



Sharjah Media City Free Zone Authority

Companies and Licensing Regulations 2017



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Sharjah Media City Companies and Licensing Regulations

Part 1: General

1 Short title and commencement

- 1.1 These regulations shall come into force on the date of their signature and are to be referred to as the Sharjah Media City Free Zone Authority Companies and Licensing Regulations 2017. These regulations may be amended or supplemented from time to time by the Authority (as defined below).

2 Authority and application

- 2.1 These Companies Regulations are made pursuant to the Authority's power to issue Companies and Licensing Regulations that apply within the City under the Decree (each as defined below).
- 2.2 These Companies Regulations regulate the conduct of Companies incorporated and Branches established within the City.
- 2.3 UAE Federal Law No 2 of 2015 concerning Commercial Companies as amended, modified and replaced from time to time shall not apply in the City.
- 2.4 The Authority may, in its absolute discretion, make directions or decisions in relation to any matter under these Companies Regulations or any other Regulatory Instruments issued by the Authority, including a waiver of any of the articles of these Companies Regulations.
- 2.5 All directions and decisions of the Authority made under these Companies Regulations or other Regulatory Instruments are final.
- 2.6 The Authority may publish information or give advice in such form and manner as it considers appropriate with respect to:
- (a) the operation of these Companies Regulations, rules, and codes of practice or other instruments made or issued under these Companies Regulations, including in particular the rights of customers or counterparties, the duties of Licensees and the steps to be taken for enforcing those rights or complying with those duties; and



- (b) any other matters about which it appears to the Authority to be desirable to publish information or give advice for the protection of customers or counterparties or any class of customers, counterparties or other persons.

3 Dispute resolution

- 3.1 In the event that a party wishes to dispute, object to or appeal (a **Dispute**) the Authority's application of these Companies Regulations (including the issuance of any sanction, penalty or fine), it may do so by referring such Dispute to the appropriate committee or division of the Authority established from time to time to hear such Disputes.
- 3.2 In making its decision regarding any Dispute, the Authority will apply those City policies and procedures as issued from time to time which are in force at the time it considers such Dispute. The decision of the Authority in respect of such Dispute shall be final and binding on the disputing party.
- 3.3 Nothing contained in this article 3 shall prevent a party to a contract with the Authority or the Authority itself from seeking a judgment in the appropriate forum set out in that contract.
- 3.4 Nothing contained in this article 3 shall prevent the Authority from taking action through competent courts to enforce these Companies Regulations or any part thereof against any person.

4 Definitions

- 4.1 In these Companies Regulations:

Activity means any of the permitted activities carried out in the City;

Affiliate means any person who directly or indirectly controls a Company or is controlled by a Company or is controlled by the same Person as a Company, and for this purpose **control** means the possession by a Person, directly or indirectly, of the power to direct or cause the direction of the management and policies of another Person, whether through the ownership of shares or other securities carrying the right to vote, through the composition of the board of directors of such other Person, by contract or otherwise;

Authority means the Sharjah Media City Free Zone Authority as established in the Emirate of Sharjah pursuant to the Decree;

Board means the board of Directors of a Company;



Branch means a place of business in the City established by a Company or a Foreign Company in accordance with these Companies Regulations;

Business Day means any calendar day except for a Friday and any public holiday observed by the Authority;

City means the Sharjah Media City Free Zone Authority established in the Emirate of Sharjah pursuant to the Decree;

Companies Regulations mean these Sharjah Media City Free Zone Authority Companies and Licensing Regulations 2017 promulgated by the City in respect of the registration and licensing of Companies and Branches in the City, as may be amended from time to time;

Company means a limited liability company incorporated in the City in accordance with these Companies Regulations;

Competent Authority means any UAE or Emirate of Sharjah governmental, judicial or regulatory authority;

Decree means the Emiri Decree No. 11 of 2017 establishing the Sharjah Media City Free Zone;

Director means an individual appointed in accordance with article 26.1;

Electronic Signature means any letters, characters, numbers or other symbols in digital form attached to or logically associated with an electronic Record and executed or adopted with the intention of authenticating or approving the electronic Record;

Employment Regulations means the Sharjah Media City Employment Regulations 2017 promulgated by the City, as may be amended from time to time;

Foreign Company means a corporate or government entity established in any jurisdiction (whether within or outside the UAE) outside the City;

General Manager means a Person empowered to manage and conduct the day-to-day operations, business and affairs of a Company or Branch incorporated or established in the City pursuant to these Companies Regulations and to be the primary representative in all matters with the City;

Health and Safety Regulations means the Sharjah Media City Health and Safety Regulations 2017 promulgated by the City, as may be amended from time to time;



Licence means a licence issued by the Authority permitting a Licensee to carry on business pursuant to these Companies Regulations from the City and includes a Temporary Licence;

Licensee means a Person licenced under these Companies Regulations;

Liquidator means an individual that is registered as a liquidator with the Authority;

Memorandum means the memorandum of association of a Company setting out the internal rules of the Company in accordance with article 6;

Person means a natural person, legal person, any association or partnership and the person's legal personal representatives, successors and lawful assigns;

Records means information, data and materials of any type, in any form and however stored which can include a **Record** generated, communicated, received, or stored by electronic, magnetic, optical or otherwise in an information system or for transmission from one information system to another and relate to a Company's or, where relevant, a Branch's operations that shall include but not be limited to:

- (a) accounting records kept in accordance with the Memorandum of a Company;
- (b) all written resolutions of the Shareholders and Directors;
- (c) minutes of all meetings of Shareholders, including the names of all Shareholders present in person or by proxy and details of resolutions proposed and passed;
- (d) minutes of all meetings of Directors, including the names of all Directors present and details of resolutions proposed and passed;
- (e) minutes of all meetings of creditors;
- (f) all registers, including the register of Shareholders and Directors required to be maintained in accordance with these Companies Regulations;
- (g) an internal record of all security interests created over Shares in the Company; and
- (h) forms and documentation submitted to the Authority and notices received from the Authority;

