Commercial Register of the rejection in accordance with the procedures set out in the Executive Regulations of this Law. The company shall remove the causes of the objection within ten (10) days from the date of service of the notice; otherwise, the office of the Commercial Register shall cross out such endorsement that is giving effect to the capital increase.

Article (20)

Upon a decision by the Appropriate Minister, the paid money shall be deposited at one of the licensed banks to the account of the company being incorporated.

The company shall not withdraw such money unless it has registered the articles of association or incorporation at the Commercial Register.

Article (21)[1]

These Executive Regulations shall regulate the procedures of publicizing the articles of incorporation and articles of association in ***al-Waqa'e al-Misreyya*** [A Supplement to the Government Official Gazette], or in a special and relevant publication that issued for such purpose or in any other publication mean.

In all cases, the publication shall be at the expense of the company.

The fees of authenticating the signatures of the articles of incorporation of companies governed by the provisions of this Law shall be a quarter percent (0.25%) of the capital within maximum of one thousand pounds (EGP 1000), whether the authentication process takes place in Egypt or by the Egyptian Authorities abroad.

Companies' articles of incorporation along with loan and mortgage contracts pertaining to the business thereof, shall be exempt from stamp duty, ratification and publicity fees for a period of one (1) year from the date on

[1] The first paragraph has been replaced by Law No. 3 of 1998.

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which articles of incorporation and association are registered in the Commercial Register.

Article (21) *bis*[1]

Repealed

Article (22)[2]

Repealed

Article (23)[3]

Repealed

Article (24)

Terms and procedures relating to the incorporation of the company shall be taken into account upon amending the articles of association in the cases defined by the Executive Regulations.

[1] This article has been repealed by Law No. 3 of 1998. Article (21) *bis* was previously added by Law No. 212 of 1994.
[2] This article has been repealed by Law No. 3 of 1998. Article (21) *bis* was previously added by Law No. 212 of 1994.
[3] This article has been repealed by Law No. 3 of 1998. Article (21) *bis* was previously added by Law No. 212 of 1994.

Third: Provisions on the Incorporation of Types of Companies

1- Joint Stock Companies and Partnerships Limited by Shares

Article (25)[1]

Subject to the provision of Article (28), Item (1) of this Law, if the capital of a joint stock company or a partnership limited by shares consists of tangible or intangible in-kind shares, or if the capital of any of the said two companies is increased by tangible or intangible in-kind shares, the founders or the BoD, as the case may be, shall request GAFI to verify whether such shares have been duly valuated.

A committee formed at GAFI shall have competence to carry out such valuation, and shall be chaired by a Justice from among the Judiciary, and composed of a maximum of four (4) experts in economic, accounting, legal and technical specialties respectively to be selected by GAFI. The committee shall comply with the rules, procedures and standards specified by the Executive Regulations. The committee shall comply with the Egyptian standards on real estate valuation and financial valuation of facilities, as the case may be. The committee shall submit its report within maximum sixty (60) days from the date on which the papers have been referred thereto.

Should the in-kind shares be owned by the A.R.E, a public body or a public company, a representative of public property, to be selected by the Appropriate Minister in accordance with the rules and restrictions laid down under a decree to be passed by the Prime Minister, shall participate in the said valuation.

Should the in-kind shares be owned by one of the bodies stated in the preceding paragraph, the founders or the BoD shall distribute the committee's report to the partners and the Accountability State Authority (The "ASA") at least two weeks prior to the meeting to be held for the purpose of report's discussion.

Valuation of said shares shall not be final unless after being approved by subscribers or partners with a numerical majority holding two-thirds of the

[1] The first, second and last paragraphs have been replaced by Law No. 4 of 2018.

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shares or cash shareholdings after excluding the abovementioned shares owned by those who contributed them, who shall not have a voting right in respect of the approving the evaluation even if they are among the holders of shares or cash shareholdings.

Should the in-kind share valuation be less by more than one-fifth of the value at which it is contributed, the company must decrease the capital by the equivalent of such decrease.

However, the one contributes said share may pay the difference in cash and may withdraw. The in-kind shares may only represent the shares or stocks whose full value has been met.

Provisions of this Article (25) shall apply to the in-kind shares being subscribed to upon any capital increase before the elapse of the time limit specified in the First Paragraph of this Article (25).

Article (26)

Upon an invitation by all founders or representatives thereof, the company's constituent general meeting shall convene within a month from closing the subscription, the elapse of the time limit specified for participation or submitting a report on the valuation of in-kind shares, whichever comes first.

All the partners shall have the right to attend such meeting regardless of number of their shares or stocks. The Executive Regulations shall specify the procedures and dates of calling the meeting, the required data, the manner of publication thereof and the parties to be notified.

Said constituent general meeting shall be chaired by the founders having the greatest amount of shares or stocks. The constituent general meeting shall elect a secretariat and vote counters.

The chairperson, the secretariat and the two vote counters shall sign the minutes of meeting.

Article (27)

The constituent general meeting shall not be valid unless attended by number of partners representing at least half of the issued capital.

Should the quorum stated in the preceding paragraph be not met, calling a second meeting shall be made to be held within fifteen (15) days from the first meeting, and the Executive Regulations shall specify the procedures and data of calling a second meeting.

The second meeting may not be valid unless attended by a number of partners representing at least quarter of the issued capital. Resolutions of the constituent general meeting shall be passed by a majority vote of attendees' shares or stocks, unless a special majority in some cases are required by the Law.

Article (28)

The constituent general meeting shall have competence to consider the following issues:

1. Valuation of the in-kind shares in the manner stated in this Law;
2. The founders' report regarding the company's incorporation and its expenditures;
3. The approval on the company's articles of association, such constituent may not amend such articles of association unless by an approval of the founders and numerical majority of partners representing at least two-thirds of the capital; and
4. The ratification of selecting members of the first BoD and the auditor;

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2- Limited Liability Companies

Article (29)

A Limited Liability Company shall not be incorporated unless all the cash shareholdings in the company's articles of incorporation have been distributed among the partners and paid in full.

If the partner presents an in-kind share, the company's articles of incorporation must specify the in-kind share’s type, value, the price agreed upon by other partners, the partner’s name and capital share in return for what is presented thereby.

The one contributes the in-kind share shall be liable vis-à-vis third parties for its estimated value stated in the company’s articles of incorporation. Should an increase in the estimated value be proven, the difference shall be paid in cash to the company, and the remaining partners shall be liable jointly for paying said difference unless proven that the partners have no knowledge of this.

Article (30)

In the event of capital increase, the company’s founders as well as the managers shall be jointly liable vis-à-vis all interested parties, even agreed otherwise, for the following:

a. The part of the capital that has been improperly subscribed to, and the founders and managers shall be deemed, by law, subscribers to such part and they must pay it as soon as the cause of invalidity is found out; and

b. Any increase in the value of the in-kind shares stated in the company’s article of incorporation or the contract concerning the capital increase contrary to the actual state. They shall be deemed, by law, subscribers to such increase and should pay it once this has been proved.

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Part II: Provisions on the Types of Companies

Chapter I: Joint Stock Companies

First: Financial Structure

1- Capital and Profits

Article (31)[1]

The company's capital shall be divided into nominal shares of equal value.

The articles of association shall specify the nominal value of each share, where it shall not be less than one Egyptian pound (EGP 1) and not more than one thousand Pound (EGP 1000), or its equivalent in free currencies, and any provision prescribed in any other contradicting this text shall be revoked.

The share shall be indivisible and may not be issued for a value less than its nominal value, nor shall it be issued for a higher value, unless in certain cases and terms specified by the Executive Regulations, and in all cases such increase shall be added to the reserve.

The expense of issuance shall not exceed, in all cases, the limit determined by a decision by FRA.

The Executive Regulations shall regulate the data included in the shares' certificates, the method of replacing lost or damaged certificates and the procedures to be adopted in respect of such certificates upon the amendment of the articles of association of the company.

Article (32)[2]

The company shall have an issued capital, and the articles of association shall specify the authorized capital exceeding the issued capital for no more than ten (10) times. The Executive Regulations may not specify a minimum limit for the issued capital for companies engaged in certain activities, as well as its paid up amount upon the incorporation.

[1] The second paragraph has been replaced by Law No. 4 of 2005.
[2] This article has been replaced by Law No. 3 of 1998.

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The issued capital must be fully subscribed to, and each subscriber shall pay minimum ten percent (10%) of the nominal cash value of the share, to be increased to twenty five percent (25%) within a period not exceeding three (3) months from the date of the company's incorporation, provided that the remaining of such value shall be paid within a period not exceeding five (5) years from the date of incorporation.

The Executive Regulations shall determine the procedures of shares trading prior to paying the value thereof in full.

Article (33)[1]

By a resolution of the ordinary general meeting by a majority of shares represented in the meeting, the issued capital may be increased; By a resolution of the BoD, the issued capital may be increased within the limits of the authorized capital (if any). Companies whose securities are listed in one of the Egyptian stock exchanges shall be exempt from the foregoing.

In all cases, the issued capital shall not be increased before being paid in full, unless by a resolution of the extraordinary general meeting, provided that subscribers to the increase shall pay no less than the percentage determined to be paid from the issued capital before the increase thereof, and they shall pay the remaining of the value in the same dates in which the remaining value of the issued capital shall be paid.

The issued capital increase shall actually take place within the three (3) years following the issuance of decision authorizing such increase or within the period of paying the issued capital before increasing thereof, whichever is longer, otherwise, the decision authorizing the increase shall be null and void.

Article (34)

Initial shareholdings or dividends may not be created unless in return for waiver of a concession granted by the government or an intangible right.

[1] The first paragraph has been replaced by Law No. 4 of 2018, and the article was previously replaced by Law No. 3 of 1998.

The Company's articles of association shall include a list of the considerations of such shares and the rights relating thereto. The company's general meeting shall have the right to cancel said shares in return for a just compensation specified by the committee stated in Article (25) after the elapse of one-third of the company's term or ten (10) fiscal years at most from the date of creating such initial shareholdings or dividends, unless the company's articles of association states a shorter period at any time thereafter.

Said initial shareholdings or dividends may not be allocate thereto more than ten percent (10%) of net profits after retaining the legal reserve and paying at least five percent (5%) as capital profit.

Upon dissolution or liquidation of the company, holders of said initial shareholdings or dividends shall not have portion in the liquidation surplus. Provisions of this paragraph shall not apply to companies existing at the time this Law comes into force.

Article (35)[1]

Jouissance shares may not be issued unless for companies whose articles of association state the amortization of their shares before the elapse of the company's term due to the company's concession to the exploitation of a natural resource, a public utility granted thereto for a limited period or any facet of exploitation of what is consumed by use or vanishes after a certain period.

The articles of association may include a stipulation granting some preferences to certain classes of shares in terms of voting, profits and liquidation proceeds, provided that the shares of the same class are *pari passu* in terms of rights, preferences and restrictions. The preferences of voting and liquidation proceeds may not be combined. The rights, preferences or restrictions relating to each class of shares may not be amended unless by a resolution of the extraordinary general meeting and the approval of those holding two-thirds of the shares class being amended.

In all cases, preference shares or capital increase by preference shares may not be effected unless upon the approval of the extraordinary general

[1] The second and third paragraphs have been replaced No. 4 of 2018.

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meeting by a majority vote of those holding three-quarters of the shares of the company before the increase, and upon the amendment of the articles of association of the company in accordance with the provisions laid down in the Second Paragraph of this Article (35).

The Executive Regulations shall specify the controls, terms and conditions of the issuance of preference shares.

Article (36)[1]

Repealed.

Article (37)[2]

Should the Company's shares be offered for public subscription, this shall be done by one of the licensed banks by a decree of the Minister of Economy to receive subscriptions, or through companies established for such purpose or companies authorized to deal in securities, after the approval of the FRA.

In case the subscription is not covered in the period specified therefor, the banks or companies received the subscription may, if licensed, cover all or some of the uncovered shares offered for the subscription. Said banks or companies may also re-offer to the public what is subscribed to without being restricted to the procedures and restrictions of shares trading stipulated in this Law.

The Executive Regulations shall specify the procedures and conditions for applying the provisions of this Article (37).

Article (38)

Should the subscription exceed the number of shares offered, such shares shall be distributed among subscribers in the manner specified by the company's articles of association, providing this shall not result in the

[1] This article has been repealed by Law No. 3 of 1998.
[2] This article has been replaced by Law No. 3 of 1998.

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exclusion of the subscriber, whatsoever the number of shares subscribed to, taking into account rounding fractions in favor of small subscribers.

Article (39)[1]

The company shall have a fiscal year determined by the articles of association, and financial statements therefor shall be prepared as per the Accounting Standards issued by a decree of the Minister of Economy. The Company's articles of association may stipulate the preparation of periodic financial statements of the company of not less than three (3) months. The company, whose desire is to participate in the incorporation of other companies or to participate in any other manner, must prepare combined financial statements for such companies.

Article (40)

Net profits are the profits resulting from transactions carried out by the company after deducting all the necessary costs to make such profits, and after calculating and setting aside all amortizations and provisions that should be duly calculated and set aside before any distribution in any form.