Register means the register of Licensees maintained by the Authority in electronic form or any other permanent manner which shall record details of Companies and Branches incorporated in the City as well as their licensed activities any restrictions or conditions imposed upon the Licence as the Authority may decide



and any other information notified to the Authority or required to be notified to the Authority from time to time pursuant to these Companies Regulations or any other applicable Regulatory Instrument;

Regulatory Instrument means any law, regulation, rule, code, decree, decision, direction, notice, policy, procedures or by-laws issued by the Authority or a Competent Authority from time to time;

Resolution means a resolution passed by a simple majority (more than fifty per cent (50%)) (or such other majority as may be specified in the Memorandum) of the votes of Shareholders present in person or by proxy at a general meeting and entitled to vote in accordance with these Companies Regulations;

Share means a unit of ownership representing a part of the share capital of the Company in UAE Dirhams;

Shareholder means an individual or corporate entity entered in a Company's register of Shareholders as the owner of a Share or Shares in the Company;

Temporary Licence means a temporary licence issued by the Authority pursuant to these Companies Regulations;

UAE means the United Arab Emirates.

4.2 In constructing and interpreting these Companies Regulations, unless the context otherwise requires:

- (a) in these Companies Regulations the terms City and Authority are used interchangeably where the context permits;
- (b) wherever in these Companies Regulations an obligation or duty is placed on a Company or otherwise a Company is authorised to do any act, then unless it is otherwise provided, such obligation, duty or act may be carried out by the General Manager or a Director of the Company;
- (c) references herein to individual **articles** are to be read as references to the articles of these Companies Regulations;
- (d) the headings herein are included for convenience of reference only and must not impact the construction or interpretation of these Companies Regulations;
- (e) references in these Companies Regulations to time periods are to be construed in accordance with the Gregorian calendar;



- (f) references herein to an applicant being incorporated in the City are references to an applicant being incorporated as a Company in the City. References herein to an applicant being established in the City are references to an applicant establishing a Branch in the City;
- (g) words importing the singular include the plural and vice versa, and words importing one gender include the other gender and vice versa;
- (h) words **including** and **include** must be construed without limitation;
- (i) reference herein to a **prescribed form** are references to any forms published or prepared by the Authority from time to time for Companies and Branches to notify information and changes to registered particulars to the Authority;

- 4.3 references in these Companies Regulations to any requirement for any document to be written, in writing, to be presented in writing or for the giving of any notice are to be construed as satisfied by a document or Record in electronic form (being a document or Record generated, communicated, received or stored by electronic, magnetic, optical or otherwise in an information system or for transmission from one information system to another) and any references in these Companies Regulations to any requirement for a signature on any document or notice are to be construed as satisfied by an Electronic Signature which may be proved in any manner;
- 4.4 these Companies Regulations must be read in conjunction with the Decree and other Regulatory Instruments issued by the Authority or a Competent Authority from time to time;
- 4.5 in the event of any inconsistency in these Companies Regulations or between these Companies Regulations and any other applicable Regulatory Instruments, the Authority will determine the correct interpretation and each Company or Branch must be so bound;
- 4.6 all references to the Authority shall include all individuals and third parties authorised from time to time to act on its behalf; and
- 4.7 all references in these Companies Regulations to any Regulatory Instruments includes all Regulatory Instruments amending, supplementing, consolidating, or replacing them whether issued by the UAE, Emirate of Sharjah, a Competent Authority or the Authority.



Part 2: Incorporation of Companies and establishment of Branches

5 Incorporation of Companies

- 5.1 Any one or more Persons may apply for the incorporation of a Company and a Licence to conduct any Activity in the City by submitting an application for incorporation in the form provided by the Authority. A Company incorporated in the City must have a minimum of one (1) and a maximum of fifty (50) Shareholders.
- 5.2 Companies registered under these Companies Regulations shall have a separate legal personality from that of their Shareholders. The liabilities of a Company, whether arising in contract or otherwise, are the Company's liabilities and not the personal liabilities of any Shareholder, Director, General Manager or officer of the Company, except as provided by law. The liability of the Shareholders of a Company is limited to the amount paid to the Company in respect of their Shares.

6 Memorandum

- 6.1 A Company with one Shareholder may (if the Shareholder so determines) have a Memorandum but is not required to do so. A Company with more than one Shareholder must have a Memorandum.
- 6.2 The Memorandum shall:
- (a) have effect as a binding agreement between:
 - (i) the Company and each Shareholder; and
 - (ii) the Shareholders,to abide by the provisions of the Memorandum and perform all obligations, including all payment obligations, contained in the Memorandum as though each Shareholder and the Company has signed the Memorandum;
 - (b) at all times be in compliance with all relevant articles of these Companies Regulations;
 - (c) be filed with the Authority on incorporation and when subsequently amended in accordance with article 16.1(a);
 - (d) be either in Arabic and English, or English; and



(e) be in the form prescribed by the Authority unless otherwise approved by the Authority.

6.3 Subject to article 6.2(e), a Company may amend its Memorandum by Resolution and any such amendment shall be notified to the Authority in accordance with article 16.1(a).

6.4 A Shareholder of a Company is not bound by an amendment made to the Memorandum after the date on which the Shareholder became a Shareholder if the amendment:

- (a) requires the Shareholder to take or subscribe for more Shares than the number held by the Shareholder at the date on which the amendment is made; or
- (b) in any way increases the Shareholder's liability as at that date to contribute to the Company's share capital or otherwise to pay money to the Company,

unless the Shareholder agrees in writing, either before or after the amendment is made, to be bound by it.

7 Establishment of Branches

7.1 A Company or a Foreign Company may apply to the Authority to establish a Branch by submitting an application to the Authority in the form prescribed by the Authority.

7.2 A Branch does not have separate legal personality from the Company or Foreign Company which has established it and, as such:

- (a) all profits, benefits, gains and other returns of the Branch shall be profits, benefits, gains and other returns of the Company or Foreign Company; and
- (b) all costs, expenses, debts and other liabilities of the Branch shall be costs, expenses, debts and other liabilities of the Company or Foreign Company.

Part 3: Licensing

8 Persons entitled to carry on business

8.1 Subject to the provisions of these Companies Regulations, a Person must not carry on (or purport to carry on) any Activity in the City without being incorporated or established and obtaining a Licence pursuant to these Companies Regulations unless exempted in accordance with a decision issued pursuant to article 8.2 of these Companies Regulations.



- 8.2 The Authority may publish from time to time, the categories of Activities for which a Licence may be issued or which may be exempted from the obligation to obtain a Licence in the City.
- 8.3 Any exemption may be subject to one or more conditions or requirements as the Authority may specify.
- 8.4 For the purposes of these Companies Regulations, a Person carries on an Activity in the City if he carries on an Activity from a permanent place of business maintained by him in the City, or engages in or from the City in any Activity which constitutes carrying on an Activity in the City.
- 8.5 A Company or Branch must ensure that it holds all additional permits, licences and authorisations required under any Regulatory Instrument to carry out any activity outside of the City in the UAE.

9 Persons not required to obtain a Licence

A Person is not deemed to be carrying on an Activity in the City where that Person only:

- (a) owns land in the City, including any building on such land and does not otherwise undertake an Activity from that land or building;
- (b) leases land or a building in the City and does not otherwise undertake an Activity from that land or building; or
- (c) leases premises in the City exclusively for residential purposes.

10 Licence

- 10.1 A valid Licence must be held to operate from the City. A Licensee must only carry out the Activity permitted on its valid Licence.
- 10.2 A Licence must not be assigned, transferred or otherwise disposed of, including any part of its rights, liabilities or obligations to a third party without the prior written approval of the Authority.
- 10.3 The Authority may at any time on or after granting a Licence:
- (a) accept or reject an application for incorporation or establishment;
 - (b) grant or refuse to grant a Licence; and
 - (c) vary or withdraw a Licence.

11 Variation of Licence



A Licensee may apply to the Authority to vary its Licence through meeting any requirements specified by the Authority. Subject to the approval of the Authority, the Authority will reissue to the Licensee a replacement Licence which has been varied.

12 Licence renewal

- 12.1 A Licensee must renew its Licence prior to the expiry of the current term of the Licence through meeting any requirements specified by the Authority.
- 12.2 Temporary Licences are renewable if approved by the Authority.

13 Termination, suspension or cancellation of Licence

- 13.1 Subject to the approval of the Authority, a Licensee may submit an application requesting the Authority to terminate or suspend its Licence. The Authority may make such approval conditional upon the Licensee's compliance with terms and conditions specified by the Authority.
- 13.2 The Authority may suspend for a specified time or cancel a Licence where it determines it is appropriate to do so by providing notice in writing to the Licensee, including if:
- (a) the Licensee has breached an article of these Companies Regulations or its Licence or has failed to satisfy an obligation to which he is subject by virtue of these Companies Regulations;
 - (b) the Licensee has furnished misleading or inaccurate information to the Authority;
 - (c) the Licensee has not begun to carry on in the Authority the Activity to which its Licence relates within such period as the Authority may specify;
 - (d) the Licensee has not paid any fees due including the application, licence, renewal or other fee, including any fines;
 - (e) the Licensee has ceased to carry on the Activity in the City;
 - (f) the Licensee is carrying on a different Activity to that set out on the Licence without the prior approval of the Authority;
 - (g) the Licensee has assigned the control of the Licence to a third party without the approval of the Authority;
 - (h) on the order of a court;



- (i) the Licensee becomes insolvent, applies for bankruptcy, or an order is made or a resolution passed for the bankruptcy, liquidation, administration, winding up or dissolution of the Licensee;
- (j) the Licensee does not obtain or fails to maintain during the term of the Licence, all permits, authorisations and licenses which may be required by any Competent Authority under any applicable law or regulation of the UAE or the Emirate of Sharjah in order to operate the Business;
- (k) there are serious indications that the Licensee is carrying on an Activity which may be damaging to the public or to the reputation of the Authority;
- (l) the Licensee has breached any Regulatory Instrument, including the Health and Safety Regulations and Employment Regulations;
- (m) the Licensee has carried out any activity which is contrary to the public morals and public order in the UAE; or
- (n) there is any other ground which the Authority may specify from time to time as a ground for the suspension or cancellation of a Licence.

13.3 If the Authority suspends or cancels a Licence, the Authority may provide the Licensee with a written statement of reasons for the suspension or cancellation of the Licence, on request from the Licensee but no appeal will be allowed.

Part 4: Administration

14 Company and Branch names

- 14.1 The name of a Company or Branch shall be at all times acceptable to the Authority.
- 14.2 Unless expressly authorised by the Authority, no Company or Branch shall be registered with an identical or similar name to the name of another Company or Branch incorporated or established in the City.
- 14.3 A Company may change its name after incorporation, subject to articles 14.1 and 14.2, and such change shall be made by Resolution and by amending its Memorandum to reflect such change in name and shall be notified to the Authority in accordance with article 16.1(a). If a Company does not have a Memorandum, it shall amend its name by Resolution and notify the Authority of any such change on the prescribed form.