The BoD shall set aside at least 0.05% from the net profits referred to in the preceding paragraph to form a legal reserve, and the general meeting may suspend setting aside such reserve if it reaches half of the capital.

The legal reserve may be used to cover the company’s losses and the capital increase.

The company’s articles of association may state setting aside a certain percentage of the net profits to form a statutory reserve.

Should such statutory be not intended for a specific purpose stipulated in the company’s articles of association, the general meeting may, upon a proposal by the BoD, decide to use it for the benefit of the company or the shareholders.

[1] This article has been replaced by Law No. 3 of 1998.

Moreover, the general meeting may, upon a proposal by the BoD, form other reserves.

Upon the general meeting approval, a percentage of the net profits, realized by the company due to the sale of a fixed asset or due to a compensation therefor, may be distributed, provided that the foregoing shall not result in the company's inability to restore its assets to their original status or to purchase new fixed assets.

The company's articles of association may stipulate that the general meeting shall have the right to distribute all or some of the profits disclosed in the periodic financial statements prepared by the company, provided that such profits shall be attached with a report thereon prepared by the auditor.

Article (41)

The company's employees shall have a share in the profits to be distributed. Such share, determined by the general meeting upon the proposal of the BoD, shall be not be less than ten percent (10%) of the said profits and not more than the total annual salaries of the company's employees. The Executive Regulations shall specify the way of distribution of the amount in excess of the aforementioned percentage of the profits (10%) among employees and services that shall be beneficial therefor.

Provisions of the preceding paragraph shall not prejudice the profits distribution system applied for the existing companies at the time this Law comes into force if it is better than the abovementioned provisions.

Article (42)

The ordinary general meeting shall decide on the way of using the remaining net profits after paying the amounts referred to in the preceding Articles and as per the percentage determined to reward the BoD members from the net profits.

The reserves and provisions referred to in the preceding Articles may not be disposed of in purposes other than what intended for, except with the approval of the general meeting.

Article (43)

Profits may not be distributed if that results in the company's inability to fulfill its cash obligations on time.

The company's creditors may request the appropriate court to annul any decision violating the provisions of the preceding paragraph. The BoD members, who approved the distribution, shall be jointly liable vis-à-vis creditors within the profits' amount whose distribution has been canceled.

Shareholders, who were aware of such violation, may be held accountable to the extent of profits' amount received thereby.

Article (44)

The shareholder and the employee shall be entitled to their share in the profits as soon as the resolution to distribute them is issued by the general meeting.

The BoD shall implement the resolution of the general meeting to distribute profits to shareholders and employees within no later than one (1) month from the date of the resolution issuance.

The shareholder or employee shall not be required to refund the profits received thereby - in a manner consistent with the provisions of this Law - even if the company suffers losses in the following years.

2- Shares Trading

Article (45)[1]

Without prejudice to the provisions of Article (53) of the Investment Law enacted by Law No. 72 of 2017, initial shareholdings and shares given in return for in-kind shares may not be traded before the publication of the company's financial statements of two full years, each year shall not be less than twelve (12) months from the date of the incorporation. The Executive

[1] The first and second paragraphs have been replaced by Law No. 4 of 2018.

Regulations shall lay down such rules and conditions as required in this respect.

Shares of joint stock companies, an exception being made to the initial shareholdings and the shares aforementioned in the First Paragraph shall be traded in accordance with the rules and procedures regulated by this Law, the Capital Market Law and the decisions issued in implementation thereof.

However, notwithstanding the foregoing provisions, the ownership of shares subscribed by the company's founders shall pass, by way of transfer, from a founder to another or from a founder to a BoD member, if required to be obtained for submitting as a guarantee of management, or from founders' heirs to third parties in the event of death.

Provisions of this Article (45) shall apply to what are subscribed to by the company's founders in each capital increase before the elapse of the period stated in the Paragraph (1).

Article (46)[1]

Without prejudice to the provisions of the aforementioned Article, subscription certificates and shares shall not be traded with more than the value issued thereto in addition to, if necessary, the issuance expenditures consideration in the period preceding the company's registration in the Commercial Register in respect of the subscription certificates or in the period following the date of registration until the publication of the financial statements of a full fiscal year in respect of the shares, unless in accordance with the terms and procedures issued by a decree of the Minister of Economy.

Article (47)

Joint stock companies' shares and bonds issued through public subscription shall be presented within maximum one (1) year from the subscription closing date to all the stock exchanges in Egypt for listing on such

[1] This article has been replaced by Law No. 159 of 1998.

stock exchanges price lists in accordance with the terms and conditions stipulated in the bylaws of the said stock exchanges.

The BoD managing director shall be responsible for the implementation of the provisions of this Article (47) and any compensation payable owing to the violation of said provisions when necessary.

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Article (48)[1]

By no means may a company acquire a part of its shares that exceeds ten percent (10%) of the total issued shares.

A company shall, in case it acquires a part of its shares within the limits set forth in the First Paragraph, notify GAFI of such acquisition within maximum three (3) business days. The company shall dispose of such part of shares to third parties within a period not exceeding one (1) year from the date of acquiring the same; otherwise, the company shall decrease its capital, by an amount equal to the nominal value of such part of shares, in accordance with the procedures specified by the Executive Regulations of this Law.

Should the company fail to decrease its capital in accordance with the Second Paragraph, GAFI shall carry out the procedures of capital decrease after the elapse of thirty (30) days from the date on which the company has been notified to do so in accordance with the procedures specified by the Executive Regulations of this Law.

Should the company dispose of the aforementioned part of shares to subsidiaries thereof or affiliates thereto, this may not be regarded as a disposition to third parties.

In all cases, the aforementioned part of shares may not grant the right to vote or to gain any profits upon distribution thereof, and shall be deducted from the company's shares upon counting attendance and quorum required to voting at the general meeting, until such part of shares has been disposed of.

The Executive Regulations of this Law shall regulate the procedures of the disposition of such part of shares, as well as the relationship between the company and the subsidiaries thereof or the affiliates thereto.

The company may purchase some of its shares in order to distribute the same on the employees of the company as a part of their profit shares.

[1] This article has been replaced by Law No. 4 of 2018, and it was previously replaced by Law No. 3 of 1998.

Article (48) *bis*[1]

Without prejudice to the legal system of profits distribution, articles of association of the company may include one or more rewarding and motivation program(s) for the employees and the managers through granting them a portion of the company's shares, directly or indirectly, in accordance with the manners, rules and procedures stipulated in the Executive Regulations of this Law. FRA shall prepare the forms and review contracts concluded in this respect.

3- Issue of Bonds

Article (49)

The company may issue nominal bonds, which shall be tradable. The said bonds may not be issued, unless by a resolution of the general meeting and full payment of the issued capital, and provided that the value of such bonds does not exceed the net assets of the company as specified by the auditor as per the latest financial statements approved at the general meeting.

If a part of the bonds issued by the company is offered for public subscription, this shall take place after having obtained the approval of the FRA, through one of the licensed banks by a decree of the Appropriate Minister to receive subscription, or such companies founded to do so or licensed to deal in securities.

Calling public subscription to bonds shall be effected by a prospectus that includes such data, procedures and method of publication as specified by the Executive Regulations.

Any person concerned may, in case of violation of the provisions of the preceding paragraph, request the appropriate court to annul the subscription, and obligate the company to refund the value of the bonds immediately, without prejudice to the company's liability to pay compensation for any damage suffered by such person concerned.

The Executive Regulations shall lay down the data included in the bond certificates, the method of replacing lost or damaged certificates or the

[1] This article has been added by Law No. 94 of 2005.

procedure to be adopted in respect of such certificates upon the amendment of the articles of association of the company.

Article (50)

As an exception from the provisions of the preceding Article (49), the company may issue bonds before the issued capital has been fully paid, if:

a. The full value of the bonds are guaranteed under a preference mortgage on the company's property;
b. The bonds are guaranteed by the State;
c. The bonds are fully subscribed to by banks or companies engaged in the securities business, even if such banks or companies re-sell the bonds; or
d. The company is a real estate company, a real estate credit company or a company licensed to carry on the foregoing by virtue of a decree of the Appropriate Minister. By a decree of the Appropriate Minister, upon a proposal of the FRA, the company may be licensed to issue bonds at a value exceeding the net assets thereof but within the limits specified by the said decree.

Article (51)

The conditions of issue of bonds may include that bonds may be converted to shares after the elapse of the time limit specified by the company in the subscription prospectus. The conversion may not be effected unless with the approval of the bondholder.

In order to apply the provisions of this Article (51), the rules on capital increase shall be complied with.

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Article (52)

A group of bondholders ("Bondholder Group") composed of all bondholders of the same class shall hereby be formed. The object of the Bondholder Group shall be to protect the common interest of the members thereof. The Bondholder Group shall have a legal representative, from among the members thereof, and shall be selected and dismissed in accordance with the terms and conditions stipulated in the Executive Regulations, provided that such legal representative does not have any direct or indirect relationship with the company, or any conflict of interests with the bondholders.

The Appropriate Administrative Body shall be notified of the formation of the Bondholder Group, the name of the representative thereof and copies of the resolutions passed by the Bondholder Group. The representative of the Bondholder Group shall take such necessary actions as to protect the common interest of the Bondholder Group whether vis-à-vis the company, third parties or the Judiciary; this shall be within the limits of the resolutions passed by the Bondholder Group in a valid meeting.

The Executive Regulations shall lay down the conditions and procedures of calling Bondholder Group meeting, those entitled to attend, the manner and place of meeting, the voting process, and the Bondholder Group relationship with the company and the administrative bodies.

The representative of the Bondholder Group shall have the right to attend the general meetings of the company and to comment without having a counted vote. The representative shall have the right to propose resolutions and recommendations of the Bondholder Group to the BoD or the general meeting of the company.

Second: Company Management

1- Management Scope of Functions and Protection of those Engaged in Business with the Company

Article (53)

The general meeting and the BoD, along with the employees or the agents designated by either the general meeting or the BoD shall have the right to take legal action on behalf of the company to the extent stipulated in the provisions of this Law and the company's articles of incorporation and bylaws.

Article (54)

The BoD may be vested with all authority relating to the management of the company and the carrying on of such necessary business as to realize the object of company, with the exception of those acts and deeds falling within the scope of functions of the general meeting as stipulated by a special provision in the Law or the articles of association of the company.

However, the general meeting may perform any of the acts of the management, should the BoD fail to decide on such act due to BoD meeting insufficient quorum as a result of the lack of capacity of a number of the BoD members, the intentional non-attendance by the BoD members or the absence of a majority vote in favor of the relevant resolution.

The general meeting shall have the right to ratify any acts performed by the BoD, or to give recommendations on the acts falling within scope of functions of the BoD.

Article (55)

Any act or deed performed at a general meeting, or by the BoD, any BoD committee(s) or any BoD member undertaking the management on behalf of the BoD shall be deemed to be binding on the company in the ordinary course of management. A *bona fide* party may adduce the foregoing vis-à-vis the company even if the act was performed in excess of the authority of the doer thereof or even if the legally stipulated procedures were not complied with in respect of the act.

In all cases, the company may not disclaim liability for any acts or activities actually carried on thereby by arguing that the articles of association of the company do not authorize the company to perform such acts or activities.

Article (56)

Any act performed by an employee or agent of the company may not be deemed to be binding on the company, unless such act was expressly or by implication authorized at a general meeting, or by the BoD or whomever delegated by the BoD from among the BoD members to undertake management, as the case may be.

However, *Bona fide* third parties may adduce vis-à-vis the company any act performed by an employee or an agent of the company, if any of the aforementioned bodies presented such an employee or an agent as having the authority to perform such an act on its behalf and such third parties relied on this presentation in course of dealing with the company.

Article (57)

The company may not adduce vis-à-vis *bona fide* third parties engaged in business therewith that the provisions of the company's articles of incorporation or association were not complied with in respect of the act.

The company may not adduce that the BoD, some BoD members, managers, or other employees or agents of the company were not appointed in the manner required by the law or the company's articles of association, so long as their acts were performed within the ordinary limits for whoever is in a similar position in the companies engaged in the same type of business activity being carried on by the company.

Article (58)

Within the meaning of the foregoing Articles, whoever already knows the act, or was capable, by virtue of his position in the company or his relationship therewith, of gaining knowledge of any shortfall or defect in the act intended to be adduced vis-à-vis the company, may not be deemed to be a *bona fide* party.

A person may not be presumed to have had knowledge of the content of any document or contract on the grounds only that it was published by any of the means stipulated in this Law.

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2- The General Meeting

Article (59)[1]

Each shareholder shall have the right to attend the general meeting either in person or by proxy. In order for attendance by proxy to be valid, it shall be duly executed by virtue of a power of attorney or a written authorization.

A shareholder, other than the members of the BoD, may not delegate one of the members of the BoD to attend the general meeting.

The Executive Regulations of this Law shall specify the restrictions to be followed in attendance by proxy, whether the delegate is from among the shareholders or others.

Article (60)

The BoD shall be represented at the general meeting by no less than that quorum required for the BoD meeting to be valid, excluding those cases in which the number of the BoD members is less than that quorum. Failure to attend general meetings may not be permissible unless with a legitimate excuse.