14.4 A Branch may change its name by resolution of:

- (a) the Board in the case of a Branch of a Company; or
- (b) the board of directors or equivalent management body in the jurisdiction of its incorporation in the case of a Branch of a Foreign Company.

The Branch shall notify the Authority in accordance with article 16.2(a).

14.5 A change of name of a Company or Branch:

- (a) is effective from the date of issue by the Authority of a certificate of change of name; and
- (b) does not affect any rights or obligations of the Company or Branch or any existing legal proceedings which shall continue in the new name of the Company or Branch.

14.6 A Company or Branch may have a trade name that is different from its registered name and shall notify the Authority of the use of a trade name.

15 Registered address

A Company or Branch shall at all times have a registered address in the City to which all communications and notices may be addressed.

16 Changes

16.1 A Company must notify the Authority on the prescribed form and/or in the prescribed manner, including all required documentation, of any of the following events within ten (10) Business Days of the event unless otherwise specified in these Companies Regulations or by the Authority:

- (a) any amendment to the Memorandum in accordance with article 6.3, including, but not limited to an alteration of share capital, a change of registered office, a change of Company name and a change of financial year. If a Company does not have a Memorandum, the notification of the changes referenced in this article shall be made to the Authority by using the prescribed form;
- (b) a Director or General Manager is appointed, removed or resigns in accordance with article 26;



- (c) a transfer of Shares in accordance with article 24 or a change to the details of an existing Shareholder or Director in accordance with articles 25.2 and 28.2;
- (d) the registration of any security interests over any of the Shares in accordance with article 25.3;
- (e) the appointment, removal or resignation of the Company's auditor in accordance with article 42;
- (f) a Liquidator has been appointed or has been removed or has resigned;
- (g) any event that affects the probity of the individual Shareholders, Directors or General Manager of the Company and any event that affects the good standing of the corporate Shareholders of the Company; and
- (h) any additional events as the Authority may require from time to time.

16.2 A Branch shall notify the Authority in the prescribed manner, including all required documentation, of any of the following events within thirty (30) Business Days of the event unless otherwise specified in these Companies Regulations or by the Authority:

- (a) the change of a Branch's name in accordance with article 14.4;
- (b) a change of a Branch's registered address;
- (c) a General Manager is appointed or removed in accordance with article 27;
- (d) any event that affects the probity of the General Manager of the Branch and any event that affects the good standing of the Company, Foreign Company or Branch; and
- (e) any additional events as the Authority may require from time to time.

17 Retention of information and documents

- 17.1 A Licensee must retain and store all information and documents for at least six (6) years from the date of creation.
- 17.2 All information and documents may be held in electronic form or in any other permanent manner.

18 Products, goods and services prohibited in the City

It is prohibited to acquire, keep, warehouse or enter the following products, goods and services into the City:



- (a) products boycotted by any Competent Authority; and
- (b) any goods, products or services prohibited by the laws, regulations or rules of the Emirate of Sharjah or the UAE.

19 Fees and forms

19.1 If required by the Authority, a fee shall be paid by a Company or Branch for:

- (a) the filing of a document with the Authority in accordance with these Companies Regulations; and
- (b) the performance of any other function that the Authority, or such individual authorised by the Authority, carries out in order to implement or facilitate the provisions and procedures of these Companies Regulations, as deemed appropriate by the Authority.

19.2 The Authority may prescribe:

- (a) forms, fees, policies and procedures to be used for any of the purposes of these Companies Regulations;
- (b) the manner in which any document is delivered to the Authority, whether in electronic form or otherwise;
- (c) any requirements for documentation to be authenticated; and
- (d) any requirements in relation to the retention, reproduction or destruction of Records.

Part 5: Corporate capacity

20 Capacity of Company

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

20.2 A person dealing in good faith with a Company is entitled to assume that:

- (a) anyone who it appears from the licence of the Company or otherwise to be a Director or General Manager of the Company (and is in fact a Director or General Manager of the Company) has been



duly appointed and has the authority to exercise the powers and perform the duties customarily exercised or performed by a Director or General Manager of a Company; and

- (b) the Company's capacity or power to enter into, perform or otherwise carry out any act is not limited by anything in its Memorandum or by any act of its Shareholders,

and a Company is not entitled to assert in proceedings in relation to dealings of the Company that any such assumption is incorrect.

20.3 Contracts entered into prior to the incorporation of a Company

Where a Company, or a Person as agent for the Company, purports to enter into a contract, transaction, agreement, instrument, arrangement or other act (a **Transaction**), at any time prior to the date of incorporation of the Company, then, unless otherwise agreed by the parties to such Transaction, it shall take effect as having been entered into by the Person purporting to act for the Company or as agent for it and he shall be personally bound by the Transaction and entitled to the benefits of such Transaction.

Part 6: Shares and Share capital

21 Nature of Shares

The share capital of a Company shall consist of one class of Shares with all Shares being of equal value and whole numbers (no fractions) and ranking equally in all respects including but not limited to voting, dividends and capital.

22 Alteration of share capital

22.1 A Company may, by Resolution:

- (a) approve an increase in its share capital;
- (b) reduce its share capital;
- (c) consolidate all or any of its Shares into Shares of a larger nominal amount than its existing Shares; and
- (d) sub-divide all or any of its Shares into Shares of a smaller nominal amount than its existing Shares.



- 22.2 An alteration of share capital in accordance with this article 22 shall be considered an amendment to the Memorandum and shall be notified to the Authority in accordance with article 16.1(a). If a Company does not have a Memorandum the Company shall notify the Authority of any alteration to its share capital on the prescribed form.

23 Payment for Shares in cash and non cash consideration

- 23.1 A Share may be issued at a premium (i.e. at a price greater than its nominal value). A Share shall not be issued at a discount to its nominal value.
- 23.2 A Share issued by a Company and any premium on it shall be paid in full when issued for cash or for non-cash consideration in accordance with article 23.3.
- 23.3 If a Company intends to issue Shares for non-cash consideration, the Directors of the Company shall:
- (a) determine the reasonable cash value of the consideration to be paid for the Shares;
 - (b) pass a resolution stating that in the Board's opinion:
 - (i) the consideration to be paid for the Shares is fair and reasonable to the Company and existing Shareholders at the time of the issue of new Shares; and
 - (ii) the cash value of the consideration to be provided for the Shares is not less than the aggregate nominal value and, if there is a premium, the whole premium to be paid for the issue of the Shares.
- 23.4 In order to assist the Board in determining the cash value of the non-cash consideration and forming the opinion required pursuant to article 23.3(b), the Board may appoint an accountancy firm of international repute to provide it with a valuation report in respect of the non-cash consideration.
- 23.5 The consolidation or subdivision of Shares in the Company in accordance with articles 22.1(c) and 22.1(d) shall not be considered an issue of Shares for non-cash consideration for the purposes of article 23.3.

24 Transfer of Shares

- 24.1 A Company's Shares are transferable in accordance with the Memorandum and any requirements of these Companies Regulations.



- 24.2 The Board of a Company shall not register a transfer of shares in the Company unless an instrument of transfer in writing, duly signed by or on behalf of the transferee and transferor has been delivered to it.
- 24.3 Article 24.2 does not prejudice the power of the Company to register as a Shareholder a person to whom the right to Shares in the Company has been transmitted by operation of law.
- 24.4 A transfer of the Share(s) or other interest of a deceased Shareholder of a Company made by the personal representative, although the personal representative is not himself a Shareholder of the Company, is as valid as if he had been a Shareholder at the time of the execution of the instrument of transfer.
- 24.5 Upon receipt of an instrument of transfer in accordance with article 24.2, the Board shall direct a representative of the Board to update the register of Shareholders of the Company to reflect the transfer of Shares within two (2) Business Days of the date of receipt of such instrument of transfer. A share transfer shall take effect from the date on which the register of Shareholders has been updated to reflect the transfer.
- 24.6 Following the registration of a share transfer in accordance with article 24.5 and in any event within ten (10) Business Days, the Company shall notify the Authority of such transfer of Shares in accordance with article 16.1(c).

25 Register of Shareholders

- 25.1 A Company shall keep a register of its Shareholders that accurately states:
- (a) the names, contact details, passport number (if applicable) and nationalities of its Shareholders, together with a statement of the Shares held by each Shareholder;
 - (b) the date on which each individual or corporate entity was registered as a Shareholder; and
 - (c) the date on which any individual or corporate entity ceased to be a Shareholder.
- 25.2 A Shareholder shall notify the Company of any changes to the information referred to in article 25.1(a) by serving a notice on the Company at its registered address within thirty (30) Business Days of any such change. The Company shall update the register of Shareholders to reflect such changes within two (2) Business Days of receipt of a notice from a Shareholder. The Company shall notify the Authority of any such changes within ten (10) Business Days of receipt of the notice from the Shareholder in accordance with article 16.1(c).
- 25.3 Subject to the Memorandum, each Shareholder of a Company shall promptly report to the Company any creation, modification or discharge of a security interest over any of their Shares in the Company and the



Company shall ensure that any information in respect of security interests so notified shall be recorded in the register of Shareholders within five (5) Business Days of receipt. The Company shall notify the Authority of any such registration within ten (10) Business Days of receipt of the notice for the Shareholder in accordance with article 16.1(d).

- 25.4 A Company's register of Shareholders shall be available for inspection during business hours to Shareholders without a fee.
- 25.5 The register of Shareholders of a Company shall be prima facie evidence of title of a Shareholder to its Shares and a Company shall not issue bearer shares.

Part 7: Directors and General Managers

26 Directors and General Managers of Companies

- 26.1 A Company shall at all times have one or more Directors appointed to manage the business and affairs of the Company and one or more General Managers appointed to manage the day-to-day business of the Company. The Shareholders of a Company shall appoint or remove Directors and General Managers by Resolution. The powers of the General Manager shall be set out in the Memorandum or a power of attorney executed by a Director for and on behalf of the Company. In the event that the Company does not have a Memorandum and no power of attorney is executed, the General Manager shall be deemed to have all powers necessary to manage the day-to-day operations of the business of the Company.
- 26.2 All appointments, resignations and removals of Directors and General Managers shall be notified to the Authority in accordance with article 16.1(b) within ten (10) Business Days of appointment.

27 General Managers of Branches

A Company or Foreign Company shall delegate responsibility for managing the day-to-day business of a Branch to a General Manager. Such General Manager shall be appointed and/or removed by a board resolution of the Company or Foreign Company (or equivalent in the country of incorporation of the Foreign Company). The powers of a General Manager of a Branch may also be set out in a power of attorney granted to him by the Company or Foreign Company and executed by a Director (in the case of a Company) or a representative of the Foreign Company in accordance with applicable law in the jurisdiction of incorporation of the Foreign Company (in the case of a Foreign Company). In the event that no such power of attorney is



executed, the General Manager shall be deemed to have all powers necessary to manage the day-to-day operations of the business of the Branch.

28 Register of Directors

28.1 A Company shall keep a register of its Directors that accurately states:

- (a) the names, contact details, passport number and nationalities of its Directors;
- (b) the date on which each Director was appointed; and
- (c) the date on which each Director ceased to hold that office.