In all cases, the meeting shall be valid if attended by at least three (3) members of the BoD, among whom the chairperson, the deputy chairperson or a managing director, and the other conditions, in respect of the meeting, required by the Law and the Executive Regulations have been met.

If the quorum for shareholders meeting meets the legal requirements, while the quorum of the BoD is not met, the general meeting may in this case consider imposing a fine on the BoD members who failed to attend without a legitimate excuse. Should their absence recur, the general meeting may consider their dismissal and the election of others, and then another general meeting shall be called.

[1] This article has been replaced by Law No. 4 of 2018.

The procedures relating to the shareholders attendance at general meetings shall be regulated in the Executive Regulations.

Article (61)[1]

Shareholders general meeting shall be convened upon an invitation by the BoD chairperson at the time and place stipulated by the articles of association. The general meeting shall be convened at least once per year during the three (3) months following the end of the company's fiscal year.

The BoD may, when necessary, decide to call a general meeting.

The BoD shall call an ordinary general meeting to convene if so requested by the auditor or a number of shareholders representing at least five percent (5%) of the company's capital, provided that they elaborate on the reasons for this request, and deposit their shares at the company's head office or a certified bank. Such shares may not be withdrawn unless after the general meeting is adjourned.

The Executive Regulations shall specify the procedures of calling a general meeting, anything included therein, how the meeting is made public and published, the meeting dates and the bodies to be notified.

Article (62)

The auditor or the Appropriate Administrative Body may call a general meeting to convene in cases where the BoD delays in such calling, even though being necessary, and a month passed since the occurrence of such delay or since the beginning of the date on which the invitation must have been served.

The Appropriate Administrative Body may call a general meeting to convene if the number of BoD members is less than the quorum required for the meeting to be valid, or if the BoD members who would satisfy the said quorum refrain from attending the meeting. In all cases, the cost of the invitation shall be at the company's expense.

[1] The word "six" has been replaced by the word "three" by Law No. 4 of 2018.

Article (63)[1]

Subject to the provisions of this Law, the ordinary general meeting shall have competence to:

a. Elect or dismiss BoD members;
b. Control the acts of BoD members, and consider the discharge of such members;
c. Approve financial statements;
d. Approve BoD report on the business activity of the company;
e. Approve distribution of profits; and
f. Any matter deemed fit, by the BoD, the Appropriate Administrative Body or shareholders owning five percent (5%) of the capital, to be proposed in a general meeting.

The ordinary general meeting shall have competence to any matter stipulated in the Law and the articles of association of the company.

Article (64)[2]

The BoD shall, within a time limit allowing for the holding of a general meeting within maximum three (3) months from the end date of a fiscal year, draw up the financial statements of the company on such fiscal year, and prepare a report on the company's business activity during that fiscal year and the financial standing thereof as of the end of the same year.

Article (65)

The BoD shall publish the financial statements, and a full summary of the reports thereof as well as the full text of the auditor's report before the general meeting. The Executive Regulations shall specify the methods and dates of publication.

[1] The Law No. 4 of 2018 has repealed the phrase "and the company's articles of association", as well as the phrases "profit and loss account" and "budget" have been replaced by the phrase "financial statements" wherever mentioned in this Law.

[2] This article has been replaced by Law No. 3 of 1998.

It may suffice, if the company's articles of association so permit, to send a copy of the documents provided for in the First Paragraph to each shareholder by means of a registered letter with acknowledgment of receipt or by any other means to be specified under the Executive Regulations together with the dates of sending the same.

Article (66)

The Executive Regulations shall specify such necessary data that shareholders must be briefed on prior to the ordinary general meeting being held, including these in connection with (i) the remunerations and salaries of the BoD members and chairperson, (ii) all other benefits or salaries received by such members and chairperson, (iii) the transactions in which any of such members and chairperson has an interest that conflicting with that of the company, and (iv) any other data relating to the donations or advertising expenditures.

The Executive Regulations shall specify the conditions and time limits of the foregoing.

Article (67)[1]

A general meeting may not be valid unless attended by shareholders representing at least one (1) quarter of the capital, unless the articles of association of the company stipulate a higher percentage, provided that such higher percentage does not exceed half of the capital. Should the minimum quorum be not present in the first meeting, a call for a second general meeting to be held within thirty (30) days from the first meeting shall be made. The call for the first meeting may, if the quorum of the first meeting was not present, include an appointment for the second meeting, unless the articles of association of the company stipulate otherwise.

The second meeting shall be valid notwithstanding the number of shares represented therein.

[1] The first paragraph has been replaced by Law No. 4 of 2018.

The Executive Regulations shall specify the procedures and means of calling a general meeting as well as the data to be included in such invitation.

Resolutions of the general meeting shall be passed by the absolute majority of the shares represented in the meeting.

The Executive Regulations shall specify the procedures of holding the meeting, the chair thereof, the manner in which the secretariat and vote counters are selected, and the manner of taking votes.

Article (68)[1]

The extraordinary general meeting shall have competence to amend the company's articles of association subject to the following:

a. Shareholders' liabilities may not be increased, and any resolution passed at a general meeting in a way that would affect the shareholder's basic rights conferred by virtue of such shareholder's capacity as a partner shall be null and void;
b. An object that is ancillary to, associated with or close to the original object of the company may be added. The original object may not be changed unless for reasons acceptable to the Appropriate Administrative Body;
c. An extraordinary general meeting may consider extending or reducing the term of the company, dissolute the company prior to the expiry of the term thereof, or change such percentage of loss that would lead to the mandatory dissolution or merger of the company notwithstanding the provisions of the articles of association; and
d. The approval of the extraordinary general meeting on the amendment of the articles of association of the company may not be required, in case the BoD increases the issued capital within the limits of the authorized capital. The BoD shall effect the necessary amendment in this respect.

[1] Item (d) is added by Law No. 4 of 2018, and the phrase mentioned in Item "(b) unless for reasons approved by the Committee stipulated in Article (18)" was previously replaced by "unless for reasons approved by the appropriate administrative body" under Law No. 3 of 1998.

Article (69)[1]

Should the company suffer losses equal to half of the value of the shareholders equities as evidenced by the latest annual financial statements of the company, the BoD shall call for an extraordinary general meeting to consider the dissolution or the continuation of the company.

Article (70)[2]

The provisions applicable to the ordinary general meeting shall apply to the extraordinary general meeting, subject to the following:

a. An extraordinary general meeting shall convene upon an invitation by the BoD. The BoD shall send such invitation if so requested by a number of shareholders representing at least ten percent (10%) of the capital, provided that the requesting shareholders deposit their shares at the company's head office or a certified bank. Such shares may not be withdrawn unless after the general meeting is adjourned. Should the BoD fail to call the meeting within one (1) month from the date on which the request was made, the requesting shareholders may request the Appropriate Administrative Body to send the invitation;
b. An extraordinary general meeting may not be valid unless attended by shareholders representing at least half of the capital. Should such minimum limit be not present during the first meeting, a call for another meeting, which shall be held within thirty (30) days from the first meeting, shall be made. The second meeting shall be deemed valid if attended by a number of shareholders representing at least one quarter of the capital. The Executive Regulations shall specify the procedures of calling the meeting, the dates thereof, how the meeting is made public and published, and those entitled to attend the meeting other than shareholders; and

[1] This article has been replaced by Law No. 4 of 2018.

[2] The phrase "for compelling reasons" in Item (a) has been repealed. Item (c) has been replaced by Law No. 4 of 2018.

c. Resolutions of an extraordinary general meeting shall be passed by a majority vote; two-thirds of the shares represented in the meeting, unless the resolution is relating to the company's authorized capital increase or reduction, the company's dissolution prior to the expiry of term thereof, or change of object, or merger or split-up thereof, in which cases, the resolution may be valid only by a majority vote of those holding three-quarters of the shares represented in the meeting.

Article (71)

A general meeting may not deliberate matters other than those included on the agenda. However, the general meeting may deliberate such serious facts as may be revealed during the meeting.

Resolutions passed by a duly constituted general meeting that was held in accordance with the Law and the company's articles of association shall be binding on all shareholders whether they attended the meeting in which these resolutions were passed, were absent, or in violation. The BoD shall implement the resolutions of the general meeting.

Article (72)

Every shareholder attending the general meeting shall have the right to discuss any matters on the agenda, and question the BoD members and auditors in respect of such matters. Such shareholder may, at his own discretion, ask any questions before holding the general meeting on the date fixed by the Executive Regulations. Any provision in the articles of association depriving the shareholder from the foregoing right shall be null and void.

The BoD shall answer shareholders' inquiries and questions to such extent that would not jeopardize the interest of the company or public interest. If a shareholder sees that an answer is insufficient, such shareholder may refer to the general meeting whose resolution in this regard shall be enforceable.

Article (73)[1]

Voting at a general meeting shall be in the manner provided for in the articles of association. Voting shall be by secret ballot, should the resolution be relating to the election or dismissal of BoD members, to bring a liability lawsuit against them, or if the BoD chairperson or a number of shareholders representing at least one tenth of the votes present at the meeting so request.

Cumulative voting in the election of the BoD members may be stipulated in the articles of association of the company, by granting each shareholder a number of votes equal to the number of shares owned thereby. The shareholder may give all votes owned thereby to one or more BoD member candidate(s) without having to be bound by the provision of the Fifth Paragraph of Article (67) of this Law; this shall be as set out by the Executive Regulations.

Companies whose shares are listed on a central depositary and registry system may use such electronic systems as deemed fit thereby for the presentation of the agenda of ordinary or extraordinary general meetings, and for the remote voting by the shareholders entitled to attend and vote in the meeting; all this shall be in accordance with the

[1] The second and third paragraphs have been added by Law No. 4 of 2018.

conditions and procedures regulated by the Executive Regulations of this Law.

Article (74)

BoD members may not take part in voting on general meeting resolutions in connection with fixing their salaries and remuneration, or the discharge of their liability for the management.

Article (75)

Minutes shall be written down and contain (i) a full summary of all discussions of the general meeting, and all that occurs during the meeting; (ii) the present quorum; (iii) the adopted resolutions; (iv) the number of votes approving or rejecting such resolutions; and (v) everything shareholders request to be written down in said minutes.

Names of attending shareholders shall be recorded in a special registry in which the fact of their attendance shall be recorded, whether such attendance is in person or by proxy. The said registry shall be signed before the beginning of the meeting by both the auditor and vote counters.

Minutes of general meetings shall regularly be recorded following every meeting in a special book. When keeping such books and registries, the provisions on commercial books shall be complied with in terms of keeping such books and registries free and clear of any empty spaces, blanks, writing on margins, deletion or insertion.

The pages of the said book and registry shall be serially numbered, and each paper shall, before being used, bear the seal of the Real Estate Publicity and Notarization Department, and be signed by the appropriate notary. Said numbering and seal shall bear the date on the front of each page of the book before using such page.

No new book may be registered until the preceding book is given to the appropriate notary to mark it as closed, and to evidence this fact on records to that effect at the said Department.

These provisions on notarization shall apply to the registry of shareholders and general meeting attendance registry, and shall apply to the original and subsidiary books of accounts.

The company shall keep all documents evidencing all that is mentioned in the books and the registries.

Those who sign the minutes of meetings shall be responsible for the validity of the said two registries of the meeting. Any BoD member who signed the minutes of meetings shall be liable for such registries compliance with the Law and the articles of association of the company.

A copy of the minutes of a general meeting shall be furnished to the Appropriate Administrative Body within maximum one (1) month from the date on which the meeting was held.

Article (76)

Without prejudice to *bona fide* third parties rights, any resolution passed at a general meeting in violation of the provisions of the Law or the articles of association of the company shall be null and void.

Any resolution passed in favor of or to the detriment of a certain class of shareholders, or to bring a special benefit to the BoD members or others without consideration for the interest of the company may be annulled.

An action for annulment may not in this case be brought except by those shareholders who recorded their objection to the resolution in the minutes of the meeting or who were absent for legitimate reasons. The Appropriate Administrative Body may bring an action for annulment on behalf of such shareholders, if such shareholders provided compelling reasons.

A judgment of annulment shall entail that the resolution has become null and void in respect of all shareholders. The BoD shall publish a summary of the judgment of annulment in a daily newspaper and the companies' gazette.

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An action for annulment shall be barred after the elapse of one (1) year from the date on which the resolution was adopted. Bringing such an action may not result in the arrest of execution of the resolution unless so ordered by the court.

Article (76) *bis*[1]

Without prejudice to the provision of Article (10) of the Capital Market Law enacted by Law No. 95 of 1992, in respect of companies whose securities are listed on the Egyptian Exchange or which offered securities thereof in a public subscription, or companies engaged in non-banking financial activities, GAFI may, at the request of shareholders owning at least five present (5%) of the shares of the company, whenever such request is demonstrated to be serious, decide to suspend such resolutions as adopted by the general meeting to the detriment of such shareholders, or adopted in favor of a certain class of shareholders or to bring a special benefit to BoD members or others; this shall be in accordance with such as specified in Article (76) of this Law.