28.2 A Director shall notify the Company of any changes to the information referred to in article 28.1(a) by serving a notice on the Company at its registered address within ten (10) Business Days of any such change. The Company shall update the register of Directors to reflect such changes within two (2) Business Days of receipt of a notice from a Director. The Company shall notify the Authority of any such changes within ten (10) Business Days of receipt of the notice from the Director in accordance with article 16.1(c).

28.3 A Company's register of Directors shall be available at its registered address for inspection during business hours to Directors and Shareholders without a fee.

Part 8: Director's and General Manager's duties

29 General duties

29.1 A Director or General Manager must at all times, act:

- (a) honestly and in good faith;
- (b) for a proper purpose; and
- (c) in the best interests of the Company.



- 29.2 A Director or General Manager owes the duties set out in this Part 8 to the Company and the Shareholders (in the case of a Director or General Manager of a Company) and to the Company or Foreign Company (in the case of a General Manager of a Branch).

30 Duty to act within powers

- 30.1 A Director or General Manager shall:

- (a) act in accordance with the Memorandum and/or any power of attorney granted to him by the Company; and
- (b) only exercise powers for the purposes for which those powers are conferred.

31 Duty to promote the success of the Company

- 31.1 A Director or General Manager shall act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its Shareholders as a whole, and in doing so have regard to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to promote and maintain the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between Shareholders of the Company.

- 31.2 A Director or General Manager shall also have regard to other objectives of the Company as set out in the Memorandum.

32 Duty to exercise independent judgement

- 32.1 A Director or General Manager shall exercise independent judgement.
- 32.2 This duty is not breached by the Director or General Manager acting:



- (a) in accordance with an agreement duly entered into by the Company that restricts the future exercise of discretion by its Directors or General Manager; or
- (b) in a way authorised by the Memorandum.

33 Duty to exercise reasonable care, skill and diligence

33.1 A Director or General Manager shall exercise the level of care, skill and diligence that would be exercised by a reasonably diligent person with:

- (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by a Director or General Manager in relation to the Company; and
- (b) the specialist knowledge, skill and experience of that Director or General Manager.

34 Duty not to improperly use position

34.1 A Director or General Manager shall not improperly use his or her position to:

- (a) gain an advantage for himself or herself or someone else; or
- (b) cause detriment to the Company.

34.2 An individual who obtains information because he or she is, or has been, a Director or General Manager shall not improperly use the information to:

- (a) gain an advantage for himself or herself or someone else; or
- (b) cause detriment to the Company.

34.3 This duty continues after the individual ceases to be a Director or General Manager of the Company.

35 Duty to avoid conflicts of interest

35.1 A Director or General Manager shall avoid a situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

35.2 This duty is not breached:

- (a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or



- (b) if a director has declared a conflict of interest in accordance with article 36 and the matter has been authorised by the Board.

35.3 Any reference in this article 35 to a conflict of interest includes a conflict of duties.

36 Duty to declare interest

36.1 A Director who has a direct or indirect interest in a proposed or existing arrangement or transaction with the Company shall make a declaration of the interest to the Board by written notice unless the interest:

- (a) arises because the Director or General Manager is a Shareholder of the Company and has an interest which the other Shareholders of the Company also have in common with the Director or General Manager;
- (b) arises in relation to the Director's or General Manager's remuneration as a Director or the General Manager of the Company;
- (c) relates to a contract the Company is proposing to enter into that is subject to approval by the Shareholders and will not impose any obligation on the Company if it is not approved by the Shareholders;
- (d) arises due to the Director or General Manager being a guarantor or giving an indemnity or security for all or part of a loan (or proposed loan) to the Company;
- (e) arises due to the Director or General Manager having a right of subrogation in relation to a guarantee or indemnity referred to in article 36.1(d);
- (f) relates to a contract that insures, or would insure, the Director or General Manager against liabilities the Director or General Manager incurs as a Director or General Manager of the Company (but only if the contract does not make the Company or a related corporate entity the insurer);
- (g) is in a contract, or proposed contract, with, or for the benefit of, or on behalf of, a related corporate entity and arises because the Director or General Manager is a Director or General Manager of the related body corporate; or
- (h) as otherwise specified by the Authority.

36.2 The notice required by article 36.1 shall:



- (a) contain details of:
 - (i) the nature and extent of the interest; and
 - (ii) the relation of the interest to the affairs of the Company; and
- (b) be submitted at a Directors' meeting promptly after the Director or General Manager becomes aware of his or her interest in the matter.

36.3 A Director shall be permitted to vote at a meeting of the Directors on any resolution concerning any proposed or existing transaction or arrangement in which he or she has a direct or indirect interest, provided that such interest has been declared in accordance with article 36.1.

36.4 If a declaration of interest in accordance with this article 36 proves to be, or becomes, inaccurate or incomplete, a further declaration by written notice shall be made by the relevant Director or General Manager immediately in accordance with article 36.2.

36.5 This article 36 requires a declaration of an interest to be made where the Director or General Manager should reasonably be aware of a potential conflict of interest in relation to the transaction or arrangement in question.

37 Consequences of breach of Director's and General Manager's duties

37.1 In the event that any Director, Shareholder or General Manager considers that a Director or General Manager has breached any of its duties pursuant to articles 29 - 36 above, he or she may notify the Authority in writing of such breach.

37.2 The Authority may, upon becoming aware of a breach of duty pursuant to articles 29 - 36 (whether as a result of a notification pursuant to article 37.1 or otherwise), do any of the following:

- (a) disqualify the concerned individual from acting as a Director or General Manager in the City pursuant to article 50.2(c);
- (b) issue a public notice providing details of the breach, the name of the Company and the concerned Director or General Manager pursuant to article 50.3;
- (c) in respect of a breach by a Director or General Manager of his or her duty under article 36, make an order for the arrangement or transaction concerned to be set aside and directing the Director or General Manager in breach of duty to account to the Company for any profit or gain realised; or



(d) make such other order or take any such further action as the Authority deems appropriate.

37.3 The provisions of this article 37 shall apply in the event that any breach of duty has been waived by the Shareholders of the Company in accordance with article 38. However, the Authority may take account of any waiver by the Shareholders in taking any decision pursuant to article 37.2.

38 Breach waived by the Shareholders

38.1 The Shareholders may, by Resolution, waive a breach of a Director's or General Manager's duties under articles 29 to 36.

38.2 The vote of the Director or General Manager (if he or she is also a Shareholder) and any Shareholder related to the Director or General Manager shall not be counted in the Resolution passed in accordance with article 38.1 unless the Company only has one Shareholder, in which case such Shareholder may vote regardless of whether he or she is also a Director or General Manager of the Company.

39 Indemnity of Directors and General Managers

39.1 Any provision (whether contained in the Memorandum, any agreement between the Shareholders in a contract with the Company or otherwise) that excludes or attempts to exclude a Directors' or General Manager's liability for negligence, default or breach of a duty (other than in respect of article 38) shall be void.

39.2 Any provision by which a Company or any of its Affiliates directly or indirectly provide an indemnity for a Director or General Manager of the Company against any liability for negligence, default or breach of a duty shall be void.

39.3 A provision that indemnifies a Director against liability incurred to a third party other than the Company or any of its Affiliates shall be permitted if:

- (a) the liabilities are incurred in defending any proceedings (whether civil or criminal):
 - (i) in which judgment is given in his or her favour or he or she is acquitted; or
 - (ii) which are discontinued or settled in circumstances where the majority of the Directors consider that the indemnified Director or General Manager was substantially successful in arguing his or her case or resisting any accusation;
- (b) the liability was incurred by a Director or General Manager who the majority of the Directors consider acted in good faith with a view to the best interests of the Company; or



(c) the liabilities are not in respect of payment of a fine or penalty however imposed.

39.4 A Company may purchase and maintain liability insurance for its Directors and officers (including the General Manager).

Part 9: Accounts and audit

40 Accounting records

A Company shall keep accounting records at such place as the Directors think appropriate that:

- (a) show and explain the Company's transactions;
- (b) disclose with reasonable accuracy, at any time, the financial position of the Company at that time; and
- (c) enable the Directors to ensure that all accounts prepared by the Company comply with the requirements of these Companies Regulations.

41 Financial years

- 41.1 The first financial year of a Company shall start on the date on which the Company is incorporated and continue for a period not exceeding eighteen (18) months as may be determined by the Directors.
- 41.2 Each subsequent financial year of a Company shall start at the end of the previous financial year and shall continue for twelve (12) months.
- 41.3 A Company may by Resolution of the Shareholders change its financial year end date and amend its Memorandum (if any) to reflect any such change. A Company shall notify the Authority of any change to its financial year in accordance with article 16.1(a). If a Company does not have a Memorandum, it shall amend its financial year end date by Resolution and notify the Authority of such change on the prescribed form.

42 Appointment, removal and resignation of an auditor

- 42.1 An auditor may be appointed or be removed by Resolution.
- 42.2 A Company shall, in accordance with article 16.1(e) notify the Authority of the appointment, resignation or removal of the Company's auditor.

Part 10: Distributions



43 Distributions

- 43.1 A Company may make a distribution at any time out of profits available for the purpose. A Company's profits available for distribution are its accumulated, realised profits so far as not previously utilised by distribution or capitalisation less its accumulated, realised losses so far as not previously written off in a reduction or reorganisation of capital duly made.
- 43.2 The following shall not be considered a distribution of the Company's assets to Shareholders:
- (a) a reduction of share capital; and
 - (b) a distribution of assets to Shareholders of the Company on its liquidation.
- 43.3 Any distribution shall be approved by Resolution before being paid.
- 43.4 Where a distribution or part of a distribution is made by a Company to its Shareholders in contravention of this article 43, any Shareholder who knows or has reasonable grounds for believing that the distribution was so made shall be liable to repay all or part of the distribution (or its cash equivalent in the event that the distribution was made other than in cash) to the Company.

Part 11: Liquidation

44 Liquidation regulations

The regulations concerning the liquidation of a Company will be prescribed, together with any further matters in connection with these Companies Regulations which the Authority deems appropriate, under a special regulation to be issued by the Authority in this respect.

Part 12: Closure of a Branch

45 Closure of a Branch

- 45.1 A Foreign Company may apply to the Authority to close its Branch by completing the prescribed form and submitting all documentation and fees and meeting any other requirements as specified by the Authority from time to time.



- 45.2 The Authority may, if satisfied with the required documents submitted pursuant to article 45.1, send notice to the Company or Foreign Company that the Branch has been closed and taken off the Register and the Branch closure shall be effective from the date of the notice.

Part 13: Compliance, investigations and sanctions

46 Compliance

- 46.1 Each Company, Branch, Director, General Manager, Liquidator and Shareholder shall at all times be in compliance with:
- (a) all applicable laws of the UAE and of the Emirate of Sharjah;
 - (b) any applicable Regulatory Instruments and judgments issued by any Competent Authority;
 - (c) the Decree, these Companies Regulations and all other Regulatory Instruments issued by the Authority from time to time; and
 - (d) the conditions of its Licence.
- 46.2 A Company, Branch, Director, General Manager, Liquidator and Shareholder shall not carry on any act which may be damaging to the public or to the reputation of the Authority, the Emirate of Sharjah or the UAE or which may cause risk to the national security of the UAE.
- 46.3 A Company or Branch shall ensure and, if required, demonstrate that appropriate internal compliance policies, procedures and personnel are in place to ensure compliance with its obligations under these Companies Regulations.
- 46.4 A Company or Branch shall promptly pay to the Authority all fees and/or fines due under these Companies Regulations or any other Regulatory Instruments issued by the Authority.