A request for arrest of execution of a resolution of the general meeting may not be accepted after the elapse of thirty (30) days from the date on which such resolution was adopted. Parties concerned may bring an action for annulment of the resolutions of the general meeting before the appropriate court within thirty (30) days from the date on which the arrest of execution decision was made, and notify GAFI of a copy of the action brief; otherwise, the arrest of execution decision shall be void.

[1] This article has been added by Law No. 4 of 2018.

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3- The Board of Directors

Article (77)[1]

The company shall be managed by a board of directors (the "BoD") to be composed of at least three (3) members to be selected by the general meeting for a term of three (3) years in the manner stipulated in the company's articles of association. By way of exception from the foregoing, the founders shall appoint the first BoD for a term not exceeding five (5) years.

A general meeting may, at any time, dismiss the BoD or any member thereof even if this was not included on the agenda.

A meeting of the BoD may not be valid unless attended by at least three (3) BoD members, unless the articles of association stipulate a higher number.

Subject to the provision of the preceding Paragraph, the BoD may authorize one another in attending the BoD meetings, provided that such authorization is in writing and approved by the BoD chairperson.

Article (77) *bis*[2]

The articles of association of the company may provide for the guarantee of a representation of a minimum capital percentage in the membership of the BoD. The Executive Regulations of this Law shall regulate the controls, limits and procedures of such representation.

[1] The word “odd number” in the first paragraph has been deleted. The fourth paragraph has been replaced by Law No 94 of 2005.
[2] This article has been added by Law No. 4 of 2018.

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Article (78)

The company's articles of association may include a stipulation to the effect that the BoD include reserve members, who shall replace original members, in cases where the original members were absent or unable to attend as specified by the Executive Regulations.

Article (79)

The BoD may divide its functions on all members thereof based on the type of business engaged in by the company. The BoD shall have competence to:

a. Authorize one of its members or a committee from among its members to perform a specific function(s); supervise any of the business of the company; exercise some authorities or powers vested in the BoD; and
b. Delegate one or more member(s) to undertake the actual management functions. The BoD shall specify the powers of the managing director.

The managing director shall have a full-time dedication to the management.

Article (80)[1]

The BoD shall convene by a call of the chairperson thereof or of the majority BoD members in case the position of the chairperson of the BoD is vacant.

One-third of the BoD members may file a written request to the chairperson to convene a BoD meeting. Should the chairperson fail to call the meeting within ten (10) days from the date on which the written request has been made, the one-third BoD members may call the BoD meeting in accordance with the restrictions specified by the Executive Regulations, and GAFI shall be notified of such meeting. In all cases, the BoD meeting may not be valid unless attended by a majority of the members thereof.

In cases other than those in which the Executive Regulations or the articles of association of the company necessitate that the meeting of the BoD

[1] This article has been replaced by Law No. 4 of 2018.

be held at the head office of the company, a meeting of the BoD may be held outside the head office or by modern communication technology including e-signature, in accordance with the restrictions specified by the Executive Regulations of this Law.

Article (81)

Minutes of the BoD meetings shall be recorded on regular basis following every meeting in a special book to be signed by the chairperson and the secretariat. The terms and conditions applicable to general meeting books shall apply to this special book.

Article (82)

The BoD may appoint a general manager, who may not be a BoD member, to chair the executive functions of the company. Such general manager may be invited to attend BoD meetings without having a right to vote.

The general manager shall carry out work duties thereof under the supervision of the managing director or the chairperson of the BoD, if the latter is undertaking the actual management of the company, and shall report thereto.

Article (83)[1]

Repealed

[1] This article has been repealed by Law No. 94 of 2005.

Article (84)

Employees of joint stock companies established in accordance with the provisions of this Law shall have a share in the management of such companies. The Executive Regulations shall lay down the ways, rules and conditions of participation of employees in the management. The articles of association of the company shall stipulate a way of participation in the management from among the ways included in the Executive Regulations.

Article (85)[1]

The BoD shall appoint from among its members a chairperson. It may also appoint a vice-chairperson who shall replace the chairperson in case the latter is absent.

The BoD may vest the chairperson with the duties of the managing director.

The company shall be represented before the Judiciary by the chairperson of the BoD or the chief executive officer of the company as per the articles of association of the company. The articles of association and bylaws of the company shall set the scope of other functions vested in the chairperson of the BoD, the chief executive officer, the BoD members and the employees.

Article (86)[2]

Should the position of the BoD chairperson become vacant, the BoD member who came second to the ex-chairperson in terms of won votes in the latest BoD election shall replace such ex-chairperson in office. The term of the new BoD chairperson shall be complementary to that of the ex-chairperson. In cases other than the foregoing, the BoD shall appoint a replacement until holding the following general meeting.

A replacement to the BoD member representing a juridical person shall be appointed based on a nomination by whom the BoD member represents,

[1] The third paragraph has been replaced by Law No. 4 of 2018.

[2] The third paragraph has been added by Law No. 4 of 2018.

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provided that such nomination is carried out within one (1) month from the date on which the position became vacant.

In the event of vacancy of more than one-third of BoD members' positions, the remaining BoD members shall immediately call a general meeting in order to elect a replacement, provided that the date on which the ordinary general meeting is to be held within maximum thirty (30) days. The Executive Regulations of this Law shall lay down restrictions and procedures on the foregoing.

Article (87)

Every company shall draw up an annual detailed list to be approved by the BoD chairperson and the managing director. This list shall include the names, capacities and nationalities of the BoD chairperson and members.

The company shall keep a copy of the said list and furnish the original list to the Appropriate Administrative Body prior to the first (1^{st}) of January of every year.

The company shall notify the Appropriate Administrative Body of any change to the list referred to in the First Paragraph, immediately after such change occurs.

Article (88)

The articles of association of the company shall set out the manner in which a remuneration granted to BoD members be fixed. The remuneration may not be a percentage exceeding ten percent (10%) of net profits; after having deducted amortizations, and legal and statutory reserves, and having distributed at least five percent (5%) of the capital on shareholders and employees unless the articles of association specify a higher percentage.

The general meeting shall fix flat salaries, attendance allowances and other benefits due to the BoD members. By way of exception from the foregoing, the remuneration, salaries and allowances of the managing director shall be fixed by a resolution of the BoD.

Article (89)

A joint stock company may not include a BoD member subject to a criminal penalty, a misdemeanor as a result of theft, fraud, breach of trust, forgery or bankruptcy fraud, or a penalty from among those stipulated in Article No. (162), Article (163) and Article (164) of this Law.

Article (90)

Any person may not be appointed as an Egyptian joint stock company BoD member, unless such person acknowledged acceptance of such position. Such an acknowledgment shall include the age, nationality, and names of companies in which such person has previously carried on any business during the last three (3) years prior to the appointed, as well as the type of that business.

Any person may not be appointed as a BoD member in the said company if engaged in managing and using a public utility, unless with the prior approval of the minister supervising that utility or the minister supervising the body granting such utility. General meeting or BoD meeting resolutions on the aforementioned appointment shall be furnished to the minister by a registered letter with acknowledgment of receipt, within fifteen (15) days from the date on which the resolution of appointment has been passed. The elapse of thirty (30) days from the date on which the resolution of appointment has been duly received without any objections raised shall be deemed to have been approved by implication.

Article (91)[1]

Repealed

Article (92)[2]

Repealed

Article (93)[3]

Repealed

Article (94)

Without prejudice to the exceptions accorded to the representatives of public sector banks, a BoD member of any bank, carrying on business in Egypt, may not add to the current membership another BoD membership at another bank or at a credit company, engaged in business in Egypt, and may not perform any management or consulting work for any of them.

Article (95)

A joint stock company BoD member may not, on a permanent basis, perform any technical or managerial work in any form whatsoever for another joint stock company, unless so authorized by the general meeting of the first mentioned company.

[1] This article has been repealed by Law 94 of 2005.

[2] This article has been repealed by Law No. 3 of 1998.

[3] This article has been repealed by Law No. 94 of 2005.

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Article (96)

The company may not provide a cash loan of any type whatsoever to any BoD member thereof or act as guarantor to any loan obtained by such BoD member from third parties.

Credit companies shall be exempt from the foregoing. In carrying on such business that falls within the object thereof, and subject to the same terms and conditions adopted thereby in respect of all customers, a credit company may grant loan or credit to a BoD member thereof, or act as a guarantor for the loan agreements entered into by such BoD member with third parties.

A statement by auditors to the effect that the loans, credit or guarantees set forth in the preceding Paragraph, that have been made without prejudice to the provisions of the said preceding paragraph, shall be made accessible to the shareholders at least five (5) days prior to the holding of the ordinary general meeting.

Any agreement made in violation of the provisions of this Article (96), shall be deemed to be null and void, without prejudice to the company's right to claim compensation, when necessary, against the violator.

Article (97)

Every BoD member of the company and every manager thereof, having an interest conflicting with that of the company in a transaction proposed to the BoD for approval, shall inform the BoD of such conflict of interest, and record it in the minutes of the meeting. Such BoD member or manager may not participate in voting on the resolution to be passed on such transaction.

The BoD shall inform the first general meeting of such transactions as referred to in the preceding Paragraph before voting on the resolutions.

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Article (98)[1]

A BoD member or a manager of a joint stock company may not engage in business for his own account or for the account of third parties in any sphere of business being carried on by the company, without having obtained a special authorization from the general meeting of the company. Failing so, the company may claim compensation from such BoD member or manager, or deem the transactions carried out by such BoD member or manager for his own account to have been carried out for the own account of company.

The BoD members may not exploit or disclose any secrets of the company they become privy to, due to their involvement in the management of the company, being detriment to the financial standing and commercial activity of the company

Without prejudice to the liability of a BoD member violating the provisions of the First and Second Paragraphs for compensation, the BoD may, after seeking the opinion of GAFI and the approval of all BoD members, with the exception of the violating member, suspend the membership of such member from the date on which the violation is proved to have been committed thereby until the date on which the following general meeting is held to vote on the continuation of the membership of the said violating member.

Article (99)

Any founder of the company or a BoD member thereof may not, during the first five (5) years following the incorporation of the company, at any time be involved as a party in a commutative contract proposed before the BoD for approval, unless the general meeting authorizes in advance such entry into contract. Any contract entered into to the contrary to the provisions of this Article (99) shall be null and void.

[1] The second and third paragraphs have been added by Law No. 4 of 2018.

Article (100)[1]

Neither the BoD nor any manager [of a company] may enter into any commutative contract with another company in which a member of such BoD or such manager is a member of the BoD thereof or takes part in the management thereof, or in which the shareholders of the company hold the majority of capital of that other company, if such commutative contract would be rendered invalid in accordance with the provisions of the following paragraph.

All foregoing contracts in which unconscionability percentage exceeds one fifth of the value at the time of contracting shall be null and void, without prejudice to the right of the company and any person concerned to claim compensation from the violator.

Subject to the provision of the last paragraph of Article (76) of this Law, commutative contracts, proved to be disregarding or causing harm to the interests of the company, may be voided, and, accordingly, shareholders of the company may litigate those managing the company for any damage suffered by such shareholders or by the company as a result of such contracts, and demand the refund of any gains realized by the beneficiaries.

Article (101)

A joint stock company may not provide any donations of any kind whatsoever to any political party; otherwise, such donation shall be null and void.

The company may not, in one (1) fiscal year, donate more than seven percent (7%) of the average net profits realized by such company during the past five (5) fiscal years to the fiscal year in question, unless such donation is for social purposes relating to the employees, a governmental agency or a public entity.

In order for the donation to be valid in any case, a resolution of the BoD shall be passed upon a full authorization made by the general meeting, should the value of the donation exceed one thousand pounds (EGP 1000).

[1] The last paragraph has been added by Law No. 4 of 2018.

Article (102)

Any resolution passed at a general meeting may not entail barring of a civil liability action against BoD members by reason of errors made thereby in course of performing their duties.

If the act giving rise to liability was proposed to at a general meeting in a report made by the BoD or the auditor, the said civil liability actions shall be barred by the elapse of one (1) year from the date on which the resolution of the general meeting approving the said report of the BoD was passed. However, should the act attributed to the BoD members be a felony or a misdemeanor, the civil liability action may not be barred, unless by barring the public action.

The Appropriate Administrative Body and every shareholder may initiate the aforementioned action. Any condition in the company's articles of association purporting to provide a waiver for the action, or to subject the initiation of the action to a prior permission of the general meeting or to any other measure shall be null and void.

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Third: Auditors

Article (103)

A joint stock company shall have one or more auditor(s) from among those satisfying the requirements stipulated in the Law on Practicing Accounting and Auditing Profession. Such auditor(s) shall be appointed and have their fees specified by the general meeting. In case of appointing more than one (1) auditor, such auditors shall be jointly liable. By way of exception from the foregoing, the founders of the company shall appoint the first auditor.

The first auditor of the company shall perform such duties as assigned thereto until the first general meeting is held. The auditor to be appointed by the general meeting shall perform his duties from the date of the appointment until the date of the following general meeting. Such auditor shall audit the accounts of the fiscal year assigned thereto.

The BoD may not be authorized to appoint the auditor or to specify the fees thereof without setting a maximum amount for such fees. If the company does not, at any time and for any reason, have an auditor, the BoD shall, in this case, immediately effect the procedures of appointment of an auditor, and propose the foregoing to at the general meeting.

In all cases, a general meeting may, upon a proposal of any member thereof, replace the auditor. In which case, the shareholder making the proposal shall notify the company of such proposal, and the grounds on which it stands at least ten (10) days before the general meeting is held. The company shall immediately notify the auditor of the proposal and the grounds thereof. The auditor may address the proposal in a written brief to be served to the company at least three (3) days before the general meeting is held. The BoD chairperson shall read out the auditor's brief at the general meeting. In all cases, the auditor may respond to the proposal and the grounds thereof at the general meeting before the resolution on such matter is passed.

Any resolution passed in respect of the appointment or the replacement of the auditor in a manner contrary to the provisions of this Article (103) shall be null and void.

Article (104)

Serving as auditor and taking part in the incorporation of the company or the BoD, or engaging on a permanent basis in any technical, administrative or consultancy work for the company may not be performed by the same person.

The auditor may not be partner with any person carrying on the business activity of the company set out in the preceding Paragraph, nor may such auditor be an employee working for such person nor be such person's relative up to the fourth degree.

Any appointment made in contradiction with the provisions of this Article (104) shall be null and void.

Article (105)

The auditor shall, at all time, have the right to access all company's books, records and documents and request such particulars and clarifications as deemed thereby necessary to have in order to perform the task assigned thereto. The auditor may verify the company's assets and liabilities. The BoD shall enable the auditor to carry out all foregoing.

The auditor shall, in case of not being enabled to exercise the provided rights, evidence this in writing in a report to be furnished to the BoD and presented at a general meeting if the BoD does not facilitate such auditor's task.

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Article (106)

The BoD shall provide the auditor with a copy of the notices and data, which the BoD sends to the shareholders invited to attend the general meeting.

The auditor, or whomever delegated thereby from among those accountants, who participated with such auditor in the audit task, shall (i) attend the general meeting, (ii) verify the validity of the procedures adopted in calling the meeting, and (iii) express opinion thereof in respect of any matters relating to his job as the company's auditor, particularly those matters in connection with giving approval on the financial statements, with or without reservation, or on returning the financial statements to the BoD.

The auditor shall read out the report at the general meeting, where such report shall contain all particulars stipulated in the Law and the Executive Regulations, and shall provide:

a. Whether the auditor obtained such information and clarifications as deemed thereby necessary to accomplish satisfactorily the task assigned thereto;
b. Whether, in the auditor's opinion, the company keeps accounts evidenced to the auditor to be regular; whether the auditor reviewed full summaries on the business activities of the company's branches (if any), in case the auditor could not visit such branches; whether the company maintains cost accounts evidenced to the auditor to be regular, should the company be an industrial one;
c. Whether the financial statements, being the subject matter of the report, is consistent with the accounts and summaries;
d. Whether, in the auditor's opinion, in light of the information and clarifications provided thereto, the said accounts contain all matters required by the Law and the articles of associations of the company to be recorded in such accounts; whether the financial statements reflect clearly the true financial standing of the company at the end of the fiscal year; and whether the financial statements reflect properly the company's profits or losses for the finished fiscal year;
e. Whether the inventory was made as per the applicable practices, and included a statement on any changes (if any) to the inventory method adopted in the preceding year;

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f. Whether the data stipulated in the Law and the Executive Regulations and included in the BoD report match those contained in the company's books; and
g. Whether any violations to the provisions of the articles of association of the company or the provisions of the Law were committed during the fiscal year in such a way as would adversely affect the company's business or financial standing thereof, and whether such violations were existent when the financial statements were prepared. All the foregoing shall be within the limits of the information and clarifications made available to the auditor in accordance with this Article (106).

The auditor shall, as the agent of all shareholders, be liable for the accuracy of the data included in such auditor's report, and each shareholder may, during the general meeting, discuss the auditor's report and seek explanations to the content of the report from the auditor.

Article (107)

An auditor of a joint stock company may not, before the elapse of three (3) years following such resignation from the company, work as a manager or a BoD member, or engage, on a permanent or temporary basis, in any technical, administrative or consultancy work for the company for which such auditor used to work.

Any act in violation of the provision of this Article (107) shall be deemed to be null and void, and the violator shall pay to the State Treasury such remunerations and salaries as reimbursed thereto by the company.

Article (108)

Without prejudice to the auditor's key obligations, the auditor may not make public to the shareholders in the general meeting place of convention or elsewhere or to others the company's secrets to which such auditor became privy by virtue of performing work duties thereof; failing so, such auditor shall be dismissed and compensation shall be claimed.

Article (109)

An auditor shall be liable vis-à-vis the company for compensation against any damage suffered by the company due to any errors made by the auditor in course of performing work duties thereof. Should the company have more than one auditor involved in the error, such auditors shall be jointly liable vis-à-vis the company.

The civil liability action stipulated in the preceding paragraph shall be barred, following one (1) year from the date of general meeting in which the auditor's report was read out. If the act attributed to the auditor constitutes a crime, the action may not be barred unless by the barring of the public action.

The auditor shall be liable for the damage suffered by the shareholder or *bona fide* third parties owing to such auditor's error.

Chapter II: Partnerships Limited by Shares

Article (110)

By way of exception of the provisions of Articles (37, 77, 91, 92 and 93), all provisions relating to joint stock companies stipulated in this Law shall apply to partnerships limited by shares, subject to the rules set forth in this Chapter (II).

Article (111)

Management of a partnership limited by shares shall be vested in one or more general partner(s). The articles of incorporation shall list the names and powers of those vested with the management.

In the application of the provisions of this Law, whoever vested with the management shall, in terms of liability, be of the same status as founders and BoD members of joint stock companies.

Article (112)

Every partnership limited by shares shall have a Board of Control (the "BoC") composed of at least three (3) shareholders or others. The BoC may, in the name of the partnership, require the mangers to provide accounts on their management. In order to do so, the BoC may examine the partnership books and documents, and take inventory of such fund, securities and documents as evidencing the partnership's property and goods.

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Article (113)

The BoC may express opinion thereof on matters reported thereto by the mangers of the partnership, and authorize the carrying out of the dispositions on which the articles of the partnership require the BoC authorization be obtained.

Article (114)

A general meeting of shareholders may not engage in or approve any business relating to the partnership's relationship with third parties. A general meeting of shareholders may amend the articles of partnership only with the approval of the managers, unless the articles of partnership require otherwise. The general meeting shall act on shareholders' behalf vis-à-vis the managers.

Article (115)

The partnership shall terminate upon the death of the partner vested with the management, unless otherwise provided. Where no provision is made in the articles of partnership on what to be followed in this case, the BoC may appoint an interim manager for the partnership to attend to the urgent business of the management until the general meeting is held.

The interim manager shall call a general meeting within fifteen (15) days from the appointment thereof in accordance with the procedures stipulated in the articles of the partnership.

The interim manager shall be liable only to the extent of implementation of the role vested therein.

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Chapter III: Limited Liability Companies

1- The Financial Structure

Article (116)[1]

A limited liability company (the "LLC") shall have a capital to be specified by the partners in the company's articles of incorporation, and to be divided into equal stocks. This provision may not apply to existing LLCs at the time at which this Law comes into force.

Profits and liquidation surplus shall be divided equally among the stocks, unless otherwise provided in the LLC's articles of incorporation.

The stocks shall be indivisible. Should there be joint holders of the same stock, the LLC may suspend exercising the rights attaching to such stock until the joint holders elect from among themselves one to be treated as a sole holder of the stock vis-à-vis the LLC.

Article (117)

A registry of partners containing such data as shall be specified by the Executive Regulations shall be maintained at the LLC's head office.

Each partner and person concerned may have access to the said registry during the LLC business hours.

On January every year, a list containing such data as included in the aforementioned registry and any changes introduced thereto, shall be furnished to the Appropriate Administrative Body. Such data shall be published in the bulletin issued for that purpose.

The LLC managers shall be personally and jointly liable for the damage that may arise from failing to maintain properly the registry or preparing

[1] The first paragraph has been replaced by Law No. 68 of 2009.

defective lists, or from the inaccuracy of the data entered in the registry or the lists.

Article (118)

Stocks may be sold by virtue of an official document or a document where all signatures contained therein are authenticated, unless the articles of incorporation provide otherwise, and, in which case, the remaining partners may recover the sold stock on the same terms.

A partner intending to sell a stock owned thereby shall, through the managers, notify all other partners of the offer made thereto.

Following one (1) month from the date on which a notice of the offer was made without any partner exercising the right of recovery, the partner shall be free to dispose of the stock owned thereby.

If one or more partner(s) exercise the right of recovery, the sold stock shall be *pro rata* divided among such partners based on the stocks of each of them.

The stock of a partner shall pass into the ownership of the heirs thereof, and a legatee shall be of the same status as an heir.

The application of this Article (118) shall be without prejudice to the provisions stipulated in Article (116).

Article (119)

If a creditor of any partner took compulsory sale proceedings against an indebted stock to recover the debt thereon, the creditor shall, in this case, notify the LLC of the sale conditions and the date of the session fixed for consideration of the objections thereto. Should the creditor, the debtor and the LLC fail to reach an agreement on the sale, the indebted stock shall be sold by way of auction.

A judgment on the sale may not be effective, should the LLC, within ten (10) days from the date on which the said judgment was passed, provide another purchaser on the same conditions on which the auction was awarded.

These provisions shall apply, should the partner become bankrupt.

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2- Company Management

Article (120)[1]

An LLC shall be managed by one or more manager(s) from among the partners or others. Such manger(s) shall be appointed for the first time by the founders, and thereafter be appointed and replaced by a resolution of the general meeting. Such manger(s) may be appointed for a limited or an unlimited period.

Should there be more than one manager, the partners may appoint a board of managers to be vested with the powers and functions set out in the articles of incorporation.

The manager(s) may be dismissed by an approval of the numerical majority of the partners holding three-quarters of the capital represented in the extraordinary general meeting that is considering the said dismissal.

In all cases, the ordinary general meeting may, when considering LLC annual financial statements, renew or opt not to renew the contract(s) of the manager(s). Should the LLC opt not to renew the contract(s) of the manager(s), it shall appoint another manager(s).

Article (121)

The LLC managers shall have full authority to represent the LLC, unless the LLC's articles of incorporation provide otherwise.

Any resolution passed by the LLC to restrict the powers of the managers or to replace the same shall, after having been entered in the Commercial Register, be effective vis-à-vis third parties, only after the elapse of five (5) days from the date on which such resolution was entered in such Commercial Register.

[1] This article has been replaced by Law No. 4 of 2018.

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The provisions on the protection of those dealing with the LLC as stipulated in Articles from (53) to (58) of this Law shall apply to the LLCs, only to such extent as consistent with the nature of such companies.

Article (122)

Managers shall, in terms of liability, be of the same status as BoD members of joint stock companies.

The Executive Regulations shall specify such qualifications that managers shall have.

If the management is vested in one person, such person shall disclose at partners meeting any conflict of interest between the same and the LLC in any transaction intended to be carried out, so that the meeting may authorize such transaction or take any action it deems fit.

Article (123)

If the number of the partners is more than ten (10), control shall be vested in a board to be composed of at least three (3) partners [the BoC]. The BoC shall be appointed as evidenced in the LLC's articles of incorporation, and may be re-elected following expiry of the BoC term as specified in the articles of incorporation.

The BoC may, at any time, require the managers to provide reports, and may examine the LLC books and documents, and take inventory of such fund, securities and documents as evidencing the partnership's property and goods. The BoC shall monitor the financial statements, annual report and draft profits distribution plan, and report on the same to partners meeting at least fifteen (15) days before such meeting is held.

Article (124)

BoC members may not be held liable for managers' acts or any consequence thereof, unless the BoC members knew of the errors made in such acts and overlooked the same in their submitted report to the partners meeting.

Article (125)

Partners, who are not managers in such LLCs that do not have a Board of Control, shall have the same control capacity as that of general partners in general partnerships.

Article (126)[1]

Partners holding at least one-quarter of the capital may call a general meeting to look into such matters as specified in the invitation. The general meeting may not be valid, unless attended by a number of partners representing at least half of the capital, unless the LLC's articles of incorporation stipulate a more quorum than the foregoing.

Each partner shall have the right to attend the general meeting either in person or by delegating another partner, who is not a manager, to attend the meeting and vote on resolutions, unless the LLC's articles of incorporation stipulate otherwise.

Delegation may not be valid unless effected by virtue of a power of attorney or a written authorization.

Each stock shall have one vote, even if the articles of incorporation stipulate otherwise. Absent partners may vote on the resolutions of the meeting in writing.

The resolutions of the general meeting shall be passed by majority votes, unless the Law or the LLC's articles of incorporation stipulate otherwise.

[1] This article has been replaced by Law No. 4 of 2018.

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Article (127)[1]

LLC's articles of incorporation may not be amended, nor LLC capital be increased or reduced, except with the approval of the numerical majority of partners holding three quarters of the capital.

Article (128)[2]

The provisions on the auditor, inventory and financial statements in joint stock companies shall apply to limited liability companies and single member companies. The financial statements of the company shall, in particular, include a stipulation on the company's liabilities payable to the partners thereof, and the partners' liabilities payable to the company.

The financial statements shall be deposited with the Commercial Register fifteen (15) days from the date on which it was prepared, and any person concerned may request access to it.

[1] The phrase "unless stipulated by the company's articles of association" is deleted from the end of the Article by Law No. 4 of 2018.

[2] The first paragraph has been replaced by Law No. 4 of 2018.

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3- Company Dissolution

Article (129)

Should an LLC lose half of its capital, the managers shall propose to the general meeting the matter of dissolution of the LLC. A dissolution resolution shall, in order to be passed, satisfy the quorum of the numerical majority required to amend the LLC's articles of incorporation.

Should the loss reach three-quarters of the capital, dissolution may be requested by partners holding one-quarter of the capital.

Should the loss entail capital decrease to less than the minimum specified by the Executive Regulations, any person concerned may request the dissolution of the LLC.

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Chapter IV: Single Member Companies[1]

Article (129) ***bis***

By way of exception from the provision of Article (505) of the Civil code, a person, whether natural or juridical, within the limits of the object for which it has been founded, may solely incorporate a single member company in accordance with the provisions of this Chapter (IV). Said single member company shall be of limited liability.

Without prejudice to the provisions of the laws entitling some bodies to solely incorporate companies, should a public person wish to incorporate a single member company, such public person shall obtain the approval of the Prime Minister or the Appropriate Minister, as the case may be, in order to give effect to the incorporation of the company.

A single member company shall be publicized, and shall acquire juridical personality as of the date on which it has been entered in the Commercial Register.

Where no special provision is made, the provisions on limited liability companies laid down in this Law shall be applicable to single member companies.

Article (129) ***bis*** **1**

A single member company shall be incorporated based on an application made by the founder of the company or a representative thereof to GAFI. A single member company shall have articles of association, which shall contain the following particulars: (i) the name and object of the company; (ii) the data of the founder thereof; (iii) the term of the company; (iv) the method of management of the company; (v) the address of the head office of the company; (vi) branches, if any; (vii) the amount of capital of the company; (viii) the rules on the liquidation of the company; and (ix) any other data as may be specified in the Executive Regulations of this Law.

[1] This Chapter (IV) is added by Law No. 4 of 2018.

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The Executive Regulations of this Law shall specify the minimum capital for single member company, and such minimum capital shall be fully paid upon the incorporation of the company.

Contracts and dispositions made by the founder in the name of the company being incorporated shall apply vis-à-vis the company, after it has been incorporated, whenever such contracts and dispositions are necessary for the incorporation of the company.

Article (129) *bis* 2

A single member company may not:

1. Incorporate another single member company;
2. Propose public subscriptions, whether upon its incorporation or capital increase;
3. Divide its capital into tradable shares;
4. Receive loans by issuing tradable securities; or
5. Carry on insurance, banking or saving services; receive deposits; or invest in assets on account of third parties.

Article (129) *bis* 3

Founder of a single member company shall run all the business of the company, and may, in particular:

1. Amend the articles of incorporation of the company;
2. Dissolute and liquidate the company in accordance with this Law and the Executive Regulations thereof;
3. Merge, amalgamate or change the legal structure of the company;
4. Increase or decrease the capital of the company, provided that it does not be less than the minimum capital specified in the Executive Regulations of this Law;

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5. Appoint one or more managers in the company, set their scope of functions and powers, approve their signature; the manager or whomever authorized from among the managers by the founder of the company shall represent the company before the Judiciary and third parties, and the manager(s) shall be responsible for the management of the company vis-à-vis the owner; and

6. Dismiss the manager(s) of the company or limit the scope of functions thereof.

In all cases, the aforementioned acts may only be effective vis-à-vis third parties from the date on which they have been entered in the Commercial Register.

Article (129) *bis* 4

By way of exception from the provisions of Article (4) *bis* of this Law, a single member company founder shall be liable to the extent of all property thereof, if:

1. Such founder, in *mala fides*, liquidated or wind up the business activity of the company before the end of the term of the company or before realizing the object for which the company was founded;

2. Such founder did not separate the financial liability thereof from the financial liability of the company; and/or

3. Such founder entered into contracts or made dispositions in the name of the company being incorporated where such contracts or dispositions were not necessary for the incorporation of the company.

Article (129) *bis* 5

A founder of a single member company shall, in the event of disposing of the capital in full to another natural or juridical person, carry out such procedures as to amend the data of the company and the commercial registry, within a period not exceeding ninety (90) days from the date of disposition, in accordance with rules and procedures specified by the Executive Regulations of this Law.

In the event of disposing of a part of the capital to one or more person(s), the company shall carry out such procedures as to adjust to the legal structure selected by the partners thereof within a period not exceeding ninety (90) days from the date of disposition, subject to the procedures and rules specified in the Executive Regulations of this Law.

In all cases, a disposition may be effective vis-à-vis third parties only from the date on which it has been entered in the Commercial Register.

Article (129) *bis* 6

A manager of a single member company shall exert due diligence in exercising the scope of functions and duties prescribed thereto.

Such manager may not assume the management of another company of any kind whatsoever, if such another company exercises the same business activity engaged in by the single member company or any branch thereof, nor may such manager, whether on such manager's own account or for the account of third parties, enter into contract with the single member company such manager assumes the management thereof, nor carry on, for the account of third parties, that same activity engaged in by the said single member company.

Article (129) *bis* 7

Joint stock companies, partnerships limited by shares and limited liability companies may, if the required number of founders or partners is less than the minimum as specified by law, and such companies failed to adjust within the time limit specified in Article (8) of this Law, convert to be a single member company, unless such companies were engaged in business activities prohibited under Article (129) *bis* 2 of this Law to be carried on by single member companies.

This provision may not apply, if the remainder of the partners is a single member company.

Article (129) *bis* 8

Without prejudice to Article (129) *bis* 4, Item 2 of this Law, a founder of a single member company may enter into contract with such single member company by such founder's individual capacity, in accordance with the terms and conditions specified by the Executive Regulations of this Law, and conditional on that such entering into contract would not cause any confusion between the financial liability of the founder and the financial liability of the company, and would be at fair price.

Parties concerned and GAFI may verify whether the foregoing is being duly implemented, and take necessary action in the events of violation.

Article (129) *bis* 9

A single member company shall be dissolute and its juridical personality shall lapse if:

1. The company loses half of its capital, unless the owner decides to continue carrying on the business activity of the company;
2. The juridical person owning the capital of the company is lapsed;
3. The owner of the company is interdicted or incapacitated;

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4. The owner of the company dies, unless the company passes into the ownership of one heir, or the heirs opted to keep the company continuing under the same legal structure, and then adjusted the company within six (6) months from the date of death.

Part III: Merger and Change of Legal Structure

1- Merger

Article (130)[1]

By a decree of the Appropriate Minister, joint stock companies, partnerships of either type, limited liability companies, single member companies and general partnerships, whether Egyptian or foreign, carrying on their main business in Egypt may merge into Egyptian joint stock companies or one of the foregoing companies to form a new Egyptian company. In the application of the provisions of this Law, branches, agencies and establishments of companies shall be deemed to be of the same status as merged companies.

The Executive Regulations shall lay down the manner in which assets of companies wishing to merge are valuated, along with the merger process, terms and conditions.

Article (131)

The actual value of assets of both merged companies and those merged into shall be taken into account, when issuing shares in consideration of the capital of the merged company.

Article (132)

The merged into company or the company resulting from the merger shall be the successor of the merged companies, and shall legally be the replacement of such merged companies, in respect of the debts payable by or to such merged companies, within the limits agreed upon in the merger agreement, without prejudice to the rights of creditors.

[1] The first paragraph has been replaced by Law No. 4 of 2018, and the Phrase "after the approval of Committee stipulated in article (18)" was previously deleted by Law No. 3 of 1998.

Article (133)

Shares of the company resulting from the merger or shares given in consideration of the capital of the merged company may be traded immediately upon the issue thereof.

Article (134)

Merged companies and shareholders thereof, and the merged into company or the company resulting from a merger shall be exempted from all taxes and fees payable due to the aforementioned merger.

Article (135)

Without prejudice to the provision of Article (130), the merger shall be effected by a resolution to be passed at an extraordinary general meeting of both the merged and the merged into companies, or at all partners' meeting, as the case may be, by those partners holding the majority of the capital.

Shareholders who raised objection against the merger resolution at the meeting or who did not attend the meeting with a legitimate excuse, may request *takharuj* (disengagement) from the company, and redeem the value of their shares by a written application being served on the company within thirty (30) days from the date of publication of the merger resolution. The Executive Regulations shall set out the other conditions and procedures of the said application as well as the manner in which such application is decided on.

The value of the shares or stocks shall be estimated by agreement or by court, provided that the current value of all company's assets is taken into account.

The undisputed value of the disengaged shares or stocks shall be paid to the holders thereof before the completion of the merger procedures.

The court shall award damages to the persons concerned, if necessary.

The awarded damages shall have lien over all assets of the merged company.

Article (135) *bis*[1]

A company may be split up into two or more companies. Each company resulting from the split-up shall have an independent juridical personality once entered in the Commercial Register.

In this case, the procedures, terms and conditions laid down in this Law and the Executive Regulations thereof shall be adopted in respect of the valuation of in-kind shares.

Article (135) *bis* (a)[2]

Companies resulting from the split-up may take any legal structure of the companies governed by the provisions of this Law, except for the legal structure of single member companies, after having completed all legal procedures required for such selected legal structure, without having to take the same legal structure of the company being split-up. The Executive Regulations of this Law shall set out the conditions and procedures of split-up of companies.

[1] This article has been added by Law No. 4 of 2018.

[2] This article has been added by Law No. 4 of 2018.

Article (135) *bis* (b)[1]

A split-up resolution shall be passed at an extraordinary general meeting or all partners' meeting, as the case may be, by a majority of three-quarters of the capital.

The passed split-up resolution shall include the number, names and shareholdings of each shareholder/partner respectively subscribing to the resulting companies governed by the provisions of this Law, together with the rights and liabilities of each of them and the distribution of assets among them.

Article (135) *bis* (c)[2]

Companies formed as a result of the split-up of a company shall be the successor of such company that has been split up, and shall legally be the replacement of such company, in respect of the debts payable by or to such company, within the limits of what reverted to the formed companies from such company that has been split up, under the split-up resolution, without prejudice to the rights of creditors.

The procedures set out in Article (135) of this Law shall apply to such shareholders and partners who did not approve the split-up resolution.

The Executive Regulations of this Law shall specify the procedures of maintaining the rights of creditors, bondholders and financing instruments issued by the company.

[1] This article has been added by Law No. 4 of 2018.

[2] This article has been added by Law No. 4 of 2018.

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Article (135) *bis* (d)[1]

Without prejudice to the provisions of the Capital Market Law enacted by Law No. 95 of 1992, shares of resulting companies may be traded immediately upon the issue thereof, unless such shares are restricted, in whole or in part, to be traded.

[1] This article has been added by Law No. 4 of 2018.

2- Change of Legal Structure

Article (136)[1]

The legal structure of partnerships limited by shares or limited liability companies may be changed by a resolution passed at an extraordinary general meeting or all partners' meeting, as the case may be, by a majority of three-quarters of the capital.

Subject to the procedures and conditions on the incorporation of the company resulting from the change of legal structure, the change of legal structure shall be effected within the limits regulated by the Executive Regulations in this respect.

The change of legal structure may not entail any prejudice to the rights of the creditors. Partners, shareholders or stockholders who objected to the resolution of change of legal structure or did not attend the meeting, in which the resolution was passed, with a legitimate excuse, may request *takharuj* from the company in accordance with the terms and conditions laid down in Article (135). Any company whose legal structure has been changed and any company resulting from the change of legal structure, along with the partners thereof shall be exempted from all taxes and fees payable due to such change of legal structure of the company.

[1] The phrase "after the approval of the Committee stipulated in Article (18) has been repealed by Law No. 3 of 1998.

Part IV: Company Liquidation

Article (137)[1]

A company shall be deemed be under liquidation following dissolution thereof, expiry of term thereof or wind up for any reason except for merger or split-up. Liquidation shall be effected in accordance with this Law and the articles of incorporation or association of the company.

Article (138)

A company shall, within the liquidation period, continue to have juridical personality to such extent as required for the liquidation process.

The phrase "under liquidation" shall be added to the name of the company. The bodies of the company shall continue to exist during the liquidation period, and shall have their authorities confined to such business that does not fall within the scope of functions of the liquidators.

Article (139)

The general meeting shall appoint one or more liquidators and fix their fees. The liquidators shall be appointed from among the shareholders, the partners or others.

In case a court judgment is rendered to the effect that the company be dissolute or invalid, the court shall set out the method of liquidation, appoint the liquidator and fix the fees of such liquidator.

A liquidator's work may not terminate by the death of the partners or by such partners being declared bankrupt or insolvent, or placed under attachment, even if the liquidator was appointed by such partners.

Article (140)

[1] This article has been replaced by Law No. 4 of 2018.

The liquidator's name, and the agreement between the partners in respect of the method of liquidation or the judgment rendered in this respect shall be entered in the Commercial Register and in the companies gazette. The liquidator shall follow up on the aforementioned process of entry.

The appointment of the liquidator or the liquidation method may not be adduced vis-à-vis third parties except from the date of entry in the Commercial Register.

Article (141)

The dismissal of a liquidator shall be in the same manner in which such liquidator was appointed.

The court may, upon an application being made by one of the shareholders or partners and for acceptable reasons, render a judgment to the effect that a liquidator be dismissed.

Any resolution or judgment on the dismissal of a liquidator shall include the appointment of a replacement to the dismissed liquidator.

The dismissal of a liquidator shall be entered in the Commercial Register and in the companies' gazette. The dismissal of the liquidator may not be adduced vis-à-vis third parties except from the date of entry in the Commercial Register.

Article (142)

A liquidator shall, immediately upon being appointed and in agreement with the BoD or the managers, take an inventory of the company's assets and liabilities. A detailed list of the foregoing and financial statements shall be written down and signed by the liquidator and the managers or the BoD members.

The BoD or the managers shall furnish their accounts to the liquidator, and hand over the company's assets, books and documents thereto.

The liquidator shall keep a book in which all business relating to the liquidation shall be entered. In keeping this book, the provisions of the Commercial Books Law shall be complied with.

Article (143)

The liquidator shall take all necessary actions to maintain the assets and rights of the company.

The liquidator shall recover all company's rights owed against third parties. However, partners may not be claimed to pay the remainder of their stocks, unless so required by the liquidation process, and on the condition that equality is ensured in respect of such partners.

The liquidator shall deposit the amounts collected thereby, in a bank account in the name of the company undergoing liquidation, within twenty-four (24) hours from the time at which the liquidator received such amounts.

Article (144)

The liquidator may not start new process unless such new process is necessary to complete the preceding process. Should a liquidator start new process that was not necessary to the liquidation, such liquidator shall be liable to the extent of all property thereof for such process, and in the event of having more than one liquidator, such liquidators shall be jointly liable.

The liquidator may not sell all company's assets unless so authorized by the general meeting or all partners' meeting, as the case may be.

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Article (145)

The liquidator shall carry out all processes necessitated by the liquidation, and shall in particular:

1. Satisfy all debts payable by the company;
2. Sell the movable and unmovable assets of the company, whether by way of public auction or in any other way, unless the deed of appointment of the liquidator stipulates a specific way of sale; and
3. Represent the company before the Judiciary, and accept conciliation and arbitration.

Article (146)

If there is more than one liquidator, their dispositions shall be valid only if they approve them unanimously, unless their deed of appointment stipulates otherwise. This stipulation may not be adduced vis-à-vis third parties unless from the date on which such stipulation has been entered in the Commercial Register.

Article (147)

The company shall be bound by any disposition carried out by the liquidator in the company's name, if such disposition is from among those necessitated by the liquidation process, even if such disposition was in excess of the restrictions imposed on the authority of the liquidator, or the liquidator used the signature of the company for his personal account, unless the person who entered into contract with the liquidator was in *mala fide*.

Article (148)

Any debt arising out of the liquidation process shall be paid from the assets of the company in priority to the other debts.

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Article (149)

The fees of the liquidator shall be fixed in the deed of the appointment thereof; otherwise, the court shall fix such fees.

Article (150)

The liquidator shall complete the liquidation process within the period specified for it in the deed of the appointment of the liquidator. Should such period be not specified in the deed of appointment, each partner or shareholder may apply to the court for fixing a period for the completion of the liquidation process.

The specified period for liquidation may be extended by a resolution of the general meeting or all partners' meeting, after having reviewed the liquidator's report in which the liquidator give reasons for the incompletion of the liquidation within the specified period. Should the period of the liquidation be fixed by the court, such period may not be extended, unless so permitted by the court.

Article (151)

The liquidator shall every six (6) months submit an interim account on the liquidation process to the general meeting or all partners' meeting.

The liquidator shall provide such information or data as requested by the shareholders or the partners to the extent that would not harm the company's interest nor entail any delay in the liquidation process.

Article (152)

The liquidator shall provide the general meeting or all partners' meeting with a final account on the liquidation process. The liquidation process shall terminate upon the approval of the final account.

The liquidator shall enter the termination of the liquidation process in the Commercial Register or the companies' gazette. The termination of the

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liquidation process may not be adduced vis-à-vis third parties except from the date of on which such termination has been entered in the Commercial Register.

Following the termination of the liquidation process, the liquidator shall request that the company's entry in the Commercial Register be crossed out.

Article (153)

The company's books and documents shall be maintained for a period of ten (10) years from the date on which the company is crossed out from the Commercial Register in whose jurisdiction the head office of the company is situated, unless the general meeting or all partners' meeting designate another place for maintaining the books and documents.

Article (154)

The liquidator shall be liable vis-à-vis the company, should such liquidator have mismanaged the company during the liquidation period.

The liquidator shall be liable to pay compensation for against any damage suffered by the shareholder, partners or third parties due to such liquidator's error.

Article (154) *bis*[1]

Actions brought by shareholders or partners against one another shall be barred after the elapse of five (5) years from the date on which the liquidation process terminated. Actions brought by third parties against shareholders or partners after the elapse of the same period from the date on which the liquidation was entered in the Commercial Register.

Actions brought against liquidators for committing an error in the liquidation process shall be barred after the elapse of three (3) years from the date on which the error was committed or the date on which the liquidator

[1] This article has been added by Law No. 4 of 2018.

knew of such error, unless the error was committed out of fraud or fraudulent misrepresentation, in which case the right to bring a lawsuit may only be barred after the elapse of fifteen (15) years from the date on which the liquidation process terminated.

Part V: Monitoring, Inspection and Penalties

1- Monitoring

Article (155)

The Appropriate Administrative Body shall monitor the implementation of the provisions stipulated in this Law and the Executive Regulations thereof.

Third-degree employees working for the Appropriate Administrative Body and other bodies specified by the Executive Regulations, who shall be selected under a decree of the Appropriate Minister in agreement with the Minister of Justice, shall have the capacity of judicial officers in proving crimes committed in violation of the provisions of this Law and the Executive Regulations thereof.

In order to do so, such employees shall have the right to access any records, books and documents at the head office of the company or elsewhere. Companies' managers and officers in charge of management thereof shall provide such employees with such data, extracts and copies of documents as requested by such employees for the foregoing purpose.

The Appropriate Administrative Body may examine any complaint brought by the shareholders or other stakeholders in relation to the implementation of the provisions of this Law and the Executive Regulations thereof.

Article (156)

The Appropriate Administrative Body employees referred to in the preceding Article (155) shall have the right to attend companies' general meetings upon a special authorization being made by the CEO of such Appropriate Administrative Body. Such employee may neither express opinion nor vote, and their mission shall be confined to recording the proceedings of the meeting and writing down their notes.

The Executive Regulations shall lay down the conditions and procedures of the attendance of the representative of the administrative body and the manner of writing down the notes and the procedure to be followed in respect of such notes.

Article (156) *bis*[1]

Companies governed by the provisions of this Law shall, on an annual basis, furnish to GAFI a copy of the financial statements thereof after having been approved by the general meeting, together with a certificate of data. The Executive Regulations of this Law shall regulate the methods of submission of the financial statements to GAFI, and the rules relating to the preparation of the aforementioned certificate of data as well the particulars to be included therein.

Article (157)

The Shareholders shall have the right to access the company's records and obtain copies or extracts of its documents in accordance with such terms and conditions as shall be specified by the Executive Regulations.

Any stakeholder may request to access, at the Appropriate Administrative Body, the documents, records, minutes and reports in connection with the company, and obtain data therefrom certified by such Appropriate Administrative Body. The foregoing request may be rejected if the disclosure of the requested data would harm the company or any other body, or jeopardize public interest. The Executive Regulations shall set out the conditions of the foregoing, and specify the fees of access to or obtainment of data, provided that such fees do not exceed one hundred Egyptian pounds (EGP 100).

Article (157) *bis*[2]

Shareholders or partners owning at least ten percent (10%) of the shares or stocks of the company shall have the right to obtain such information and

[1] This article has been added by Law No. 4 of 2018.

[2] This article has been added by Law No. 4 of 2018.

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copies of documents as relating to the commutative contracts or the dealings engaged by the company with the affiliates thereof. Should the company refuse to do so, the shareholders or partners may file an application to that effect to GAFI, whose decision in this regard shall be binding on and enforceable against the company.

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2- Inspection

Article (158)[1]

The Appropriate Administrative Body and partners holding, in respect of banks, at least twenty percent (20%) of the capital, and, in respect of other joint stock companies, at least ten percent (10%) of the capital, may request to inspect the company in respect of any substantial violation claimed to be committed by the BoD members or the auditors in course of performing their duties as stipulated under the Law or the articles of association, should there be reasons warranting the committing of such violations.

The request shall be submitted to the Minister of Economy by whose decree a committee shall be formed to consider such request and shall have an auditor from among the ASA as a member thereof.

The request shall contain evidence to the effect that the claimants have compelling reasons warranting such inspection. Partners making such request shall deposit their shares along with the request. Such shares shall be kept deposited until the request is decided on.

The committee, after having heard the statements of the claimants, the BoD members and the auditors in a meeting held in camera, may order inspection of the company's business and books, and appoint for this purpose one or more experts, provided that the committee fixes the amount to be deposited by the partners requesting the inspection as an expense account, should the committee deem necessary taking such measure prior to convening the general meeting. The inspection may not be conducted unless upon depositing the said amount.

The inspection warrant may include a stipulation giving access to any papers or records kept with any other company in connection with the company.

Article (159)

[1] The second paragraph has been replaced by Law No. 3 of 1998.

The BoD members, the employees and the auditors of the company shall give whomever assigned to conduct the inspection access to all books, documents and papers, relating to the company, which they maintain or have the right to obtain, and shall provide such inspector(s) with the necessary clarifications and information. Whoever does not comply with the inspector(s) demands in this respect, shall be subject to the penalties set forth in Article (163).

Whomever assigned to conduct the inspection may question any person involved in the company's business after administration of oath.

Article (160)

Whomever assigned to conduct the inspection shall deposit with the secretariat of the committee a detailed accurate report on the mission thereof within the time limit specified in the decree or within a period not exceeding one (1) month from the date on which the amount specified in Item (4) of Article (158) has been deposited.

Should it appear to the committee that the claims brought by those who requested the inspection against the BoD members or the auditors are invalid, the committee may order the publication of all or part of the inspection report or outcome thereof in a daily newspaper. Those who requested the inspection shall bear the cost thereof without prejudice to their liability to compensation, if necessary.

If the committee verified that the violations claimed to be committed by the BoD members or the auditors were valid, it shall order that prompt actions be taken and the general meeting be immediately held. The general meeting shall, in this case, be chaired by the CEO of the Appropriate Administrative Body or by an employee of the Appropriate Administrative Body to be selected by the committee.

The company shall, in this case, bear the cost and expense of the inspection and have the right to claim the value of the said cost and expense and any other compensation from the person to whom the cause of the violation is attributed.

The general meeting may pass a resolution to the effect that the BoD members be dismissed and a liability action be brought against them. Such resolution shall be valid whenever agreed upon by partners holding half of the capital, after excluding the shareholding of the BoD members being considered to be dismissed. The general meeting may pass a resolution to the effect that the auditors be replaced and a liability action be brought against them.

The dismissed BoD members may not be re-elected before the elapse of five (5) years from the date on which the resolution of dismissing them has been passed.

Article (160) ***bis***[1]

By a decree of the Appropriate Minister, one or more committees to consider grievances brought against such administrative resolutions as adopted by GAFI in the application of the provisions of this Law and the Executive Regulations thereof shall be formed. Such committee(s) shall be chaired by a vice president of the State Council, and be composed of two State Council members, at least at the rank of Justice, to be selected by the Administrative Panel at the State Council, and another two members, one of whom to be an expert and the other to be assuming a senior managerial position at GAFI, to be selected by the Appropriate Minister.

Grievances shall be brought before the committee(s) within fifteen (15) days from the date of service of notice or knowledge of the decision being the subject matter of the grievance. The committee(s) may communicate with the parties concerned and the appropriate administrative bodies to request clarifications and documents deemed necessary by the committee(s) to decide on the grievance. The committee(s) may use the various experiences and specializations of other administrative bodies.

The committee(s) shall decide on the grievance within sixty (60) days from the date on which a grievance has been duly filed. The committee(s) resolutions shall be final and binding on GAFI.

The committee shall have a technical secretariat; a decree on the formation of which shall be issued by the Appropriate Minister.

[1] This article has been added by Law No. 4 of 2018.

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The Executive Regulations of this Law shall set out (i) the process of service of notice, (ii) the method of appealing against decisions and deciding thereon, (iii) the regulation of work of the committee(s) and (iv) the place of meeting of the committee(s).

3- Penalties

Article (161)[1]

Without prejudice to the right of claiming compensation, when necessary, any disposition, transaction or decision made in violation of the mandatory rules of this Law, or made by the boards of directors of joint stock companies or general meetings thereof which were not assembled in accordance with the provisions of this Law, shall be null and void; this shall be without prejudice to the right of *bona fide* third parties. The appropriate court may set a time limit not exceeding six (6) months to remedy, if possible, the nullity.

Should there be more than one party to whom the cause of the nullification is attributed, such parties shall be jointly liable for compensation between one another.

Any person concerned may not bring an action for nullity after the elapse of three (3) years from the date on which the violating decision came to such person's knowledge, unless the violating decision was made on grounds of fraud or fraudulent misrepresentation, in which case the right to bring such an action for nullity may only be barred after the elapse of fifteen (15) years from the date on which the violating decision was made.

Article (162)

Without prejudice to any severer penalties stipulated in any other laws, there shall be subject to penalty of imprisonment of no less than two (2) years and/or a fine of no less than two thousand pounds (EGP 2,000) and no more than ten thousand pounds (EGP 10,000):

1. Whoever intentionally records in any prospectus of the issuance of shares or bonds false data or data in violation of the provisions of this Law or the Executive Regulations thereof, and whoever signs on such prospectus as to implement the aforementioned provisions;

[1] This article has been replaced by Law No. 4 of 2018.

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2. Any founder who knowingly makes in the articles of incorporation of a limited liability company false acknowledgments relating to the distribution of capital stocks among the partners or to the full payment of the value thereof;
3. Any partner who, by way of fraudulent misrepresentation, puts a value on in-kind shares more than the true value thereof;
4. Any founder or manager who invites the public for subscription to securities of any kind whatsoever on account of a limited liability company, and whoever offers such securities for subscription on account of such company;
5. Any BoD member who distributes profits or interests in violation of the provisions of this Law or the articles of association of the company, and any auditor who certifies such distribution;
6. Any auditor, and any person working for such auditor's office, who intentionally makes false reports on the outcome of the audit carried out thereby, intentionally conceals fundamental facts or intentionally neglects to mention those facts in the audit report presented to the general meeting in accordance with the provisions of this law;
7. Any civil servant who divulges any secret to which such civil servant became privy in course of work thereof, who intentionally gives untrue facts in the reports thereof or who intentionally neglects to mention in those reports such facts as would affect the outcome thereof; and
8. Whoever fabricates or intentionally gives untrue facts in the records of the company, prepares or presents to the general meeting reports including false or untrue data that would affect the outcome of the resolutions of general meeting.

Article (163)

Without prejudice to any severer penalties stipulated in any other laws, there shall be subject to a penalty of a fine of no less than two thousand pounds (EGP 2,000) and no more than ten thousand pounds (EGP 10,000), to be incurred in person by:

1. Whoever disposes of initial shares or shares in violation of the rules stipulated in this Law;
2. Whomever appointed as a BoD member or a managing director of a joint stock company, or whoever continues to enjoy such membership or be appointed as an auditor of such company in violation of the

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prohibition provisions stipulated in this Law, and any managing director of a company in which any of the foregoing violations is committed;

3. Any BoD member who fails to provide, within sixty (60) days from date on which such BoD member has been notified of the resolution on such BoD member's appointment, such shares as allocated to be a security on such BoD member's part for assuming office in the manner stipulated in this Law; any person who fails to make such acknowledgments to which such person is required to make, or who gives false data or intentionally neglects to mention certain particulars on which the BoD is required to report; and any BoD member who mentions untrue data in the company's reports, or intentionally neglects to mention the data of the company;
4. Whoever violates the provisions on the percentage of the Egyptians in boards of directors of companies, their percentage as employees or their percentage of wages;
5. Whoever violates any of the mandatory rules of this Law;
6. Whoever intentionally fails to give the inspectors or the Appropriate Administrative Body employees delegated to review the books and papers, which they have the right to review in accordance with the provisions of the Law; and
7. Any BoD member who intentionally obstructs calling a general meeting.

Article (164)

In case of recurrence or failure to rectify a violation on which a final judgment is passed, the fines stipulated in the two preceding Articles (162) and (163) shall be doubled in terms of the minimum and maximum amount thereof.

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Article (164) *bis*[1]

The Appropriate Minister may reconcile with the accused in the crimes laid down in Article (163) of this Law at any phase of the criminal action in return for the payment of an amount of no less than double the minimum prescribed fine, and depending on the gravity of the violation. Conciliation shall result in the lapse of the criminal action filed in respect of the crime on which the conciliation is effected. The public prosecution shall order the arrest of execution of the penalty if conciliation was effected during the execution of the penalty, even if this occurred after the judgment had become irrevocable.

[1] This article has been added by Law No. 4 of 2018.

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Part VI: Foreign Companies Branches and Representation Offices in Egypt

1- Foreign Companies Branches and those of Similar Status

Article (165)

The provisions of this Part (VI) shall apply to foreign companies, whose head office or main business is not situated in Egypt, while having in Egypt a place for carrying on business, whether such place is a branch, industrial plant, an administrative office or other.

Agencies run in Egypt by foreign companies shall be of the same status as the aforementioned branches, industrial plants, administrative offices, if:

a. The foreign companies manage such agencies by themselves, or assign their employees to manage the same;
b. The agent has the power to enter into contracts on behalf of the foreign company; or
c. The agent retains in possession thereof the foreign company's goods or products, and disposes of the same as per the orders of the foreign company, and as to perform the contracts of the foreign company.

In cases other than the foregoing, commercial agents may not be deemed to be branches of foreign companies.

Article (166)

Foreign companies having in Egypt a place for carrying on business shall comply with the prescribed commercial registration procedures, notify the bodies specified by the Executive Regulations of the data, and provide the papers specified by the said Executive Regulations.

Branches of foreign companies shall have an auditor in accordance with the terms and conditions specified by the Executive Regulations.

Article (167)

Foreign companies having in Egypt a place for carrying on business may not appoint a manager for the branch, industrial plant, administrative office or other a person, who does not satisfy the requirements stipulated in Articles (89), (177), (178), (179) and (180) of this Law.

Article (168)

Contracts and dispositions made by the local manager in a branch of a foreign company or a person of the same status shall apply to such company, so long as the contract or the disposition falls within the normal course of management of the branch.

The foregoing provision may not inure to the benefit of whoever knew or could have known, considering position thereof at the company or relationship therewith, that the local manager had no power to carry out such disposition or contract.

Article (169)

The Executive Regulations shall lay down the conditions in which branches of foreign companies and those of similar status shall submit their balance sheets, together with the papers and documents required to be attached to the financial statements, to the Appropriate Administrative Body.

Article (170)

Branches of foreign companies and those of similar status shall comply with the provisions on the employees set out in Article (174), Article (175) and Article (176) of this Law.

The employees of the foregoing branches shall receive profit shares as specified by the Executive Regulations in accordance with the provision of Article (41) of this Law.

Article (171)

The Executive Regulations shall specify the conditions in which branches of foreign companies and those of similar status shall announce the foreign company's name and other data relating thereto.

Article (172)

The Executive Regulations shall set out the provisions that shall apply to the branches of foreign companies and those of similar status, in the case of liquidation of the foreign companies or the wind up of business of the branch in Egypt.

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2- Representation Offices and Those of Similar Status

Article (173)

Foreign companies may establish in Egypt representation, liaison, service, technical or scientific offices and others or whose object shall be confined to studying markets and production potentials without carrying on any business activity including the activity of commercial agents. A special registry, in which such offices are listed, shall be maintained at the Appropriate Administrative Body. Listing and crossing offices out of the said registry shall be made in accordance with the terms and conditions laid down by the Executive Regulations.

The Executive Regulations shall specify the fees to be paid in return for listing in the foregoing registry, provided that such fees do not exceed one thousand pounds (EGP 1,000) and shall specify the scope of control to be exercised by the Appropriate Administrative Body over the said offices.

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Part VII: Final Provisions

1- Provisions on Employees of Companies

Article (174)

The number of Egyptian employees working in Egypt for companies governed by the provisions of this Law may not be less than ninety percent (90%) of the total number employees of such companies. The wages of the Egyptian employees may not be less than eighty percent (80%) of the total wages of employees paid by such companies.

Article (175)[1]

The number of technical and administrative Egyptian employees of joint stock companies operating in Egypt may not be less than seventy-five percent (75%) of the total number of employees of such companies. The total wages and salaries of such Egyptian employees may not be less than seventy percent (70%) of the total amount of wages and salaries paid by the company to the technical and administrative employees.

The provision of the first paragraph shall apply to partnerships limited by shares, limited liability companies and single member companies whose capital exceed fifty thousand pounds (EGP 50,000).

Article (176)

By way of exception from the provisions of the preceding Article (174) and Article (175), the Appropriate Minister may, in case of absence of qualified Egyptians, authorize the use of foreign employees, consultants or specialists for such period as specified thereby. The foregoing employees, consultants or specialists may not be counted in the prescribed percentages.

[1] The second paragraph has been replaced by Law No. 4 of 2018.

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The Appropriate Minister or a duly authorized representative thereof shall decide on the applications for granting the foregoing exception, made by the persons concerned, within two (2) months from the date on which the application was made. Non-responding to the application shall be deemed to be an approval for granting the exception for one (1) year or for the period specified in the application, whichever is shorter.

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2- Restrictions on Civil Servants and Public Prosecution Staff

Article (177)

Any person may not assume any position in the government, the public sector or any other public body, and, at the same time, be a member of the BoD of any joint stock company, take part in incorporating the same or provide, even if on a non-regular basis, with or without pay, any work or consultancy for such joint stock company, unless such person is a representative of the foregoing bodies.

By way of exception from the preceding Paragraph and the other preventing provisions in special laws, a person be authorized to take part in incorporating a joint stock company or providing consultancy thereto by virtue of a special authorization made by the Appropriate Minister to whom such person reports. Such person may, by virtue of a special authorization made by the Prime Minister, engage in any of business referred to in the preceding Paragraph, provided that the foregoing does not result in such person assuming the position of the chairperson of the BoD or the managing director.

In all cases, such authorization may be made, only after considering the matter and verifying that such person's position is not associated with nor affects the company's business, and on the condition that the authorization does not conflict with the duties of the such person's position and due diligence in assuming the same.

Article (178)

Without a special authorization by the Prime Minister, neither a Minister nor any of those assuming senior management positions may, before the elapse of three (3) years from the date of resignation from Ministry or office, work as manager or a BoD member, nor provide, on a permanent basis, any technical, managerial or consultancy work for any joint stock company accorded by the government special privileges in form of assistance or security, or engaged with the government or local government units in a monopoly contract, a contract of public works, a public utility concession contract or a contract on the exploitation of a mineral or a natural resource.

Any work in violation of this Article (178) shall be null and void, and the violator shall return to the State Treasury all remunerations and salaries received thereby from the company.

Article (179)

A member of the People's Assembly or the *Shura* Council may not be appointed, during such membership, as a joint stock company BoD member, unless such member is a founder of such joint stock company or a holder of at least ten percent (10%) of the capital of such company, or was a BoD member of such company before having been elected as a member of the People's Assembly or the *Shura* Council.

Any work in violation of this Article (179) shall be null and void, and the violator shall return to the State Treasury all that has been paid thereto by the company.

Article (180)

A member of any municipality may not, whether in person or as a representative of third parties, work as a manager or a joint stock company BoD member, nor provide, even if on a non-regular basis, any work or consultancy for a joint stock company exploiting any public utility situated within the jurisdiction of the municipality in which the member is involved, or engaged in a contract of monopoly or of public works with such municipality.

Any work in violation of this Article (180) shall be null and void, and the violator shall return to the State Treasury all that has been paid thereto by the company.

3- Miscellaneous and Transitional Provisions

Article (181)

The government shall have at least two (2) representatives in the BoD of any joint stock company for which the government guarantees a minimum amount of profits.

The said representatives shall be appointed by virtue of a decree of the Prime Minister passed upon a proposal of the Appropriate Minister.

Article (182)

Joint stock companies, partnerships limited by shares and limited liability companies shall amend their respective articles of association and incorporation to be in compliance with the provisions of this Law, the Executive Regulations of this Law and the standard articles of associations and incorporation adopted in this respect. Such amendment shall take place within a period not exceeding one (1) year from the date on which this Law comes into force.

The amendments shall be effected in accordance with the procedures adopted in this Law and the Executive Regulations thereof. The Appropriate Administrative Body shall propose such amendments to the committee stipulated in Article (18) in order for such committee to take such actions as it deem fit.

The Executive Regulations shall specify the procedures of effecting the foregoing amendments. No fees may be payable in respect of the aforementioned amendments.

Article (183)[1]

Repealed

Article (184)

Branches of foreign companies and those of similar status, and representation or liaison offices, or others shall adjust to the provisions of this Law within three (3) months from the date on which this Law comes into force.

Translated by GAFI Translation Department

[1] This article has been repealed by Law No. 230 of 1989.

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