47 Provision of information

- 47.1 The Authority or a Competent Authority may require that a Company, Branch, Director, General Manager, Liquidator or Shareholder provides information or Records in any form or manner as specified by the Authority or a Competent Authority, relating to that Company, Branch or individual's compliance with these Companies Regulations or any other Regulatory Instruments issued by the Authority or a Competent Authority.



- 47.2 A Company, Branch, Director, General Manager, Liquidator or Shareholder shall provide all information and Records requested by the Authority or a Competent Authority under article 47.1 in full within the time period specified in the notice, and if no time period is specified, within five (5) Business Days from the date of the notice.
- 47.3 All disclosures made by a Company, Branch, Director, General Manager, Liquidator or Shareholder to the Authority or a Competent Authority at any time shall be complete, truthful and accurate.
- 47.4 Information, data and materials of any type or in any form, including any Records, provided to the Authority or a Competent Authority by or on behalf of a Company, Branch, Director, General Manager, Liquidator or Shareholder may be disclosed by the Authority or a Competent Authority to a third party if required:
- (a) in the performance of the Authority's or a Competent Authority's functions;
 - (b) under UAE law;
 - (c) in the interests of the national security of the UAE;
 - (d) by another Competent Authority; or
 - (e) in any other circumstances deemed appropriate by the Authority.
- 47.5 The Authority may publish information, guidance, policies or procedures in any manner or form relating to these Companies Regulations or any other Regulatory Instruments issued by the Authority.
- 47.6 Communications between the Authority and a Company, Branch, Director, General Manager, Liquidator or Shareholder and information and documents to be provided under these Companies Regulations or any other Regulatory Instrument issued by the Authority must be provided either in Arabic and English, or English.

48 Right of entry

- 48.1 The Authority may, by providing prior written notice to a Company or Branch, enter and inspect any premises in the City occupied by that Company or Branch and may examine, copy or remove Records of any type and in any form relating to that Company or Branch's compliance with these Companies Regulations or any other Regulatory Instruments issued by the Authority or a Competent Authority.
- 48.2 The Authority may take the action specified in article 48.1 without giving notice to the Company or Branch where the Authority has reasonable grounds to believe that if notice were provided the relevant Records may be compromised.



49 Investigations

- 49.1 The Authority may conduct an investigation of a Company, Branch, Director, General Manager, Liquidator or Shareholder if:
- (a) it has reason to suspect that there may have been a breach of these Companies Regulations or any other Regulatory Instruments issued by the Authority or a Competent Authority; or
 - (b) it has imposed a sanction under article 50.1 and a retrospective investigation is required.
- 49.2 The Authority may inform a Company, Branch, Director, General Manager, Liquidator or Shareholder, by written notice, that an investigation is being conducted into its affairs which may include:
- (a) an outline of the suspected breach; and
 - (b) a request for provision of information or, where relevant, materials of any type and in any form or manner as specified by the Authority in accordance with article 47.1.
- 49.3 The Authority may, during the period of investigation:
- (a) invite the Company, Branch, Director, General Manager, Liquidator or Shareholder to make written representations in relation to the suspected breach in the form and manner as specified in the notice; and
 - (b) provide notice, if appropriate, that the Authority shall be entering the Company or Branch's premises in accordance with article 48.1.
- 49.4 The Authority shall, on conclusion of the investigation, inform the Company, Branch, Director, General Manager, Liquidator or Shareholder, by written notice, of the outcome of the investigation and any action to be taken by the Authority.

50 Suspension, revocation and sanctions

- 50.1 The Authority may impose any of the sanctions listed under article 50.2 where it determines it is appropriate to do so by providing notice to the Company, Branch, Director, General Manager, Liquidator or Shareholder and, where it determines appropriate, conduct a retrospective investigation in accordance with article 49.1(b).
- 50.2 Where the Authority determines that there has been a breach of these Companies Regulations, the Authority may, without prejudice to any of its other powers under these Companies Regulations or any other Regulatory



Instruments of the Authority, impose on the Company, Branch, Director, General Manager, Liquidator or Shareholder a fine of UAE Dirhams 1,000 and one or more sanctions including but not limited to:

- (a) a direction to the Company, Branch, Director, General Manger, Liquidator or Shareholder to cease the breach which could include, but not be limited to, a requirement that the Company, Branch, Director, General Manager, Liquidator or Shareholder remedy the breach or cause the breach to be remedied;
- (b) an additional fine to be paid by the Company, Branch, Director, General Manager, Liquidator or Shareholder to the Authority as determined by the Authority;
- (c) a direction that an individual is disqualified from acting as a Director, Shareholder or General Manager within the City on such terms as is prescribed in the direction;
- (d) suspend any Licence on such terms as specified by the Authority; or
- (e) revoke a Licence.

50.3 The Authority may from time to time publish in such manner and in such place:

- (a) a list of fines for breach of these Companies Regulations or any other Regulatory Instruments of the Authority; and
- (b) a decision made under these Companies Regulations or any other Regulatory Instruments of the Authority.

51 Suits and actions

51.1 No suit or action must exist against the Authority or any person acting on its behalf in respect of anything done or omitted to be done in the Authority's official capacity in good faith.

51.2 The Authority or any person acting on its behalf must not be required to prosecute, defend or take part in any proceedings outside the City, provided that where the Authority chooses to do so, the Authority must be indemnified by or on behalf of the person who has requested the Authority to do so.



Signature:

Date of signature: