

The Companies Law No. 22 of 1997  
And its amendments  
Published in the Official Gazette No. 4204 dated 15/5/1997  
We, Al Hassan Bin Talal, the Regent

In accordance with Article (31) of the Constitution and pursuant to what has been decided by the Council of Senates and the House of Deputies, we hereby ratify the following Law and order that it be promulgated and incorporated in the laws of the State:

Article (1): Citation of the Law and Coming into Force

This Law shall be cited as the "Companies Law of 1997" and shall come into effect after the lapse of 30 days from the date of its publication in the Official Gazette.

Article (2): Definitions

The following words and expressions, wherever used in this Law, shall have the meanings assigned to them, unless the context otherwise provides:

The Ministry: Ministry of Industry and Trade.

The Minister: Minister of Industry and Trade.

The Controller: The Companies General Controller.

The Directorate: The Companies Supervision Directorate associated with the Ministry.

The Bank: The financial company licensed to carry out banking activities in pursuance of the provisions of the Banking legislation in force.

The Court: Court of First Instance in whose jurisdiction the headquarters of the Jordanian company or the main branch of the foreign company is located.

b) The words and expressions, "Commission", "Stock Market", "Market", "Depository Center", "Promissory", "Issue Manager" and "Issue Trustee", wherever stated in this Law, shall have the meanings ascribed to them pursuant to the Securities Law in force.

Article (3): Application of the Law

The provisions of this Law shall apply to companies practicing commercial activities and to matters dealt with in its provisions. If this Law does not include a provision applicable to any matter, then reference shall be made to the Commercial Code. If a provision is not included therein, then reference shall be made to the Civil Code; otherwise provisions of commercial practice, and guidance by jurisprudent interpretations, and equity principles shall be applied.

Article (4): Formation and Registration of the Company

The formation and registration of companies in the Kingdom shall be realized in accordance with the provisions of this Law. And every company formed and registered under this Law shall be considered a Jordanian entity, with its Headquarters situated in the Kingdom.

Article (5): Registration, Objections and Objection to Registration

a) No company shall be registered with a name chosen for a fraudulent or an illegal objective. No company shall be registered with the name of another company already registered in the Kingdom with a name so similar thereto that may lead to confusion or deception. The Controller may refuse the registration of a company with such name in any such cases.

b) Any company may submit a written objection to the Minister, within sixty days from the date of publication of the decision to register another company in the Official Gazette, for cancellation of the registration of such other company, if the name under which it is registered is similar to it and resembles it to the point that would lead to confusion or deception. The Minister after consulting the Controller and the company, whose registration is contested, shall give the company time to submit its defense within the period specified in the objection. The Minister will issue his decision to cancel the registration of the other company if he is convinced by the reasons of the objection to its registration, and the company does not amend its name and remove the reasons of the objection. Any party aggrieved by this decision may appeal to the High Court of Justice within 30 days from the date of the publication thereof in one of the local daily newspapers.

Article (6): Company Forms

a) Subject to the provisions of Articles (7) and (8) of this Law, companies registered under this be divided into the following forms\*:

General Partnership  
Limited Partnership  
Limited Liability Company  
Limited Partnership in Shares  
Private Shareholding Company  
Public Shareholding Company

b) It is not stipulated that a prior approval be received from any other entity to register any provided that no legislation in force requires otherwise .

c) The Department may declare, in pursuance to instructions issued by the Minister, any ev information not related to the company accounts or financial statements\*.

d) The Department may retain an electronic or minimized copy of the documents and evidenc archived or deposited with it. It is also permitted to retain by electronic means the evidence, in registers and transactions related to its activities. These copies and the evidence, inform registers produced after being stamped with the Department's stamp and signed by the a official will have the same legal effects of the original written documents including their leg evidence .

Article (7): Companies Registered Pursuant to Agreements Concluded by the Government v States

a) Companies registered in the Kingdom pursuant to agreements concluded by the Governmen other state and the joint Arab companies emanating from the Arab league or the instil organizations affiliated thereto shall be registered with the Controller in a special register pr this purpose. These companies shall be subject to the provisions and conditions stated in this circumstances and on the issues not stipulated in the agreements and contracts under which established and their Memorandums of Association.

Companies Operating in Free Zones

b) Companies operating in the free zones shall be registered with the Free Zones Corporat registers prepared by it for that purpose in coordination with the Controller. The laws and r implemented in this Corporation shall be applied thereto provided that the Corporation send a c registration of these companies to the Controller in order for him to document the regis investors in the free zones with the Ministry.

Civil Companies

c) Civil Companies

Civil companies shall be registered with the Controller in a special register named "Regist Companies." Such companies are the companies established among specialized and profession; and shall be subject to the provisions of the Civil Code, the provisions of the laws pertaining t to their internal Articles and Memorandum of Association .

New partners of the same profession may be admitted to such companies or partners may there from. These companies shall not be subject to the provisions of bankruptcy and p bankruptcy .

The provisions set forth herein shall apply to the registration of these companies and the am effected thereon to the extent that they do not contradict with the provisions of the laws and r

related thereto .

If all the partners in a company belong to the same profession, and the company objectives are practicing the work and activities related to that profession, the partners may agree in the articles of association or its memorandum of association on any special provisions to manage the company or to distribute its profits or to organize the transfer of the shares' ownership thereon. They may also place the necessary restrictions for that purpose or to place special provisions for any other issue relating to the company in accordance with what the partners agree upon .

-Non-profit Companies

d) Non-profit companies may be registered in accordance with one of the types of companies provided in this Law and in accordance with the provisions set forth in this Law. These companies shall be registered in a special register named "Register of Non-Profit Companies." The company's purpose, conditions, objectives, work that it is permitted to practice, supervision, the method and manner of receiving assistance and grants, finance resources, spending method, liquidation and accrual of assets upon liquidation and death, and documents that should be submitted to the Controller and related issues will be specified in pursuance to a special regulation issued for this purpose.

e) A joint investment company will be registered as a Public Shareholding Company with the Controller in a special register. The provisions of this Law shall be applied to its registration, management and amendments that may occur thereto; otherwise it shall be subject to the Securities Law .

f) The company registration application, articles and memorandum of association or any other document or any amendment that may occur to any of same shall be signed in the presence of the Controller or person authorized by him in writing. Any document which the Law requires its submittal to the Controller or the Department for any type of the companies listed in this Law shall also be signed in the presence of the Controller or person authorized by him in writing or the Notary Public or a practicing lawyer.

Article (8): The Conversion of Public Entities into Public Shareholding Companies

Notwithstanding anything stipulated in this Law:

a) Any institute, authority, public official body or public utility or any part of it may be converted into a Public or Private Shareholding Company or a Limited Liability Company operating on a commercial basis where the government owns all of its shares, with the exception of the institute, authority or public body established by virtue of a special law. In such case the special law pertaining thereto should be amended before converting it to a company as mentioned in the above-mentioned companies in accordance with the provisions of this Article .

b) The capital of such company shall be determined by re-evaluating the moveable and immovable assets of the corporation, authority or body in accordance with the provisions of the Law, provided that the members of the re-evaluation committee shall include at least one licensed auditor. The value of the assets shall be considered cash shares in the company capital.

c) The Council of Ministers shall appoint a special committee that shall prepare the company's memorandum of association including the method of selling and trading its shares and company procedures for converting the corporation, authority or public official body into a Public Shareholding Company and the registration thereof in such capacity in accordance with the provisions of this Law.

d) Upon the conversion of the corporation, authority or public official body into a company, the Council of Ministers shall appoint its Board of Directors to conduct the affairs thereof and to carry out all powers entrusted thereto under this Law.

e) The company established in the aforesaid manner shall be subject to the provisions and procedures stipulated in this Law in the circumstances and issues not provided for in its articles and memorandum of association.

association and shall appoint its independent auditor.

f) The company established in the aforesaid manner shall be considered a general success corporation, authority or public official body which has been converted and shall supersede it practically in all its rights and obligations.

Article (9): Founding of the General Partnership

a) A General Partnership shall consist of a number of natural persons, not less than two and than twenty, unless the increase is due to inheritance, provided that such an increase is subject to the provisions of Articles (10) and (30) of this Law.

b) No person may be a partner in a General Partnership unless he is at least eighteen years of age.

c) A partner in the General Partnership will acquire the capacity of a merchant and shall be conducting practicing commercial business in the name of the Partnership.

Article (10): Address of the Company

a) The title of the General Partnership shall consist of the names of all the partners, or of the surname of each of them or of the name of one or more of the partners or his title, provided that in any case, the phrase "and his partners" or "and partners" is added to his name or their names, as may be, or what would lead to the meaning of this phrase. The title of the Partnership shall comply with its existing status.

b) The General Partnership may have its own trade name provided that the said name is associated with the title under which the Partnership is registered and that it appear on all the documents issued by the Partnership or dealt with and on its correspondence.

c) If all or some of the partners in the General Partnership die and the title of the Company is registered in their names, their heirs and the surviving partners may – with the approval of the Controller – keep the Company title and use same if he finds that the Company title has acquired commercial character.

Article (11): Registration Procedures

a) An application for registration shall be submitted to the Controller together with the original agreement signed by all the partners and with a statement signed by each of them in accordance with paragraph (f) of Article (7) of this Law. The Company agreement and its statement must include the following\*:

Title of the Company and its trade name, if any .

Names of the partners and the nationality, age and address of each of them .

Headquarters of the Company .

The Company capital and each partner's share therein .

Objectives of the Company .

Duration of the Company, if it is limited .

Name of the partner or names of the partners authorized to manage and sign on behalf of the Company and their powers .

The status of the Company in the event of the death, bankruptcy, or the declaration of insolvency of any or all of its partners .

b) The Controller shall issue his decision approving the registration of the Company within fifteen days from the date of the submission of the registration application. The Controller may reject the registration application if there is evidence in the Company agreement or its memorandum of a violation of public order or the provisions of all legislations in force and if the partners do not take action to rectify the said violation within the period determined by the Controller. The partners may submit an appeal to the Minister against the rejection decision of the Controller within thirty days from the date of the said rejection.

Should the Minister decide to reject the objection, the objectors shall have the right to a decision before the High Court of Justice within thirty days from the date of their notification decision.

c) If the Controller approves the registration of the Partnership Company or if the approval was by a decision of the Minister, pursuant to the provisions of paragraph (b) of this Article, registered after collection of the registration fees and the Controller will issue the Company a certificate which will be considered as official evidence in all legal procedures. The Company shall maintain it in a visible place in its headquarters and the Controller shall also publish an announcement of the Partnership's registration in the Official Gazette\*.

d) The General Partnership is not allowed to commence its operations or to exercise any of them after its registration and payment of the fees due thereon in accordance with the provisions of this Article, and subject to all the provisions of this Law and the regulations issued in accordance.

#### Article (12): The General Partnerships Register

The Controller shall keep a special register in which all General Partnerships are registered with their numbers and in chronological order according to their registration dates. The alterations or amendments that may occur to any of them shall be recorded therein. Any individual may, upon payment of the required fees, review the said register after obtaining the prior approval of the Controller if the Controller is convinced that such individual has a special interest in the register.

#### Article (17): Management of the Company

a) Each partner shall have the right to take part in the management of the General Partnership. The Partnership Agreement shall specify the names of partners authorized to manage and sign on behalf of the Company and their powers. The authorized person shall realize the operations of the Company in accordance with the provisions of this Law and the regulations issued in line therewith and within the limits delegated to him and the rights given to him under the Partnership Agreement. The authorized person shall not have the right to receive any remuneration or wages in return for his work in the management of the Company except with the approval of the remaining partners.

b) Any partner authorized to manage the affairs of the General Partnership and to sign on its behalf shall be considered its legal representative and the Company shall be committed to the actions he performs on its behalf and to the results arising from the said actions. However, if the partner is not authorized to perform and realized any work in the name of the Company, then it shall be responsible for his actions towards bona fide third party and shall claim compensation from him for all the losses and damages that have been incurred thereby as a result of his action.

#### Article (18): Responsibilities of Persons Authorized to Manage the Company

a) Any person authorized to manage the affairs of the General Partnership, whether a partner or not, must work for its benefit honestly and faithfully, safeguard its rights and protect its interests. He shall also present the partners on a periodic basis or upon the request of all or any one of them with detailed accounts of the Company operations in addition to detailed information and data thereon.

b) The person authorized to manage the General Partnership shall be responsible for any harm caused to the Company or for any damage incurred thereby due to his negligence or failure in performing his duties. Such responsibility shall prescribe after the lapse of five years from the date his work in the Company management is terminated for any reason whatsoever.

#### Article (19): Responsibilities of the Person Authorized to Manage a Partnership upon the Termination of Authorization

a) The person authorized to manage the General Partnership must present the partners with the following documents whether or not he has been requested to do so by the partners and within thirty months from the date his duty in the Company management ends:

An account showing every benefit he gained whether in cash or in-kind or any rights he owned as a result of any work relating to the Company which he conducted or exercised in the his management of the Company and which he kept for himself including any similar benefits gained through the exploitation of the Company title, trademark or fame. The said person is obliged to refund the full value or amounts of profits he earned and compensate the Company for harm sustained thereby including interest, expenses and costs incurred by the Company .

An account of any properties or assets belonging to the Company which he has placed under his control or disposal and used or exploited or for the purpose of exploiting same for his personal benefit. The person shall be obliged to return such properties and assets to the Company and shall be liable for loss or damage incurred thereby. He must also compensate the Company for any harm or loss incurred thereby and for the loss of profit incurred by the Company as a result of the aforementioned acts.

b) The provisions provided for in paragraph (b) of Article (18) of this Law regarding the discharge of the person authorized to manage the Partnership shall not be applicable to the acts stipulated in this Article. Such provisions do not include anything that prevents the person who commits the abovementioned acts from assuming liability pursuant to any other law.

#### Article (20): The Discharge of the Person Authorized to Manage the Partnership

a) If the person authorized to manage the Partnership and sign on its behalf was a partner then he was appointed in that capacity in pursuance of the Company agreement or a special contract entered into upon between the partners, then he may not be discharged from managing it or signing on its behalf. Another person may not be appointed in his stead except with the approval of all partners or by a decision issued with the majority of more than one-half of all partners who own more than 50% of the Partnership's capital if the Partnership Agreement permits that and if it contains a provision for a method of appointing a person authorized to manage it and sign on its behalf from among the partners instead of the discharged person. Otherwise the authorized partner may not be discharged.

b) The partner authorized in managing the Company and signing on its behalf may be dismissed by a decision issued by the competent Court upon the request of one partner or more if the Court finds a legitimate cause justifying that dismissal, after which the competent Court shall take a decision to appoint a substitute authorized person.

#### Article (21): Actions that a Partner is Prohibited to Undertake

A partner in a General Partnership or the authorized person in managing it, whether a partner or not, shall not be permitted to undertake any of the following actions without obtaining the prior approval of the remaining partners or all of them, as the case may be :

a) To enter into any undertaking with the Company to realize any business, whatever its nature, on its behalf.

b) To enter into any undertaking or agreement with any person if the subject-matter of the undertaking or the agreement falls within the objectives and activities of the Company.

c) To engage in any business or activity which competes with the Company, whether he carries out said business or activity for his own benefit or for the benefit of others.

d) To participate in any other company which carries out businesses similar or analogous to those of the Partnership or to assume the responsibility of managing such companies. This Article does not apply to the mere ownership of shares in Public Shareholding Companies.

#### Article (22): Expenses of the Person Authorized to Manage the Partnership

The General Partnership shall be liable for all the expenses and costs incurred by the person authorized to manage the Company in the course of conducting its operations or for any loss or damage incurred thereby.

by him due to undertaking any business for the benefit of the Company or for the protection of and rights, even if the said person did not obtain the prior approval of the partners for that.

#### Article (23): Expelling a Partner from the Partnership

The partners in a General Partnership shall not have the right to expel any of them from the except by a Court decision upon the request of any of the partners.

#### Article (24): Partnership's Account Books, Records, and Registers

a) The Partnership shall undertake to keep its account books, records and registers at its head at any place where it carries out its activities. If the capital of the Partnership is ten thousand more, it shall undertake to keep duly organized account books and records. Each partner shall right to examine such account books, records and registers either personally or by delegating, any other experienced and specialized person to do so and to obtain copies or extracts there agreement to the contrary shall be null and void.

b) The General Partnership, whose capital is one hundred thousand Dinars or more, shall un appoint a licensed auditor to be elected by the majority of the partners.

#### Article (25): Partnership's Responsibility towards Actions of Authorized Manager

a) The General Partnership shall be bound by any action undertaken by any person authorized t it or to realize such action and by any documents signed by him in the name of the Compan such person is a partner in the Company or not.

b) The person authorized to manage the Company shall be considered authorized to file laws name of the Company unless the Partnership's Agreement provides otherwise .

#### Article (26): Partners' Responsibility towards Partnership Debts

a) Subject to the provisions of Article (27) of this Law, the partner in the General Partnersh jointly and severally liable with the rest of the partners for all the Partnership's debts and c which became due on the Company during the period he is a partner therein. He shall guar Company debts and obligations by his own private property. This liability and guarante transferred to his heirs after his death within the limits of the amount inherited.

b) Anyone who assumes, either verbally or in writing or by his acts, the identity of a part General Partnership or deliberately allows others to believe as such shall be responsible to any becomes a creditor to the Company as a result of his belief in that pretence.

#### Article (27): Partnership Prosecution

A creditor of the General Partnership may sue the Company and partners therein. However, h levy execution on property of partners for collecting his debt except after having levied execut property of the Company. Should such property prove to be insufficient for settlement of his , the creditor may file lawsuit against the partners' own property to settle the amount remaini debt. Each partner shall have the right to compensation from other partners in proport percentage paid by him for each one of them out of the Company debt.

#### Article (28): Withdrawal from a Partnership

a) Any partner in the General Partnership may of his own will withdraw therefrom if the dura Company is not limited, in such case he must abide by following:

Inform the Controller and the remaining partners in the Partnership of his intention to therefrom by serving them with a written notice through registered mail. The withdrawa considered effective as from the day following the publication of same by the Controller in at local daily newspapers at the expense of the withdrawing partner. Withdrawals will only be against others from this date .

The withdrawing partner shall continue to be, together with the remaining partners, jointly and liable for all the Company debts and obligations incurred by it prior to his withdrawal there withdrawing partner shall be considered as guarantor of the said debts and obligations from l properties, together with the remaining partners, in accordance with the provisions of this Law . The withdrawing partner shall be responsible towards the Company and the remaining partne harm or damage sustained by them as a result of his withdrawal from the Partnership, and he be responsible to compensate for such harm or damage .

b) If the General Partnership is of limited duration, then none of the partners are allowed to therefrom during that period except with a Court decision.

c) Should the provisions of paragraphs (a) and (b) of this Article apply, then the remaining par realize the necessary amendments to the Partnership Agreement and make the necessary cha status in accordance with the provisions of this Law.

d) In case a partner withdrawal in accordance with the provisions of paragraph (a) of this Artic Company was comprised of two persons then this will not lead to dissolution of the Compar remaining partner should admit one or more new partners to the Company to replace the wi partner within three months from the date of withdrawal. Failing to do so within such period wi the dissolution of the Company by operation of Law.

#### Article (29): Admittance of a Partner to the Partnership

a) One or more new partners may be admitted to the Partnership with the approval of all th unless it is stated otherwise in the Partnership Agreement. The new partner, with the remaining shall become liable for all debts and obligations that become due on the Company after his a thereto, and shall also be considered as guarantor of the said debts and obligations with hi: properties .

b) The provisions of paragraph (a) of this Article shall apply to any new partner admitted to the as a result of the relinquishing by one of the other partners to him of his share or a part the Company. In this case, the provisions of clauses (2) and (3) of paragraph (a) of Article (28) c shall apply to the withdrawing partner.

#### Article (30): Death of a Partner

a) Unless the Partnership Agreement or any other agreement signed by all partners prior to th a partner provides otherwise:

The Partnership shall remain in existence and shall continue to exist in the event of the dea partner therein .

Any of the heirs of the deceased partner wishing to join the Company may do so, each in pro the percentage of shares devolved upon him from the share of his devisor, in the capacity of partner if same meets the conditions required in the general partner in accordance with the pr this Law. Heirs not wishing to join the Company must notify the Controller with a written no two months of the occurrence of the death. In all cases the heirs joining the Company and th must bring about the necessary changes in the Partnership's Agreement and its statement in a with the Law's provisions within a period set by the Controller .

If one of the heirs of the deceased partner is a minor or is legally incompetent he shall be admi Company as a limited partner and the Partnership shall, by operation of the Law, be conv Limited Partnership .

b) If the General Partnership continues to operate following the death of any of its partners wit being in its Agreement or any other agreement signed by all partners prior to the death of tl any express provision that prohibits the Company to continue in existence and it continues to the inheritance of the deceased partner shall not be liable for any of the debts and obliga



become due on the Company following his death.

#### Article (31): Bankruptcy of One of the Partners

If one of the partners in the General Partnership becomes bankrupt, then the creditors of the shall have the priority over his private debts in his bankruptcy. If the Company, however, bankrupt, then its creditors shall have priority over the private creditors of the partners.

#### Article (32): Cases of Company Termination

A General Partnership shall be terminated in any of the following circumstances:

- a) When all partners agree on the dissolution of the Company or on its merger with another cor
- b) Expiry of the Company term, whether its original term or the extended term as per the agr all partners.
- c) Completion of the objective for which it was formed.
- d) When only one partner remains in the Company subject to the provisions of paragraph (d) (28) of this Law.
- e) Declaring the Company bankrupt, in which case this will result in the consequent bankrupt partners.
- f) Declaring one of the partners bankrupt or legally incompetent unless all remaining partners the continuance of the Company between them in accordance with the Partnership agreement.
- g) Dissolution of the Company by a Court decision.
- h) Canceling the registration of the Company upon the Controller's decision in accordance provisions of this Law.

#### Article (33): Dissolution of a Company

a) The Court shall consider the dissolution of a General Partnership pursuant to a case filed by partners in any of the following circumstances:

If any of the partners commits a imperative continuous breach of the Partnership Agreement substantial damage to the Company as a result of committing a wrong, default, or neglige managing the Company affairs or while looking after its interests or safeguarding its rights .

If the activities of the Company can only be realized at a loss for any reason whatsoever .

If the Company loses all of its properties or a big portion so that the continuity of its activities: unfeasible .

If a disagreement occurs between partners rendering the continuity of the Company am impossible .

If any of the partners becomes permanently incapable of performing his duties towards the P or fulfilling his obligations thereto .

b) The Court may, in any one of the events mentioned in paragraph (a) of this Article, either dissolve the Company or decide that it continue to realize its business after the expulsion of or partners therefrom if such an expulsion, at the discretion of the Court, will lead to the contin operations of the Company in a normal manner that meets the interests of both the Compar remaining partners and safeguards the rights of others.

#### Article (34): Ceasing of Company Operations

Should the Company cease to carry out its operations, the authorized partner or any partner th notify the Controller of that within a period that does not exceed thirty days from the d.

Partnership ceasing its operations, or if the Controller became aware that the Company has carry out its operations, and after ascertaining this, he may in both cases grant the Company a period to resume its operations. If the Company fails to respond, the Controller may request compulsory liquidation.

#### Article (35): Company Liquidation

a) Any Partnership that has been dissolved for any of the reasons stipulated in this Law considered in a state of liquidation and the properties thereof shall be liquidated and distributed to the partners as agreed upon in the Partnership Agreement or any other document signed by all partners. Should there be no such agreement between the partners, then the liquidation of the Company and the distribution of its properties among the partners shall be governed by the provisions of this Law.

b) A General Partnership which is under liquidation shall retain its corporate identity, to the extent necessary for the liquidation and its procedures and until its liquidation is realized. The authority of the person authorized to manage the Company shall, in this case, be terminated whether he is a partner or others.

#### Article (36): Appointment of a Liquidator

If the liquidation of the Partnership is voluntary with the agreement of all partners, then a liquidator shall be appointed by the partners, and they shall determine his remuneration. Should a dispute arise between them regarding this issue, then the liquidator shall be appointed and his remuneration will be determined by the Court upon the request of any or all of the partners. However, if the Company has been liquidated by law or by a Court decision, then a liquidator shall be appointed by the Court which shall determine his remuneration.

#### Article (37): Liquidator's Activities

a) The liquidator of a General Partnership must commence his work by announcing the liquidation in one daily newspaper at least and by preparing a list which includes all the properties and assets of the Company, and must also specify all its rights due from others and obligations due to others. The liquidator is neither authorized to relinquish any of the Company properties, rights or assets nor to dispose of any of them except with the prior approval of all partners or permission from the Court.

b) The liquidator is not authorized to carry out any new business for the Company or in its name, except what is needed and necessary for the completion of any undertaking which has been previously commenced by the Company.

c) The liquidator shall be personally liable for any violation of the provisions of this Article.

#### Article (38): Liquidator's Duties

The liquidator must comply with all the legal and practical procedures needed for the liquidation of the General Partnership in accordance with the provisions of this Law and any other legislation which deems appropriate to apply, including the collection of debts due to the Company and repayment of debts due by the Company, according to priority as determined by law.

#### Article (39): Settlement of Partners' Rights after Dissolution of Partnership

a) The following rules and provisions shall be observed in settling the rights among the partners upon the dissolution of a General Partnership and placing it under liquidation, and the properties and assets of the Company including the properties offered by the partners for the purpose of such settlement, shall be utilized for the settlement of such rights and obligations due, according to the following order:

Liquidation costs and the remuneration of the liquidator .  
Amounts due by the Company to its employees .  
Amounts due by the Company to the public treasury .

The Company debts to creditors other than the partners provided that priority rights are observed repaying same .

Loans advanced by partners to the Company which were not part of their shares in its capital .

b) Each partner shall receive profits and incur losses including the profits or losses of the liquidation in the same proportion agreed upon and determined in the Partnership Agreement. If the Agreement does not indicate such a proportion, then distribution of profits and losses shall be made in proportion to shareholding in the capital. The remaining amount of the Company properties and assets shall be distributed among the partners each in proportion to his shareholding in its capital.

#### Article (40): Liquidator's Duties upon End of Liquidation

a) The liquidator must submit to each partner at the end of the General Partnership liquidation account of the operations and procedures undertaken by him during the liquidation process. He shall submit the said account to the Court should he have been appointed therefrom. In all events, the liquidator shall be notified of the causes of liquidation and shall be provided with a copy of that account in writing that does not exceed a year from the date of the liquidation decision. Contrary to this, the Court may refer the Company under liquidation to Court in order for it to complete the liquidation procedure under its supervision, or he may grant the liquidator an appropriate grace period to complete these procedures. In all cases the Controller must publish an announcement of the Company liquidation in the Official Gazette and in a local daily newspaper at the Company expense. The date of appeal comes into effect from the announcement's publication in the local daily newspaper if the liquidation decision is not made in the presence of the parties.

b) Shall it become apparent after the completion of the liquidation procedures and the cancellation of the Company registration that movable and immovable property registered in the Company name and included in the liquidation exist, the Controller shall refer the matter to Court in order for it to make a decision in pursuance to a summary request to determine the method of liquidating this property through the appointment of a new liquidator, or the continuance of the previous liquidator in carrying out his duties.

#### Article (41): Founding of a Limited Partnership

A Limited Partnership is formed of the two following categories of partners whose names shall be included in the Partnership Agreement.

##### a) General Partners:

They shall manage the Partnership and realize its operations. They are also jointly and severally liable for all the Partnership's debts and liabilities with their private properties.

##### b) Limited Partners:

They shall contribute to the capital of the Partnership without having the right to manage the Partnership or to realize its operations, and the liability of each one of them towards the Company and its liabilities is limited to his share in the capital of the Company.

#### Article (42): Partnership's Address

The title of a Limited Partnership shall only consist of the names of the general partners. If there is only one general partner in the Partnership, then the phrase "and partners" must be added to his name. The name of any limited partner must not appear in the limited Partnership's title. Should the name of a limited partner be mentioned upon his request or with his knowledge, then he shall be responsible as a general partner for the Company debts and liabilities towards other parties, who may have dealt in good faith, in their dealing with the Company, on that name.

#### Article (43): Partnership's Management

a) A limited partner shall not have the right to participate in the management of the Limited Partnership.

and shall have no power to bind it, but he may have access to its books, accounts and registers to the decisions adopted in the course of its management. Same may also inquire about its affairs and deliberate with other partners in connection therewith.

b) If the limited partner participates in the management of its affairs, he shall then be liable as partner for all debts and obligations incurred by the Partnership during his participative management.

**Article (44): Relinquishment by a Limited Partner of his Share**

A limited partner in a Limited Partnership may at his own discretion and without acquiring the consent of the general partners relinquish his share to another person, who shall become a limited partner in the Company unless all general partners agree that he be admitted as a general partner in the Company.

**Article (45): Admittance of a Limited Partner to the Company**

A new general partner may be admitted to the Limited Partnership with the consent of all the general partners, or with the consent of the majority of them should the Partnership Agreement allow admission. The approval of the limited partners is not required in such a case.

**Article (46): Amendments to the Company Objectives**

Any disagreement arising out of the management of the Limited Partnership shall be resolved by the general partners in the Company with unanimity or agreement of their majority provided that same shall not exceed more than 50% of the Company capital (if permitted to do so by the Partnership Agreement). However, no change or amendment in the Agreement and statement shall not be made without the consent of the general partners.

**Article (47): Instances where the Company shall not be Dissolved**

A Limited Partnership shall not be dissolved due to the bankruptcy of the limited partner, his insolvency, his death, his incompetence or his permanent disability.

**Article (48): Application of General Partnership Provisions to Limited Partnership**

A Limited Partnership shall be subject to the provisions governing the General Partnership, stipulated in this Law in all matters and events not provided for in this part.

As amended by the Temporary Law No. (40) for the year .2002

**Article (49): Founding of an Implied Trust**

a) An Implied Trust is a commercial understanding organized between two persons or more. The operations of the Implied Trust shall be carried out by an apparent partner who shall deal with third parties. The Implied Trust as such is limited to the special relationship between the partners. The existence of such a company between the partners may be proven by all means of proof.

b) An Implied Trust Company does not enjoy a corporate identity and is not subject to the provisions of registration and licensing.

**Article (50): A Partner Acquiring the Capacity of a Merchant**

The silent partner in an Implied Trust Company shall not be considered a merchant unless he carries out commercial transactions.

**Article (51): Partners' Responsibility**

Third parties shall not have the right of any course of action against any partner except over what is dealt with in the Implied Trust. Should a partner therein confess to the existence of such a Company, he should notify others of its existence, the Company may then be considered as an existing Company and the partners therein shall become jointly responsible towards third parties.

#### Article (52): Partners' Rights and Obligations

The Implied Trust Agreement shall specify the rights and obligations of all partners therein towards each other and towards the Company and the manner in which profits and losses are to be distributed among them.

#### Article (53): Founding of a Limited Liability Company

a) The Limited Liability Company is composed of two persons or more. The Company is considered independent from the liability of every shareholder in it. The Company assets and liabilities shall be liable for its debts and obligations. The liability of any shareholder therein for the obligations and losses is limited to its shares in the Company\*.

b) The Controller may agree to the registration of a Limited Liability Company composed of one or more persons only or which may become owned by one person.

c) Upon the death of a shareholder in the Limited Liability Company, his share will be transferred to his heirs. This rule shall apply to the legatee of any share or shares in the Company.

#### Article (54): Company Capital

a) The capital of the Limited Liability Company shall be fixed in Jordanian Dinars provided that it is not less than thirty thousand Dinars divided into indivisible shares of equal value of not less than one Dinar each. However, should more than one shareholder jointly own such shares, for whatever reason the shareholders must select one person from amongst them to represent them before the Controller. However, if the shareholders disagree or do not make that election within thirty days from the time they become holders of such share, then they shall be represented by the person elected from amongst them by the Company manager or its Management Committee.

b) A Limited Liability Company may not offer its shares for public subscription or increase its capital by borrow by subscription\*.

#### Article (55): Title of a Limited Liability Company

The name of the Limited Liability Company shall be derived from its objectives provided that it must include by the words: "with limited liability", which can be abbreviated by the letters "W.L.L." The name, capital amount and registration number shall be stated on all of the stationery and printed used in its operations and contracts concluded thereof.

#### Article (56): Maintenance of the Commercial Name

A General Partnership Company or Limited Partnership Company may keep its original name if it wishes to convert to a Limited Liability Company.

#### Article (57): Registration Procedures

a) The application to establish the Limited Liability Company shall be submitted to the Controller accompanied by the Company Articles and Memorandum of Association on the approved form for that purpose, and shall be signed before the Controller or before any person delegated by him in writing before a Notary Public or before a licensed lawyer.

b) The Limited Liability Company Articles of Association shall incorporate the following particulars:  
• Name of the Company, its objectives and its headquarters .  
• Names of the shareholders, their nationalities and the selected notification address .  
them .

- Amount of capital and the shares of each shareholder therein .
  - Statement of the in-kind share(s) in the capital, name of the shareholder who presents shares and their estimated values .
  - Any other additional data which the shareholders may submit or which the Controller request in implementation of the provisions of the Law .
- c) The Memorandum of Association of the Limited Liability Company must include the information provided for in paragraph (b) of this Article in addition to the following information:
- The manner of managing the Company, the number of members in the Management Committee, the Committee's powers including the limit and ceiling of borrowing, mortgage company assets and guaranteeing others in a manner that realizes the interest of the company objectives .
  - Conditions for transferring the shares in the Company and the procedures to be followed that respect and the form of writing the transfer .
  - The manner of distributing the profits and losses to the shareholders .
  - Meetings of the Company General Assembly and Management Committee, their legal nature and the quorum needed for taking decisions thereby, the procedures regarding the manner of holding said meetings and the invitation procedures for attending same .
  - Rules and procedures pertaining to the liquidation of the Company .
  - Any other additional information furnished by the shareholders or requested by the Controller .

#### Article (58): In-kind Shares in the Capital

a) If the Company capital or a part thereof is in-kind shares, then the holders of such shares shall deliver them to the Company and refrain from disposing of them until they are delivered to the Company, registered in the Commercial Register and the title thereto is transferred to it.

b) If the holders of in-kind shares do not comply with delivering and transferring the title of the shares as the case may be, to the Company within thirty days of the Company registration, subject to the Controller's approval, they shall be bound by operation of law to pay the value thereof according to the price approved by the founders in the Company Memorandum of Association. The Controller has the right to request proof of the accuracy of the evaluation of the value of the shares\*.

c/1) If the Controller is not convinced of the accuracy of the evaluation of the in-kind shares by the shareholders, the Minister based on the Controller's recommendation shall form a committee of specialized and experienced persons at the Company expense to evaluate the concerned shares' monetary value, provided that one of the shareholders is a member of the committee. The committee shall present its report to the Controller within a period that does not exceed thirty days from the date of its formation\*.

c/2) The shareholders may object to the Minister on this report within ten days of its presentation to the Controller. The Minister shall arrive at a decision concerning the objection within two weeks after the presentation to the Controller. If he accepts the objection the Company registration will be suspended until the shareholders accept the evaluation, in which case the registration procedure will be completed in accordance with the provisions of this Law.

d) Concession rights, patents, technical know-how and other intangible rights are considered as assets.

#### Article (59): Registration of the Company

a) The Controller shall issue his decision approving the registration of the Company within fifteen days from the date the application's submittal and signed by the shareholders. He may refuse the application if he finds that the Company Articles or Memorandum of Association contains a provision that is contrary to the provisions stipulated in this Law and the regulations promulgated in accordance therewith or is contrary to any other legislation in force in the Kingdom, and the shareholders have not renounced

violation within the period specified by the Controller. The shareholders may object to the decision before the Minister within thirty days of the date they are notified of same. If the Minister objects to the objection, the objectors may challenge his decision before the High Court of Justice within thirty days of the date of notifying them of the decision.

b/1) If the Controller approves the registration of the Company or such approval was secured by the Minister's decision in accordance with the provisions of paragraph (a) of this Article, and the shareholders submit documents which prove that not less than 50% of the Company capital has been deposited at a Bank in the Kingdom, the Controller shall collect the registration fees and issue a registration certificate to be published in the Official Gazette. In all cases, the remainder of the capital shall be paid within the two years following its registration. The deposited amount shall not be disposed of for purposes that are not related to the Company\*.

b/2) The provision of clause (1) of this paragraph shall be applied to any increase that may occur in Company capital.

c) The bank with which any amounts of the Company capital have been deposited, the Company, during the founding stage, may not return it unless a certificate from the Controller attesting to the desirability of establishing the Company has been presented to it. This provision shall be applied upon any increase in Company capital.

#### Article (60): Company Management

a) The Company shall be managed by a manager or Management Committee whose members shall not be less than two and not more than seven, whether they are shareholders or others, in accordance with the Company Memorandum of Association for a period of four years. The Memorandum may provide for a shorter period. The Management Committee shall elect a chairman, a deputy chairman and a secretary, all authorized to sign on behalf of the Company\*.

b) The manager of the Limited Liability Company or its Management Committee shall have full authority to manage the Company within the limits specified by its Memorandum of Association. Transactions entered into or exercised by the manager or Management Committee in the name of the Company shall be binding on the Company before others dealing with the company in good faith, irrespective of any restriction stipulated in the Company Articles or Memorandum of Association.

c) Others dealing with the Company shall be considered bona fide unless the contrary is proved. However, others shall not be obligated to ascertain that there is any restriction on the powers of the managers or the Management Committee in their power to bind the Company under its Memorandum of Association.

#### Article (61): Responsibility of the Manager of the Company

The manager of a Limited Liability Company, whether the sole manager thereof or any of its members of its Management Committee, shall be responsible to the Company, the shareholders and others for any violation of the provisions of this Law, the regulations issued in pursuance thereof, the Articles and Memorandum of Association, and decisions issued by its General Assembly or Management Committee.

#### Article (62): Duties of the Manager of the Company\*

The manager of a Limited Liability Company or its Management Committee shall prepare the annual balance sheet and final accounts including the profit and loss account, necessary clarifications, cash flow statement, fully audited by a licensed auditor in accordance with recognized and applicable international auditing principles, in addition to the annual report on the Company activities. The manager shall then submit them to the Company General Assembly, during its annual ordinary meeting, and shall present the Controller with a copy thereof accompanied with the appropriate recommendations. This should be done within the first three months of the Company's new fiscal year.

Article (63): Actions Prohibited to the Company Manager

a) The manager of a Limited Liability Company – whether a sole manager or a manager appointed by the Management Committee – and any member of the Management Committee shall be prohibited from assuming any position in any other company with objectives similar to or competitive with the business and from realizing any work similar to the Company business, whether for his own account or for the account of others, with or without payment, or to participate in managing another company having objectives similar to or competitive with those of the Company except with approval of the General Assembly by a majority vote of not less than 75% of the shares forming the Company capital.

b) If any of the persons mentioned in paragraph (a) of this Article fails to obtain the approval of the General Assembly, and the Controller is notified of the offence by a written notice from one or more shareholders, the Controller shall request the offending shareholder to rectify his status and remove the offence within thirty days of the date of his notification thereof. Otherwise the person shall be considered as having lost his membership in the Management Committee or his position in the Company in accordance with the operation of Law. He shall also be punished with a fine of not less than one thousand Dinars and more than ten thousand Dinars and shall be obligated with the damage sustained by the Company and its shareholders\*.

Article (64): The Company General Assembly

a) The General Assembly of a Limited Liability Company is composed of all the shareholders that hold shares in the Company. It shall hold one annual meeting during the first four months of the Company fiscal year upon the request of either its manager or the chairman of the Management Committee and in the place and on the date specified thereof.

b/1) The General Assembly of a Limited Liability Company may hold one or more extraordinary meetings upon the request of its manager or Management Committee to discuss any of the issues falling within the jurisdiction in accordance with the provisions of this Law, in any of the following two situations\*

- Upon the request of a number of shareholders holding at least one quarter of the Company capital provided that a copy of the request is sent to the Controller .

- Upon the request of the Controller should he receive a request from shareholders holding at least 15% of the Company capital, and is satisfied with the reasons indicated therein .

(2) Should there be no response to the request from the Management Committee's manager within one week of the date of its submittal; the Controller shall call for a meeting at the Company expense.

c) Any shareholder in a Limited Liability Company shall have the right to attend the ordinary and extraordinary meetings of the General Assembly to discuss issues presented therein, and to vote on the decisions thereof. The said shareholder may delegate another shareholder to attend the meeting on his behalf in pursuance to an empowerment form prepared by the Company management or in pursuance to a power of attorney. Empowerment or delegation to others in the same manner is permissible if the Company Agreement permits same\*.

d) Each shareholder in a Limited Liability Company shall be notified to attend the meetings of the General Assembly whether these meetings are ordinary or extraordinary. Invitations shall be delivered to the shareholder against a signature of receipt, or sent via registered mail at least fifteen days prior to the date of the meeting, provided that the invitation includes the annual work schedule and is accompanied by the documents referred to in Article (62) of this Law. The shareholder shall be considered notified if he receives the invitation within a period that does not exceed six days of the date of its deposit in the register at his address registered at the Company\*.

e) The Controller shall not be invited to attend meetings of the General Assembly of the Limited Liability Company, whether they are ordinary or extraordinary. However, the Company manager or Management Committee shall provide the Controller with a copy of the minutes of the meeting signed by the chairman and the secretary thereof within ten days of the date of convening such meeting. The



may attend the meeting upon the request of the manager or Management Committee or upon request by shareholders holding at least 15% of the shares which form the company capital.

f) If the procedures set out in paragraph (d) of this Article are not observed the Controller may meeting's minutes and the decisions issued thereof unless the shareholder or shareholders, who notified and did not attend the meeting, agree in accordance with the aforementioned regulations consider themselves notified without his or their shares entering the quorum set for issuing the

#### Article (65): The Legal Quorum for General Assembly Meetings

a) The quorum for the ordinary meeting of the General Assembly of the Limited Liability Company be valid if attended by a number of shareholders representing more than one-half of the Company whether they attend in person or by proxy. If such quorum is not present within one hour from set for starting the meeting, then such meeting shall be postponed to another date which will be within fifteen days from the date set for the first meeting. The absent shareholders shall be notified of this, and the quorum at the second meeting shall be considered valid with the shareholders present regardless of their number or the percentage of shares owned by them in the capital.

b) The quorum for the extraordinary meeting of the General Assembly of the Limited Liability Company shall be valid if attended by a number of shareholders representing at least 75% of the shares which form the Company capital, whether in person or by proxy unless the Company Memorandum of Association provides for a higher majority. If however, the quorum is not present within one hour from the time set for starting the meeting, then it will be postponed to another date to be held within fifteen days from the date set for the first meeting. The absent shareholders shall be re-notified thereof, and the quorum for the second meeting shall be valid if attended by at least 50% of the shares forming the capital, whether in person or by proxy unless the Company Articles of Association provides for a higher majority. Should such quorum not be present the meeting shall be cancelled whatever the reason for calling it.

#### Article (66): The Agenda for the Ordinary General Assembly Meetings

a) The agenda of the Limited Liability Company General Assembly in its ordinary annual meeting shall include the following:

- Discussion of the report prepared by the manager or the Management Committee on the Company operations, activities, financial position during the past fiscal year, and future Company operations.
- Discussion and approval of the balance sheet, profit and loss account and cash flow statement of the Company after hearing and discussing the report of the auditors.
- Election of the Company manager or its Management Committee, as the case may be, in accordance with this Law.
- Election of the Company auditors and determination of his remuneration.
- Any other matters which the Company manager or Management Committee may bring before the

General Assembly, or any issue presented by any shareholder which the General Assembly accepts to discuss. Provided that none of these issues is of the type which can only be discussed at an extraordinary meeting in accordance with this Law.

b) The General Assembly of a Limited Liability Company shall adopt its decisions with respect to the issues stipulated in paragraph (a) of this Article by majority votes of the shares of the Company represented in the meeting and each share shall have one vote.

#### Article (67): The Agenda for the Extraordinary General Assembly Meeting

a) The General Assembly of a Limited Liability Company shall be invited to an extra-ordinary meeting. None of the following issues can be discussed unless they have been stated in the agenda of the meeting:

- The amending the text to the Company Articles or Memorandum of Association.
- Increase or decrease of the Company capital and determination of the share premium or discount, provided that the provisions stipulated in Article (68) of this Law pertaining to the increase of the Company capital are observed and that the method of increasing the capital is specified.

Law .

- Merger or incorporation of the Company by any of the incorporation methods sta

- Dissolution and liquidation of the Company .
- Discharge of the Company manager or its Management Committee or any of its mer
- Sale of the Company or all of its assets, or the ownership of another company or bu

part of its assets .

- Guarantee of third parties' obligations if the Company interest so requires .
- Any issue that falls within the jurisdiction of the extraordinary General Assembly sta

Law or the Company Memorandum of Association .

b) Notwithstanding the provisions stipulated in Articles (68) and (75) of this Law and if the restructure the capital, the Company may decrease and re-increase its capital at the same ext meeting of the General Assembly convened in accordance with the provisions of the Law for thi provided that the invitation shall contain the justifications and feasibility which this procedur and that the restructuring of the capital shall be published in two local newspapers for at least c

c) The General Assembly of the shareholders in a Limited Liability Company may at its extr meeting discuss any of the issues mentioned in Article (66) of this Law, provided that the said listed in the invitation for the meeting. The assembly shall adopt its decisions by the majo capital shares represented in the meeting.

d) The General Assembly of a Limited Liability Company shall adopt its decisions in respect of issues provided for in paragraph (a) of this Article by a majority of not less than 75% of t shares represented in the meeting, unless the Company Memorandum of Association prov greater majority. Decisions adopted by the General Assembly regarding the issues mentioned (1), (2), (3), (4) and (6) of paragraph (a) and paragraph (b) of this Article shall be subj provisions of approval, registration and publication stipulated in this Law.

e) If the General Assembly fails, during its ordinary or extraordinary meetings, to reach a de result of a tie in the votes in two consecutive meetings, the Controller shall grant it a period tha exceed thirty days to reach the appropriate decision. In case such a decision is not reached the is entitled to refer same to Court to decide on its liquidation.

Article (68): Decrease of the Company Capital

a) A Limited Liability Company may decrease its capital if same exceeds its needs or if the sustains losses amounting to more than 50% of the said capital, provided that the provisions (75) of this Law are observed.

b) The Controller shall at the expense of the Limited Liability Company publish an announc three consecutive days in at least one daily newspaper, of the Company decision to decrease The Company creditors shall have the right to submit a written objection against the said decis Controller within fifteen days from the last date of publication of the said announcement. Ar shall also have the right to appeal the decision regarding the decrease of the Company capital Court if the Controller fails to settle his objection within thirty days from the date of the submis said objection thereto, provided that such an appeal does not stop the decrease procedures, Court decides so\*.

Article (69): Publication of the Annual Balance Sheet

A Limited Liability Company is exempted from publishing its annual balance sheet, its profi account and a summary of the report of its manager or Management Committee in the local ne

Article (70): The Statutory Reserve and the Voluntary Reserve

a) A Limited Liability Company shall deduct 10% of its annual net profits for the account of the reserve, and shall continue to deduct the same percentage each year provided that the total amounts for the said reserve shall not exceed the Company capital.

b) The General Assembly of a Limited Liability Company may decide to deduct an amount not exceeding 20% of the Company annual net profits for the account of the voluntary reserve. The General Assembly may also decide to either use this reserve for the Company purposes, or it may distribute it as dividends to the shareholders as profit, if not used for those purposes.

#### Article (71): Shareholders Register

a) The Limited Liability Company shall keep at its headquarters a special register for the shares in which the following information pertaining to them shall be recorded. The Company manager or the Management Committee shall be responsible for this register and for the accuracy of the information listed therein:

- Name of shareholder, his title if any, nationality, domicile and exact address .
- Number and value of shares owned by a shareholder .
- Alterations that may occur on a shareholders share(s), its details and dates thereof
- Attachments, mortgages or any other liens and the details that may occur to a share(s) .

share(s) .

• Any other information that the manager of the Company or its Management Committee decides to record in the register .

• Each shareholder in the Company shall have the right to examine the register either directly or through a person authorized in writing therewith.

b) The manager of a Limited Liability Company or the chairman of its Management Committee shall annually and within the first month following the end of the Company fiscal year, provide the shareholders with the particulars included in the shareholders register provided for in paragraph (a) of this article, together with any amendment, change or alteration that may occur in this respect thereof, within a period not exceeding thirty days from the date the change or the alteration take place.

#### Article (72): A Shareholders Assignment of his Shares in the Company\*

a) A shareholder in a Limited Liability Company may assign his shares in the Company to other shareholders or to others as per an assignment deed in accordance with the form adopted by the Controller. The assignment deed shall be signed in accordance with the procedures followed in the Company in pursuance to the provisions of this Law.

b) In all cases, the assignment deed shall be authenticated with the Controller, announced in the Official Gazette and the fees collected. This assignment may not be used as evidence against the Company, shareholders or others except from the date of its authentication with the Controller.

c) A shareholder may assign his shares in the Company by means other than their sale to his heirs, a relative up till the third degree or a mortmain, and shall inform the manager or Management Committee of this assignment unless the Company Memorandum of Association provides otherwise.

#### Article (73): The Sale by a Shareholder of his Share in the company

a) Should a shareholder in the Company wish to sell all or part of his shares to a third party, the shareholder shall submit an application regarding this issue to the Company manager or Management Committee, as the case may be, and copies of same to the shareholders and the Controller indicating the price he is requesting and the number of shares he wishes to sell. The manager or Management Committee shall notify the remaining shareholders of the conditions for assignment, either directly or by registered mail within a week of the application. The shareholders shall have a preemptive right to purchase the shares at the offered price and the manager or chairman of the Management Committee shall notify the Controller in writing of his notification to the shareholders. Otherwise same will be held responsible for any damage that may befall an affected shareholder.

b) Should more than one shareholder offer to purchase the share(s) to be assigned at the offered price, the shares shall then be divided among those shareholders wishing to purchase each in proportion to the percentage of his share in the Company capital. In event of disagreement on the price, the

shall, at the seller and buyer's expense, appoint a licensed auditor in order to determine the the evaluation of which shall be final, and the shares shall be divided among the shareholders to purchase. If the shareholder does not observe the completion of the sale or purchase after t of the report then he shall be responsible for the expenses born towards the Company\*.

c) Should a period of thirty days lapse from the date on which the shareholders are notified ( conditions without any of them expressing a wish to purchase, whether at the offered price price evaluated by the licensed auditor, the shareholder wishing to sell shall have the right share to a third party at the price offered or at the evaluated price as a minimum.

d) Should any of the shareholders or a third party not express a wish to purchase the share( within thirty days of the expiry of the period specified in the above-mentioned paragraph (c) to that the sale of the share(s) becomes impossible, then the person wishing to sell may re Controller to sell the shares at a public auction, in accordance with directives issued by the I pursuance to the Controller's recommendation for the purpose of carrying out the sale by public

Article (74): A Shareholder's Preemptive Right to Purchase a Shareholder's Share in the Execution Order Concerning the Share has been Issued

a) If a Court decision is issued regarding an execution on the share(s) of any shareholder who i then the preemptive right for purchasing such share or shares shall be given to the r shareholders in the Company. If none of the shareholders offers to purchase same or if agreem price has not been reached within thirty days of the date of issue of the conclusive decision, shares shall be offered for sale at a public auction. Each shareholder in the Company may par his name in the auction on the same footing with others and purchase such share(s) for himself

b) The Controller shall issue the necessary regulations for implementing the sale at a public a the purpose of this Article.

Article (75): Company Losses\*

a) Should the losses of the Limited Liability Company exceed half of its capital, the Company n its Management Committee shall invite the Company's General Assembly to an extraordinary i order to decide on whether the Company should be liquidated or continue to exist in a manner i rectify its position. If the General Assembly fails to reach a decision in this respect within two c meetings, the Controller shall grant the Company a grace period of not more than a month to decision. If it fails in reaching a decision, the Company shall be referred to Court for the p compulsory liquidation in accordance with the provisions of the Law.

b) Should the Company's losses amount to three quarters of its capital, the Company shall be unless the General Assembly decides in an extraordinary meeting to increase the Company's deal with the losses or quench the losses in accordance with the accredited international acco auditing standards, provided that the total of the remaining losses does not exceed half of the ( capital in both cases.

Article (76): Application of Provisions Pertaining to a Public Shareholding Company over Liability Company

The provisions pertaining to the Public Shareholding Company shall apply to the Limite Company where there is no clear provision in respect thereof in the provisions relating to Limite Companies.

Article (77): Founding of a Limited Partnership in Shares

A Limited Partnership in shares is composed of the following two categories of partners:

a) General Partners:

Their number shall not be less than two and they shall be liable for the Company debts and obligations on their personal property.

b) Limited Partners:

Their number shall not be less than three, and each partner shall be liable for the Company obligations in proportion to his shareholding.

Article (78): Capital of the Limited Partnership

a) The capital of the Limited Partnership in Shares shall not be less than one hundred thousand Dinars divided into negotiable shares of equal value. The value of each indivisible share is one Dinar, provided that the Partnership's capital offered for subscription shall not exceed double the amount subscribed for by the general partners in the Partnership.

b) Notwithstanding the provision of paragraph (a) of this Article, the general and limited partners agree in the Limited Partnership's Articles and Memorandum of Association to the existence of shares that have a voting power and on the method of distributing profits and losses. They agree on the prohibition of assigning general partners' shares within a certain period from the founding.

c) If the partners agree on any of the matters stated in paragraph (b) of this Article, then reflected in the issuance prospectus when the shares are issued for subscription.

Article (79): Address of the Limited Partnership

The name of the Limited Partnership in Shares shall be formed from one name or more of the partners, provided that the name is followed by the words "Limited Partnership in Shares", and is indicative of its objectives. The name of the limited partner may not be indicated in the Partnership name. If the name of the limited partner was stated with his knowledge, he shall then be considered a general partner before bona fide third parties.

Article (80): Registration of the Limited Partnership

The registration of the Limited Partnerships in Shares shall be subject to the approval of the Company.

Article (81): Management of the Limited Partnership

a) The Limited Partnership in Shares shall be managed by one or more general partners. The number, authorities and duties are indicated in the Partnership's Memorandum of Association. Powers, responsibilities and dismissal shall be subject to the provisions applied to authorized partners in the General Partnership.

b) If the position of the manager of the Limited Partnership in Shares becomes vacant at any time for any reason whatsoever, the general partners shall appoint a manager from amongst themselves. If they fail to do so, the Supervisory Council provided for in Article (84) of this Law shall appoint a temporary manager to undertake the management of the Company, provided that the Partnership General Assembly shall be called upon to convene within thirty days from the date of the appointment of the temporary manager to elect a manager from amongst the general partners.

Article (82): Application of General Partnership Provisions to General Partners in the Company

The provisions of the General Partnership stipulated in this Law shall apply to general partners in the Limited Partnership in Shares. A limited partner in this Partnership shall be subject to the provisions provided for in Article (43) related to the Limited Partnership.

Article (83): The Limited Partnership's General Assembly

a) The General Assembly of a Limited Partnership in Shares shall consist of all the general and limited partners.

partners. Each one of the partners shall have the right to attend the Partnership's General meetings, whether ordinary or extraordinary meetings of the General Assembly, to discuss presented before it and to vote on any decisions made. Each partner shall have a number of votes in the General Assembly equal to the number of his shares in the Partnership's capital.

b) The provisions for ordinary and extraordinary meetings of the General Assembly of Public Shareholding Companies which are stipulated in this Law shall apply to the meetings of the General Assemblies of Limited Partnerships in Shares.

#### Article (84): The Supervisory Council

Each Limited Partnership in Shares shall have a supervisory council composed of at least three members who shall be elected annually by the limited partners from amongst them for one year in accordance with the procedures stipulated in the Partnership's Memorandum of Association.

#### Article (85): Duties and Responsibilities of the Supervisory Council

The supervisory council of the Limited Partnership in Shares shall assume the following duties and responsibilities:

a) To supervise the progress of the Partnership's operations, to verify the accuracy of the procedures thereof, and to request the Partnership's manager to furnish the council with a detailed report on the said operations and procedures.

b) To examine the Partnership's records, registers and contracts and to prepare an inventory of the Partnership's properties and assets.

c) To give advice on issues that the council deems important to the Partnership or on issues referred thereto by the manager(s).

d) To approve any actions and business which the Memorandum of Association of the Partnership requires that the execution thereof requires the approval of the council.

e) To invite the Partnership's General Assembly to an extraordinary meeting should it become known that violations have been committed in the course of managing the Limited Partnership. The report shall be presented to the General Assembly.

#### Article (86): Obligations of the Supervisory Council

The supervisory council of a Limited Partnership in Shares shall submit to the shareholders of the Partnership at the end of each fiscal year a report on the supervisory activities carried out throughout the year and the results thereof. This report shall be presented to the General Assembly of the Company at its next ordinary meeting. A copy of same shall be sent to the Controller.

#### Article (87): The Auditor

Each Limited Partnership in Shares shall have an auditor to be elected by its General Assembly. The provisions concerning auditors in Public Shareholding Companies stipulated in this Law shall apply to said auditors.

#### Article (88): Dissolving and Liquidation of a Limited Partnership

The Limited Partnership in Shares shall be dissolved and liquidated in the manner determined in the Partnership's Memorandum of Association. Otherwise, it shall be subject to the provisions concerning the liquidation of a Public Shareholding Company.

#### Article (89): Application of the Public Shareholding Company Provisions to the Limited Partnership in Shares

The provisions for Public Shareholding Companies stipulated in this Law shall apply to Limited Public Shareholding Companies in all matters not provided for in this part.

Article (90): The Founding of the Public Shareholding Company, its Address and Duration

a) A Public Shareholding Company shall consist of a number of founders not less than two who own shares that can be listed on the Stock Exchange and may be negotiated and transferred in accordance with the provisions of this Law and any other legislation in force.

b) Subject to the provisions of Article (99) of this Law, the Minister may, upon a recommendation by the Controller, approve that the Limited Public Shareholding Company be owned by one person, or that the Company ownership devolves to one person in the event he purchases shares.

c) The name of the Public Shareholding Company is derived from its objectives provided that the name appears it shall be followed by the words "Limited Public Shareholding Company". The name of the Company shall not be registered in the name of a natural person unless the objective thereof is the exploitation of a patent duly registered in the name of the said person.

d) The term of the Public Shareholding Company shall be indefinite unless the objectives thereof require the realization of a certain business, in which case, the duration thereof shall end upon the completion of the business.

Article (91): Financial Liability of the Company

The financial liability of the Public Shareholding Company is deemed independent from the financial liability of each Shareholder therein. The Company shall, with its assets and properties, be liable for its debts and obligations and the Shareholder shall not be liable before the Company for such debts and obligations except in proportion of the shares he owns in the Company.

Article (92): Registration of the Company

a) The application for the formation of the Company shall be submitted by the Company founders to the Controller on the form designated for such purpose and accompanied by the following:

.1 The Company Articles of Association .

.2 Its Memorandum of Association .

.3 Names of the Company founders .

.4 The founders' minutes of meeting that include the election of the founders' committee and the names of the persons who will supervise the founding procedures and set the signing authorization on behalf of the Company for the formation period .

.5 Name of the auditor chosen by the founders for the formation period .

b) The Shareholding Company Articles of Association and Memorandum of Association should include the following information:

• Name of the Company .

• Company headquarters .

• Objectives of the Company .

• Names of the Company founders, their nationalities, chosen notification addresses and the number of shares subscribed for .

• The authorized capital of the Company and the subscribed part thereof .

• A statement of the in-kind shares in the Company, if any, and the value thereof .

• Whether the shareholders and the holders of convertible bonds hold preemptive rights to subscribe for any new issues to be made by the Company .

• The manner in which the Company is managed and the authorized signatories (directors) during the period between its founding and the first General Assembly meeting which should be held within a specified number of days of the date of founding of the Company .

• Specification of the manner, form, and method of inviting the Company Board of Directors to its meeting .

c) The Articles of Association and Memorandum of Association of the Public Shareholding Company shall be signed by each founder before the Controller or any person delegated by him in writing on the form designated for such purpose.

Notary Public or a licensed lawyer.

**Article (93): Operations Limited to Public Shareholding Companies**

The following operations may not be carried out, except by Public Shareholding Companies formed and registered in accordance with the provisions of this Law:

- a) Banking Operations, financial institutions and all types of insurance.
- b) Companies awarded concessions.

**Article (94): Acceptance and Rejection of a Company Registration**

a) Upon the recommendation of the Controller, the Minister shall issue his decision approving or rejecting the registration of the Company within a maximum period of thirty days from the date of the Controller's recommendation. The Controller shall make the recommendation within thirty days from the date of submitting the application to him which shall be signed by the founders and which shall fulfil the conditions. Should the Minister fail to issue this decision during that period, the application shall be deemed approved.

b) In the case the Minister rejects the registration of the Company its founders may challenge the decision before the Higher Court of Justice.

**Article (95): Fixing the Company Capital and Duration of Paying the Unsubscribed Part**

a) The authorized capital of the Public Shareholding Company and the subscribed part shall be in Jordanian Dinars and shall be divided into nominal shares at a par-value of one Dinar each, provided that the authorized capital shall not be less than five hundred thousand (500,000) Dinars and the subscribed capital shall not be less than one hundred thousand (100,000) Dinars or twenty percent (20%) of the authorized capital, whichever is greater.

b) Subject to the provisions of paragraph (d) of this Article, the un-subscribed capital shall be paid within three years of the date of the Company founding or the increase of the capital, as the case may be. In the event of default in payment of the un-subscribed capital within the said period, the following shall be observed :

.1 If the subscribed capital exceeds five hundred thousand (500,000) Dinars at the end of the period, the authorized capital of the Company shall become its actual subscribed capital .

.2 If the subscribed capital is less than five hundred thousand (500,000) Dinars at the end of the period, the Controller shall issue a warning to the Company to pay the necessary difference amount with the effect that the actual subscribed capital of the Company becomes five hundred thousand (500,000) Dinars within thirty days from the date the notice is served to the Company. If the Company fails to do so, the Controller shall have the right to request the Court to liquidate the Company in accordance with the provisions of Article (266) of this Law .

c) The Company Board of Directors may re-issue the un-subscribed shares of the authorized capital of the Company as the Company interests may warrant, and at the value which is deemed proper by the Board, whether such value is equivalent to the nominal value of the share, or higher or lower, provided that such shares shall be issued in accordance with the provisions of the applicable laws and legislations in force .

d) The Board of Directors of the Public Shareholding Company shall obtain the approval of the extraordinary General Assembly in the event that the un-subscribed shares are covered by the following methods:

- .1 Incorporating the voluntary reserve into the Company capital ;
- .2 Capitalization of the Company debts or any part thereof provided that the creditor debts consent thereto in writing ;
- .3 Conversion of convertible bonds into shares in accordance with the provisions of this Law .

e) It shall be permissible by a decision of the General Assembly in accordance with rules set by the Law for this purpose to allocate a part of the Company un-subscribed capital as an incentive to the



employees. In such a case, this part may continue to be offered to them for a period that exceed four years as of the date of the Company registration or the increase in its capital, a may be.

f) The Board of Directors may issue shares as provided for by the provisions of the Securities Law .

#### Article (96): Indivisibility of Shares

The share of a Public Shareholding Company shall be indivisible. However, the heirs may jointly share as the successors of their predecessor. This provision shall also apply to the heirs if jointly inherited more than one share of their predecessor's estate, provided that they, in b choose one of them to represent them in and before the Company. Should they fail to do so period determined by the Company Board of Directors, the Board may appoint one of them t representative.

#### Article (97): Company Shares and Payment of their Value

a) Shares of the Public Shareholding Company are cash shares and the value of the subscrip shall be paid in one installment. The Company shares may be in-kind given against in-kind evaluated in cash in accordance with the provisions of this Law. Concession rights, pate technical know-how and other intangible rights, that the founders approved as in-kind assets: that a report specifying their value is prepared by experienced and specialized people is pres provided the following is observed :

.1If the in-kind payments holders fail in their delivery or the transfer of their t Company within a month from the date of their registration, they shall be obligated by operat to pay their value in cash in accordance with the price adopted by the founders in the application of the Company. The Controller may request a proof of the validity of the monetary of the in-kind payments .

.2If the Controller is not convinced of the validity of the in-kind shares' evaluation pre the founders, then the Minister may form a committee, at the expense of the Company, of ex and specialized persons to evaluate same in cash, provided that the committee's members founder. The Committee shall submit its report to the Controller during a maximum period of t from the date of its formation. The founders may object on the report to the Minister withir from the date it is approved by the Controller .

b) The Minister shall resolve the objection within two weeks of its submittal. If the Minister a objection then the Company registration will be rejected unless the founders reconsidered anc the evaluation, whereupon the registration procedures will be completed. The founders or st shareholders shall have no right to object to the value of the in-kind shares presented in the stage .

#### Article (98): The Shareholders Register and the Number of Shares Held by Each

a) The Public Shareholding Company shall keep one or more register wherein shall be rec names of shareholders, the numbers of shares held by each one of them, and any conversion p affecting same and other information relating thereto and to the shareholders.

b) Subject to the provisions of paragraph (c) of this Article, the Company may file copies of th referred to in the abovementioned paragraph (a) with any other authority for the purpose of fo the affairs of shareholders, and it may authorize such authority to keep and organize these regi

c) The Public Shareholding Company shall list its shares in the Market and shall follow the procedures provided for in the laws, regulations and instructions which regulate the negot securities in the Kingdom and which are related to the delivery of the registers referred abovementioned paragraph (a) to the authority determined by such laws, regulations and instru

d) Any shareholder in the Company may have access to the shareholders register in connectic

shareholding for whatever reason, and to the entire register for any reasonable cause. Any other person with interest, at the discretion of the Court, may request the Company to review the share register. In all cases, the Company may charge a reasonable fee in case any person or shareholder wishes to reproduce the register or any part thereof.

e) The Public Shareholding Company may purchase shares issued by it and sell same in accordance with the provisions of the Securities Law and the regulations and instructions issued in pursuance thereof.

#### Article (99): Underwriting the Value of the Founders' Shares

a) Upon signing the Articles and Memorandum of Association of a Public Shareholding Company, the founders thereof should underwrite the entire value of the shares subscribed for them, and should provide the Controller with evidence to that effect provided that the percentage of shares subscribed by the founders in banks and financial institutions shall not exceed 50% of the authorized capital and the number of founders therein shall not be less than fifty (50) persons.

b) The shareholding of the founder(s) of the Public Shareholding Company upon its founding shall not exceed 75% of the authorized capital. The founder or founders' committee should offer the shares for subscription as permitted by the Securities Law in force. However, the partner(s) of a company transformed from Limited Liability or Limited Partnership in Shares or Private Shareholding Company to a Public Shareholding Company may underwrite the complete difference in the authorized capital of the Company or may offer the remaining shares for public or private subscription in accordance with the procedures provided for in the Securities Law.

c) The founders of the Public Shareholding Company are prohibited from subscribing in the shares offered for subscription at the founding stage. However, they may underwrite the remaining shares within a period of three days from closing the subscription.

d) In all events, if all shares offered for subscription are not underwritten, the Company shall be registered with the number of shares subscribed for provided that the subscribed capital shall not be less than the minimum limit stipulated in Article (95) of this Law and that the number of subscribers shall not be less than two.

#### Article (100): The Period during which a Founding Share may not be Disposed of and Excepted from Prohibition

a) The founding share in the Public Shareholding Company may not be disposed of prior to the expiration of at least two years from the founding of the Company. Any action in violation of the provisions of this Article shall be null and void.

b) There shall be excluded from the restriction imposed in paragraph (a) of this Article the transfer of the founders' shares to the heirs and between spouses, ancestors and descendants, as well as the transfer among the founders themselves, and the transfer of the founders' share to third parties under a court decision, or as a result of selling same at public auction in accordance with the provisions of the Securities Law.

#### Article (101): Underwriting the Value of shares by an Underwriter

Subject to the provisions stipulated in any other law, founders of the Public Shareholding Company may entrust the underwriting of the Company shares to one or more Underwriters.

#### Article (102): Principals of Subscription in Shares

a) It is not permitted for more than one person to participate in one subscription application for offered shares. Fictitious subscriptions or subscription in fictitious names are prohibited and shall be considered invalid in any of the cases provided for in this paragraph.

b) Subscription in the shares of the Public Shareholding Company shall take place in a manner that conforms with the provisions of this Law and other applicable laws.

**Article (103): Providing the Controller with Subscribers' Names**

The Company shall provide the Controller, within a period not exceeding thirty days from the closing of any subscription in the shares of the Public Shareholding Company, with a statement containing names of subscribers and the value of the shares subscribed for by each one of them.

**Article (104): Allocation of Shares**

If subscription in the shares of the Public Shareholding Company is in excess of the number offered for subscription, the Company should allocate the shares offered for subscribers in accordance with the laws and regulations in force.

**Article (105): Refunding Excess Amounts upon the Allocation of Shares**

The Company shall be held responsible for refunding the amount in excess of the value of Public Shareholding Company shares offered for public subscription to the subscribers within a maximum of thirty days from the closing date of the said subscription or the determination of the allocation of shares, whichever is earlier. Should the Company fail to do so for any reason whatsoever, the subscribers entitled to such amounts shall receive interest thereon to be computed as of the beginning of the month immediately following the thirty day period stipulated in this paragraph. This interest shall be at the highest interest rate prevailing between Jordanian Banks on time deposits during that month.

**Article (106): The Agenda of the General Assembly's First Meeting**

a) The first meeting of the General Assembly of the Public Shareholding Company, referred to in Article (92) of this Law, shall be presided over by a member of the founders' committee of the Company who are entrusted with management of the Company in accordance with the provisions of Article (92) of this Law. At such meeting, the General Assembly shall carry out the following:

- To review the report of the Company founders' committee who are entrusted with management of the Company, which should include sufficient information and data relating to the founding activities and procedures along with supporting documents. The General Assembly shall also ascertain the information and data's authenticity and to what extent they conform to the Law and to the Company Memorandum of Association.

- To review and discuss the audited founding expenses that are authenticated by the auditor and to take the appropriate decisions in their respect.

- To elect the first Board of Directors of the Company.

- To appoint an auditor or auditors for the Company and to fix their remuneration. The Board of Directors shall authorize the Board of Directors to fix same.

b) The first meeting of the General Assembly shall be subject to the procedures, invitation requirements, legal quorum and the adoption of the decisions applied to the ordinary meetings of the Company General Assembly.

c) The powers and functions of the founders' committee of the Public Shareholding Company shall terminate upon the election of the first Board of Directors of the Company and same shall hand over to the Board of Directors all documents and instruments related to the Company.

**Article (107): Objection by Shareholders to Founding Expenses**

Should shareholders in the Public Shareholding Company, holding at least 20% of the shares registered in the first meeting of the Company General Assembly, object to any of the items of the founding expenses, the Controller shall ascertain the authenticity of the objection and settle same. Should the Controller fails to do so for any reason whatsoever, the objectors may file a case before the Court. This case shall not affect the proceeding of the Company in its operations unless the Court decides otherwise.

**Article (108): Providing the Controller with a Copy of the Minutes of the General Assembly's First Meeting**

a) The chairman of the first Board of Directors of the Company shall provide the Controller with the minutes of the first meeting of the Company General Assembly together with the documents and statements submitted by the Company founders' committee to the General Assembly within fifteen days from the date of the meeting.

from the date of the first meeting of the General Assembly.

b) Should it become evident to the Controller that the Public Shareholding Company has neglected its founding stage to comply with any legal text or provision or has violated that text or provision, he shall send a written notice to the Company to correct its position within three months from the date of the notice. If the Company does not abide by the notice, the Controller shall then refer it to the competent Court.

c) Should it become evident to the Controller after examining the documents submitted in accordance with the provisions of paragraph (a) of this Article that the procedures followed at the founding of the Public Shareholding Company are legally proper, he shall then notify the Company of its right to commence its operations.

#### Article (109): Conditions of Offering In-kind Shares

a) The founders of a Public Shareholding Company may offer, in exchange for their shares, in-kind payments evaluated in cash, provided that the provisions listed in Article (108) of this Law are observed.

b) As for the in-kind shares offered at any stage subsequent to the founding, the approval of the extraordinary General Assembly on the value of the in-kind payments should be obtained.

c) Any shareholder who has attended the extraordinary meeting of the General Assembly and has expressed his objection in the minutes of that meeting may appeal the value of the in-kind payments to the competent Court within fifteen days of the date of the meeting.

#### Article (110): Conditions of Issuing In-kind Shares

The in-kind shares of the Public Shareholding Company shall not be issued to the owners thereof until the completion of the legal procedures for the delivery of the in-kind payments to the Company and the transferring of their title thereof.

#### Article (111): In-kind Shares Owners Rights

Owners of in-kind shares in a Public Shareholding Company shall enjoy the same rights as the owners of cash shares in the same Company. Should the in-kind shares be founding shares, they shall be subject to the restrictions applied to the cash founding shares.

#### Article (112): Increasing the Authorized Capital

The Public Shareholding Company may increase its authorized capital with the approval of the extraordinary General Assembly if such capital has been subscribed for in full, provided that the Company's statutes shall contain the method of underwriting the increase.

#### Article (113): Methods of Increasing the Capital

Subject to Securities Law, the Public Shareholding Company may increase its capital by the following methods or by any other method approved by the Company General Assembly:

- .1 Offer the increase shares for subscription by shareholders or others.
- .2 Incorporation of the voluntary reserve or the accumulated deferred profits or the Company capital.
- .3 Capitalization of the debts due by the Company, or any part thereof, provided that the approval of these debts' creditors is obtained.
- .4 Transferring the transferable bonds to shares, in accordance with the provisions of this Law.

#### Article (114): Reducing the Unsubscribed Capital

a) A Shareholding Company may, by a decision of the extraordinary General Assembly, reduce the unsubscribed portion of its authorized capital. It may also reduce its subscribed capital if it is in its interests or if it sustains any loss and the Company decides to reduce its capital in the same amount as such loss or any part thereof provided that the Company shall observe in the reduction decision the rights of third parties stipulated in Article (115) of this Law.

b) The reduction in the subscribed capital shall be made by reducing the value of shares, by cancellation of their paid value equal to the amount of the loss, if there is a loss in the Company, or by refunding a portion thereof if the Company deems that its capital is in excess of its needs.

c) The capital of the Public Shareholding Company in any case may not be reduced below the limit stipulated in Article (95) of this Law.

d) If the aim is to restructure the Company capital, then the decision to reduce or increase it may be taken in the same extraordinary General Assembly meeting, provided that the procedures stipulated in this Law are completed after which the increase procedures are completed. The invitation to the meeting contain the reasons for restructuring and the objectives of the procedure.

#### Article (115): Procedures for the Reduction of the Capital

a) The Board of Directors of the Public Shareholding Company shall submit the application for the reduction of its subscribed capital to the Controller together with the reasons that require the reduction. This can only be made following the approval of the Company General Assembly by a majority of at least seventy-five percent (75%) of the shares represented at the extraordinary meeting which is held for that purpose. A list of the names of the Company creditors, the amount of the debt of each of them, his address, and a statement of the Company assets and liabilities shall be attached to the application provided that same is certified by its auditor.

b) The Controller shall notify the creditors whose names appear in the list submitted by the Company. The decision of the Company General Assembly regarding the reduction of its subscribed capital and notice shall be published in two local daily newspapers at the Company expense. Each creditor shall submit to the Controller, within thirty days from the date of publishing the last notice, a written objection against the reduction of the Company capital. If the Controller fails in settling the objections submitted to him within thirty days following the date of the expiry of the period fixed for submitting objections, objectors shall have the right to bring their case before the Court in respect of their objections within thirty days of the date of expiry of the period granted to the Controller to settle such objections. Objections brought before the Court after the lapse of said period shall be dismissed.

c) Should the Controller receive a written notice from the Court informing him of any case that has been filed with it within the period specified in paragraph (b) of this Article to contest the reduction of the subscribed capital of the Company, then same shall stop the reduction procedures until a Court decision is issued and becomes final. The case in this instance is considered of an urgent nature in accordance with the Law of Civil Courts Procedures in force.

d) If no case has been brought before the Court to contest the decision of the Company General Assembly regarding the reduction in its subscribed capital, or if a case has been filed but dismissed by the Court and the Court's decision became final, the Controller must continue considering the reduction of the Company capital and must submit his recommendation regarding same to the Minister for the decision he deems appropriate. Should the Minister approve the reduction, the Controller shall publish the said reduction decision at the Company expense in accordance with the procedure provided for in this Law so that the reduced capital of the Company shall by operation of law be the capital listed in its Articles and Memorandum of Association.

e) The reduction of the unsubscribed portion of the authorized share capital shall not be completed without the approval of the Controller and creditors.

#### Article (116): Definition of Corporate Bonds

Corporate bonds are negotiable securities that may be issued by Public or Private Shareholding Companies or any company permitted by the Securities Law to issue such bonds. Corporate bonds may be offered for subscription in accordance with the provisions of this Law and Securities Law in

obtain a loan. The Company undertakes to repay the loan principal and interests in accordance with the issue conditions.

#### Article (117): Conditions for Issuing Corporate Bonds

The issue of the corporate bonds is conditional upon the approval of the Company Board of Directors by a majority of at least two thirds of the members therein. If these corporate bonds are convertible into shares, then the approval of the Company extraordinary General Assembly should also be obtained. Such approval shall be considered an approval to increase the Company authorized capital and the Board of Directors, in respect of such increase, may not exercise the powers vested thereupon by paragraph (b) of Article (95) of this Law.

#### Article (118): Corporate Bonds' Negotiability

a) Corporate bonds shall be registered in the names of their owners. The selling of same shall be documented in the issuing Company registers or with the authority which keeps such registers. Corporate bonds are negotiable in the markets as stipulated in the Securities Law in force.

b) In the cases approved by the Controller and the Securities Commission it is permissible to convert corporate bonds to bearer form in accordance with the instructions issued by the Commission for this purpose.

#### Article (119): The Nominal Value of Corporate Bonds

a) Corporate bonds shall be issued in one standard nominal value per issue. Bond certificates may be issued in different categories for the purpose of negotiation.

b) A Corporate bond may be sold at its nominal value, or at a discount, or at a premium. In all cases the bond shall be repaid at its nominal value.

#### Article (120): Payment of the Corporate Bonds' Value

The value of a corporate bond shall be paid in one amount on subscription, and will be credited to the account of the borrowing Company. In the event that the borrowing Company commits to an underwriter, the amounts paid may be credited to the underwriter's account with the approval of the borrowing Company Board of Directors, and the proceeds of subscription shall be refunded to the borrowing Company at the date agreed upon with the underwriter.

#### Article (121): Information Necessary in a Corporate Bond

The bond shall bear the following information:

a) On the face of the bond:

- The name of the borrowing Company, its logo if any, its address, its registration number and date thereof, and the duration of the Company .
- Name of the owner of the bond if it is a nominal bond .
- Number of the bond, its type, nominal value, period and the rate of interest .

b) On the back of the bond:

- Total values of the bonds issued .
- Dates and conditions of redemption of bonds and interest accrual dates .
- Special securities, if any, for the debts, which the bond represents .
- Any other conditions or provisions which the borrowing Company deems advisable to include on the bond provided that the said additions comply with the issue conditions .

#### Article (122): Corporate Bonds Guaranteed with Property or In-kind Assets

If corporate bonds are guaranteed by movable or immovable property or by other in-kind assets or other guarantees or collateral, the said properties and assets must be held as a security for the bonds in accordance with the legislations in force, and the mortgage, guarantee, or collateral must be documented before handing over the subscription proceeds in the corporate bonds to the Company.

**Article (123): The Denomination of Corporate Bonds in Jordanian or Foreign Currency**  
The corporate bonds shall be denominated in Jordanian Dinars or in any other foreign currency in accordance with the legislation in force.

**Article (124): Failure to Underwrite all the Corporate Bonds during the Designated Period**  
The Board of Directors may be satisfied with the value of the corporate bonds that have been issued if for a full underwriting has not been achieved for all the issued bonds within the designated period.

**Article (125): Negotiable Corporate Bonds Prospectus**  
The Company may issue corporate bonds convertible into shares in accordance with the provisions:

- a) The decision of the Board of Directors shall include all rules and conditions on the basis of which the bonds are converted into shares. This should be accomplished with the written consent of the Board in accordance with the conditions and in pursuance to the basis defined therefore.
- b) The corporate bond holder shall express his desire to convert at the dates stated in the prospectus; if the holder does not express his interest during that period he will lose his right to convert the corporate bonds.
- c) The shares obtained by corporate bond owners shall have rights to dividends proportional to the period between the date of conversion and the end of the fiscal year.
- d) At the end of each fiscal year a statement shall be made of the number of shares issued in that year against corporate bonds whose owners exercised their option to convert same into shares in that year.

**Article (126): Corporate Bonds Owners Assembly**

- a) An assembly named Corporate Bonds Owners Assembly will be formed from the owners of the corporate bonds in every issuance by operation of law.
- b) The Corporate Bonds Owners Assembly shall have the right to appoint an Issue Trustee at the request of the Company issuing the corporate bonds.
- c) The issue trustee shall be licensed by the concerned authorities to practice this activity.

**Article (127): Duties of the Corporate Bonds Owners Assembly**

- a) Corporate Bond Owners Assembly shall be responsible for safeguarding the rights of the bond owners and for taking the necessary measures to preserve these rights, in cooperation with the issue trustee.
- b) The Corporate Bonds Owners Assembly shall convene for the first time upon the invitation of the Board of Directors of the Company issuing the corporate bonds. The appointed issue trustee shall be responsible for inviting the Assembly for subsequent meetings.

**Article (128): The Authorities of the Issue Trustee**

The issue trustee shall assume the following authorities:

- a) To represent the Corporate Bonds Owners Assembly before Courts as a plaintiff or a defendant and to represent same before any other authority.
- b) To undertake the secretarial duties at the meetings of the Corporate Bonds Owners Assembly.
- c) To perform the work necessary for protecting the corporate bond owners and safeguarding their interests.

d) Any other duties entrusted to him by the Corporate Bonds Owners Assembly.

**Article (129): Invitation of the Issue Trustee to the Company General Assembly Meetings**

The borrowing company shall invite the issue trustee to the meetings of the Company General Assembly. The issue trustee shall attend such meetings and express his opinion thereat, without having the right to vote on the decisions of the General Assembly.

**Article (130): Corporate Bonds Owners Assembly Meetings**

a) The issue trustee shall invite the corporate bond owners to meet whenever he deems it appropriate, provided that the Corporate Bonds Owners Assembly meet at least once a year.

b) The Corporate Bonds Owners Assembly shall be invited in accordance with the rules applicable to the ordinary meetings of the General Assembly. Invitations and meetings of the Corporate Bonds Owners Assembly shall be subject to the same provisions which govern the invitations and meetings of the General Assembly.

c) Any action violating of the corporate bonds prospectus shall be considered null unless approved by the Corporate Bonds Owners Assembly by a three-quarter majority of votes represented in the meeting, provided that the corporate bonds represented in the meeting are not less than two-thirds of the issued bonds which have been subscribed for.

d) The issue trustee must notify the Controller, the issuing Company and any securities markets where the bonds are listed of the decisions adopted by the Corporate Bonds Owners Assembly.

**Article (131): Company Right to Redeem the Corporate Bonds**

The prospectus may provide for the Company right to annually redeem the issued bonds by the Company throughout the duration of the Corporate Bonds.

**Article (132): The Board of Directors**

a) The management of a Public Shareholding Company is entrusted to a Board of Directors. The number of members shall not be less than three and not more than thirteen as determined by the Memorandum of Association. The members of the Board shall be elected by the Company General Assembly by means of a secret ballot in accordance with the provisions of this Law. The Board of Directors shall undertake the management of the Company for four years as from the date of its election.

b) The Board of Directors shall invite the Company General Assembly to meet during the last three months of its term, in order to elect a new Board of Directors to replace it as of the date of its election, provided that the Board continues to manage the affairs of the Company until the new Board is elected. If its election is delayed for any reason whatsoever, the delay in this case should not exceed three months from the expiry date of the term of the existing Board whatever the case may be.

**Article (133): Shares whose Ownership is Necessary for the Nomination for the Board Members**

a) The Public Shareholding Company Memorandum of Association shall specify the number of shares which must be held by a member to qualify for nomination as a member of the Board of Directors and to retain his position as a member therein. Those shares should not be attached, mortgaged or subject to any other lien which prevents their unrestricted disposal. The restriction provided for in Article (132) of the Law, regarding prohibiting the disposal of founding shares, shall be excluded from this provision.

b) The qualifying number of shares for membership on the Board of Directors shall continue to be held as long as the owner of such shares is a member of the Board of Directors and for a period of six months following the expiry date of his term therein. Such shares may not be transferred during that period. To that end the shares shall be marked as attached shares and a reference effect shall be made in the shareholders register. Such an attachment is made as a security for the Company interest and to guarantee the obligations and responsibilities of that member and the



Directors.

c) Any member of the Board of Directors of a Public Shareholding Company shall be automatically removed from his term of office if, for any reason whatsoever, the number of shares that he should own falls to less than the number of shares which he should be an owner of pursuant to paragraph 1 of Article 133, or if an attachment has been levied upon the shares pursuant to a final Court decision, or if the shares have been mortgaged during his term of office, unless he completes the shares which he should own within a period that does not exceed thirty days. Such shareholder may not attend any of the Board's meetings during the period in which the decrease of his shares occurs.

Article (134): Persons whose Nomination for the Board of Directors Membership is Prohibited  
Any person may not be nominated for membership of the Board of Directors of a Public Shareholding Company or be a member if he has been convicted by the competent Court of the following:

a) Any felony or misdemeanor involving honor such as bribery, embezzlement, theft, forgery, fraud, loss of confidence, false testimony, or any crime against public manners and morals, or if he is incapable of performing his duties or declared bankrupt unless rehabilitated.

b) Any of the penalties stipulated in Article (278) of this Law.

Article (135): Government and Official Corporations' Representation in the Board of Directors

a/1) Should the Government or any official public corporation or any public corporate body subscribe to the shares of a Public Shareholding Company, then they shall be entitled to be represented on its Board of Directors by a number in proportion to their subscription proportion in the Company capital if that proportion is not less than 10% for one or more memberships in the Board, and in this case it shall not participate in the decisions of the other Board members. If their subscription is less than the percentage that grants them membership in the Board then they shall use their nomination right and participate in electing the members of the Board just like any other shareholder, and the person representing any of same on the Board shall enjoy the same membership rights and bear its responsibilities. It is not permitted, in accordance with the provisions of this paragraph, to appoint one member on more than one Board of Directors of two companies if the Government or official public corporation or public corporate body is a subscriber therein, Arab and foreign companies, or companies that an official public corporation or public corporate body is a subscriber therein.

a/2) If, and in any event, a representative of the Government or an official public corporation or public corporate body is appointed in more than two Companies' Board of Directors, then he shall be held under legal and disciplinary liability to correct his position during a period that does not exceed three months in accordance with the provisions of clause (1) of this paragraph, by notifying the specialized authority that represents in order for it to appoint a replacement in the company in which he relinquishes his membership, and shall notify the Controller thereof. This provision is applicable to all existing companies from the date this Law coming into force.

b) The membership of the representative of the Government or the official corporation or the official public corporate bodies in the Board of Directors of the Public Shareholding Company shall continue for the term determined for the Board. The party that appointed the said representative shall have the right to appoint another person to replace him, at any time, for the remaining period of his predecessor's term on the Board, or to delegate someone to temporarily replace him in the event of his illness or absence, provided that the Company is informed in writing in both situations.

c) Should the member who represents the Government or the official public corporation or official public corporate body submit his resignation from the Company Board of Directors, his resignation shall be accepted, and the entity whom he represented must appoint a new representative to replace him.

d) Provisions relating to the appointment of a Government representative on the Board of Directors of Public Shareholding Companies shall be determined in accordance with the Jordan In Corporation Law and the regulations issued pursuant thereto, and any other legislation that replaces the said Law.

e) The provision of this Article shall apply to non-Jordanian governments and public corporations when subscribing to the capitals of Jordanian companies.

#### Article (136): The Representation of a Corporate Body

If a corporate body, other than public corporate bodies referred to in Article (135) of this Law, is a shareholder in a Public Shareholding Company, then it may be nominated for a number of seats on the Board of Directors in proportion to its shareholding in the Company capital. In event of its election, it shall name a natural person to represent it in the Board of Directors within ten days of the date of its election, provided that the appointee holds the membership conditions and qualifications stipulated in Article (135) with the exception to his ownership of the Board of Directors' qualifying shares. A corporate body shall be deemed to have lost its membership if it fails to name its representative within a month of its election. The corporate body may also replace its representative with another natural person during the term of its duration.

#### Article (137): Election of a Board of Directors' Chairman and Deputy Chairman

a) The Board of Directors of the Public Shareholding Company shall elect from amongst its members by means of a secret ballot a chairman and a deputy chairman to assume the duties and responsibilities of the chairman during his absence. The Board of Directors shall also elect from amongst its members one or more members who shall have the right to sign on behalf of the Company severally or jointly in accordance with what the Board decides regarding this issue, and within the powers delegated to them by the Board. The Board shall provide the Controller with copies of its decisions related to the election of the chairmen, his deputy, and the authorized members to sign on behalf of the Company, accompanied by a specimen of their signatures within seven days from the date of issuing the said decisions.

b) The Company Board of Directors may delegate any employee of the Company to sign on behalf of the Company within the authorities delegated by the Board to him.

#### Article (138): Submittal of a Written Statement of the Property Owned by the Chairman and Board of Directors' Members and Providing the Controller with a Copy

a) The chairman and every member of the Board of Directors of a Public Shareholding Company, the general manager, and principal managers, shall submit to the Board of Directors at the first meeting which it holds following its election, a written statement of the Company shares owned by each of them and his wife and minor children, in addition to the names of the companies in which they and their wife and minor children own shares or stocks therein, if the Public Shareholding Company owns shares in these other companies. Any change which may occur to the afore-mentioned statements shall be notified by him to the Board within fifteen days from the date on which such a change occurs.

b) The Board of Directors shall present the Controller with copies of the aforementioned statements as stipulated in paragraph (a) of this Article, and of any change that may occur thereon, within seven days from the date of submission of the statements or the change that occurs in respect thereof.

#### Article (139): Prohibition of Advancing a Loan to the Chairman or his Deputy

Subject to nullification, a Public Shareholding Company is not allowed to advance a cash loan to the chairman or any of the members of the Board of Directors or ancestors, descendants or any one of them. Excluded from this condition are banks and financial institutions that make loans to any of the aforesaid within the limits of their objectives and with the same conditions with their other clients.

#### Article (140): Duties of the Board of Directors

a) The Board of Directors shall prepare, within a maximum period of three months from the fiscal year of the Company, the following accounts and statements to be presented to the Assembly.

- The annual balance sheet of the Company, its profit and loss statement, and other statements accompanied with their clarifications compared with those of the previous fiscal year certified by the Company auditors .

- The annual report of the Board of Directors on the Company activities and forecasts for the following year .

b) Copies of the accounts and statements stipulated in paragraph (a) of this Article shall be sent to the Controller at least twenty one days prior to the date set for the meeting of the Company Assembly.

#### Article (141): Publication of the Company Balance Sheet

The Board of Directors shall publish the Company balance sheet, its profit and loss account and summary of the annual report of the Board of Directors, along with the auditors' report within not exceeding thirty days from the date of the meeting of the General Assembly.

#### Article (142): Financial Reports

The Board of Directors of a Public Shareholding Company shall prepare a report every six months which includes the financial position of the Company, the results of its operations, profit and loss account, cash flow list and the clarifications related to the financial statements certified by the Company auditors. The Controller shall be provided with a copy of the report within sixty days from the expiry of the period.

#### Article (143): The Expenses, Remunerations and Privileges of the Chairman and Members of the Board of Directors

a) The Board of Directors of the Public Shareholding Company shall annually place in the headquarters at the disposal of the shareholders, at least three days prior to the meeting of the General Assembly, a detailed report, to be viewed by the shareholders, containing the statements. A copy of same shall be sent to the Controller:

- All amounts received from the Company during the fiscal year by the chairman and the members of the Board of Directors, in the form of wages, fees, salaries, bonuses, remunerations and others .

- Benefits that the chairman and the members of the Board of Directors enjoy such as accommodation, cars and others .

- Amounts that have been paid to the chairman and members of the Board of Directors during the fiscal year such as travel and transport allowances inside and outside the Kingdom .

- A detailed account of the donations paid by the Company during the fiscal year to various entities that received the said donations .

- A list of the names of the Board of Directors, number of shares owned by each of them during the duration of the membership of each member .

b) The chairman and the members of the Company Board of Directors shall be held responsible for realizing the provisions of this Article, and for the accuracy of the submitted statements in accordance therewith, for the shareholders review.

#### Article (144): The Invitation to the General Assembly Meeting and its Agenda

a) The Board of Directors of a Public Shareholding Company shall direct an invitation to each shareholder to attend the General Assembly meeting to be sent via ordinary mail at least fourteen days prior to the date set for the meeting. The invitations may be delivered to the shareholder by hand against a receipt of receipt.

b) The agenda of the General Assembly meeting and the Company Board of Directors report, balance sheet and final accounts, in addition to the auditors' report and the explanatory statement shall be enclosed with the invitation.

Article (145): Publication of the General Assembly Meeting's Date

The Board of Directors of the Public Shareholding Company shall announce the date set for that of the Company General Assembly, in two local daily newspapers, at least once, and that in a maximum period of fourteen days prior to that date. The Board must also announce the said date only once on radio or television within a maximum period of three days prior to the date of the General Assembly meeting.

Article (146): Membership in More than One Board of Directors

a) Any person is entitled, in his personal capacity, to be a member of the Board of a maximum of three Public Shareholding Companies concurrently. A person is also entitled to represent a corporation on the Board of Directors of three Public Shareholding Companies at most. In all events, the said person is not entitled to be a member of the Board of Directors of more than five Public Shareholding Companies in his personal capacity in some, and as a representative of a corporate body in the other. Any provision to the membership in a Board of Directors of a Public Shareholding Company obtained by such person in violation of the provisions of this paragraph, shall by the force of Law, be considered null and void.

b) Each candidate nominated for membership of the Board of Directors of a Public Shareholding Company shall notify the Controller in writing of the names of the companies in which he is a member of the Boards of Directors therein.

c) No person may nominate himself for the membership of a Board of Directors of a Public Shareholding Company in his personal capacity or as a representative of a corporate body if the number of his memberships equals the number stipulated in paragraph (a) of this Article. However, he is permitted to resign from any membership within two weeks from the date of his new membership notwithstanding that he may not attend the meetings of the Board of Directors of the Company to which he is elected a member, prior to rectifying his position in accordance to the provisions of this article.

Article (147): Conditions for Membership in the Board of Directors

Any candidate for membership of a Board of Directors, for any Public Shareholding Company shall

Be less than twenty-one years old .

Be a civil servant in the Government or an official public corporation .

Article (148): Prohibitions Imposed on Members of the Board of Directors and Exceptions to Same

a) Any person who occupies a public post may not be a member of the Board of Directors of a Public Shareholding Company, except in his capacity as a representative of the Government, an official public corporation, or a public corporate body.

b) Any member of a Company Board of Directors or its general manager may not become a member of the Board of Directors of another Company that carries out businesses similar to the business of the Company in which he is a Board member, has identical objectives, or is a competitor thereof. In all events, they are not entitled to carry out any business which competes with the business of the Company in which he is a Board member.

c) The chairman of the Board of Directors of any Company, its members, the Company general manager or any of its employees, may not have a direct or an indirect interest in the contracts, procurements or relationships which are concluded with the Company or for its account.

d) The provisions of paragraph (c) of this Article shall not apply to construction operations, and public tenders in which all competitors have an equal opportunity to submit their offers. If a contract is to be awarded on the basis of the best offer be submitted by any of those mentioned in paragraph (c) of this Article, a two-third majority approval of the members of the Board must be obtained provided that the said member shall retain the right to attend the session in which his offer is discussed. Such approval, when given, shall be renewed annually by the Board of Directors if the said contracts or undertakings are of a renewed nature.

periodic nature.

e) Any person of those referred to in paragraph (c) of this Article shall be discharged of his position in the Company, in the event of his violation to the provisions of the said paragraph.

#### Article (149): Election of a Board of Director's Member in his Absence

If a person is elected in his absence as a member of a Board of Directors of a Public Shareholding Company, he must declare his acceptance or refusal of the membership within ten days from the date of his notification of the result of the election, and his silence regarding this issue shall be considered as acceptance of that membership.

#### Article (150): Vacancy of a Board of Directors Member's Office

a/1) If the office of any member of the Board of Directors becomes vacant, for whatever reason, it shall be succeeded by a member elected by the Board of Directors from amongst those who qualify the requirements for membership. Corporate bodies may take part in that election. This shall be followed whenever an office in the Board of Directors becomes vacant. The appointment in such a manner, shall continue to be provisional until it is presented to the Company General Assembly at its next meeting in order for it to approve such an appointment, or to elect the person who shall fill the vacant post in accordance with the provisions of this Law. In such a case, the new member shall continue to exercise the office for the remaining period of the term of office of his predecessor.

a/2) If the appointment of a temporary member or the election of a successor is not approved by the General Assembly in the first meeting it convenes, the temporary membership of that person shall be deemed terminated. The Board of Directors shall appoint another member provided that the appointment is presented to the Company General Assembly in its first subsequent meeting and in accordance with the provisions stipulated in this paragraph.

b) The number of members who are appointed on the Board of Directors pursuant to this Article shall not be more than half of the Board members. Should the office of any Board member become vacant thereafter, the General Assembly shall be invited to elect a new Board of Directors.

#### Article (151): The By-laws

The financial, accounting and administrative issues of a Public Shareholding Company shall be regulated in accordance with special by-laws prepared by its Board of Directors. These shall specify in detail the duties, responsibilities and powers of the Company Board of Directors regarding such issues. These by-laws must not contradict the provisions of this Law and the regulations issued in pursuance or execution of legislation in force. Copies of those by-laws shall be sent to the Controller. The Minister may, on the recommendation of the Controller, make any amendments he deems necessary to the by-laws in a manner that serves the interest of the Company and its shareholders.

#### Article (152): The Chairman of the Board of Directors Powers and Responsibilities

a) The chairman of the Board of Directors is considered the chairman of the Public Shareholding Company, and shall represent the Company before others and before all authorities including competent judicial authorities. The chairman may delegate a person to represent him before external entities. The chairman shall also exercise all powers accorded to him in accordance with the provisions of this Law, the regulations issued in pursuance and other regulations in force at the time of his appointment. The chairman shall also implement the decisions of the Board of Directors in cooperation with the executive system.

b) The chairman of the Board of Directors may be a full time employee with the approval of two-thirds of the Board members. The Board of Directors shall in this case determine the powers and duties of the chairman, may expressly exercise and shall fix his due fees and bonuses, provided he is not a full-time employee of the Board of Directors or the general manager of any other Public Shareholding Company.

c) The chairman of the Board of Directors of a Public Shareholding Company or any member thereof shall be appointed as the Company general manager or as his assistant or deputy by a decision of a two-thirds majority vote of the Board members, in any such cases, provided that the concerned person shall not take part in the voting.

#### Article (153): The General Manager's Duties and Powers

a) The Board of Directors shall appoint a qualified person to act as general manager of a Public Shareholding Company and shall specify his powers and responsibilities in accordance with the resolution issued by the Board for this purpose. The Board shall authorize the said manager to carry out the management of the Company in cooperation with the Board of Directors and under its supervision. The Board shall determine the salary of the general manager, provided he is not a general manager of more than one Public Shareholding Company.

b) The Board of Directors of the Public Shareholding Company shall have the right to terminate the services of the general manager provided that the Controller is informed of any decision taken regarding the appointment of the Company general manager or the termination of his services before the decision is taken.

c) If the Company securities are listed in the Market, then the Market shall be notified of any decision taken as to the appointment of the Company general manager or the termination of his services before the decision is taken.

d) The chairman of the Board of Directors of a Public Shareholding Company or any of its members shall not be entitled to assume any duty or employment in the Company for a salary, or other remuneration, except for those provided for in this Law in situations where the nature of the work of the Company requires same and which have been approved by a two-thirds majority vote of the Board's members, provided that the concerned person shall not participate in the voting.

#### Article (154): Duties of the Board of Directors' Secretary

The Board of Directors shall appoint, from amongst the Company employees, the secretary of the Company and shall determine his remuneration. The secretary shall arrange Board meetings, prepare the minutes thereof, and record in a special register and on consecutive pages having serial numbers the minutes of the Board's meetings and decisions. The said register shall be signed by the Board's chairman and the members who attended the meeting, and each page shall be stamped by the Company seal.

#### Article (155): The Board of Directors' Meetings

a) The Board of Directors of a Public Shareholding Company shall meet upon a written invitation issued by the chairman or his deputy, in case of the chairman's absence, or upon a written request of at least one-quarter of the Board's members submitted to the chairman. The said members must state in their request the reasons that necessitate the convention of such a meeting. Should the chairman or his deputy not invite the Board to a meeting within seven days from the date of the receipt of their request, the members who submitted the request shall have the right to invite the Board to meet.

b) The Board of Directors of a Public Shareholding Company shall hold its meetings in the presence of an absolute majority of the Board's members at the headquarters of the Company, or in any other place inside the Kingdom if such a meeting cannot be held at the Company headquarters. However, for Companies which have branches outside the Kingdom or should the nature of the Company business require, the Board shall have the right to hold a maximum of two Board meetings annually outside the Kingdom. The decisions of the Board of Directors shall be adopted by an absolute majority of the members present at the meeting and in case of equality of votes the chairman of the meeting shall have a casting vote.

c) Voting on the Board of Directors' decisions shall only be made in person and by the members present. Voting by proxy or by correspondence or by another indirect manner shall not be permitted.

d) The Board of Directors shall have at least six meetings during the fiscal year of the Company that not more than two months lapse before holding a Board meeting. The Controller shall receive of the invitation for each of the said meetings.

**Article (156): The Responsibility of Company for the Actions of the Board or General Manager and Third Parties**

a) The Board of Directors of a Public Shareholding Company or general manager shall enjoy the powers in managing the Company within the limits set in its Memorandum of Association. All deeds conducted and exercised by the Company Board of Directors or general manager in its name shall be binding on it against bona fide third parties dealing with the Company. The Company shall have no recourse on Board of Directors to claim any compensation resultant of damage that befall it in case of any restrictions provided for in the Company Memorandum or Articles of Association.

b) Third parties dealing with the Company shall be deemed bona fide unless the contrary is proved. However, such third party is not obliged to ascertain the existence of any restriction on the powers of the Company Board of Directors or general manager or on their power to bind the Company under the Memorandum of Association.

c) The Company Board of Directors shall draft an agenda clarifying the signatory powers on behalf of the Company in different issues on the form approved by the Minister based on the recommendations of the Controller, and the other powers and authorities vested with the chairman and general manager, especially if the chairman is dedicated to the Company businesses. This agenda shall also cover all issues deemed necessary by the Board for the purpose of running the Company businesses and relations with others.

**Article (157): The Violation of Company By-laws by the Chairman and the Members of the Board of Directors**

a) The chairman and the members of the Public Shareholding Company Board of Directors shall be responsible towards the Company, shareholders and others for every violation committed by any or all of them of the laws and regulations in force and of the Company Memorandum of Association for any error in the management of the Company. The consent of the General Assembly for absolution of the Board from its responsibility shall not prevent legal recourse against the chairman and the members of the Board of Directors.

b) The liability stipulated in paragraph (a) of this Article shall be either personal, borne by one member of the Board of Directors, or collective, borne by the chairman and the members of the Board of Directors, and in such a case, they shall be jointly and severally liable for compensating the damage results from the said violation or mistake. A member who has already objected to the decision on the violation or mistake in the minutes of the meeting shall not be liable for such compensation. In such cases, the claim regarding this responsibility shall cease after the lapse of five years from the date of the General Assembly meeting during which the Company annual balance sheet and its final accounts were approved.

**Article (158): Liability of the Company Chairman, Board of Directors' Members, General Manager and Employees for Disclosing its Secrets**

The Public Shareholding Company chairman, members of the Board of Directors, its general manager and any of its employees, shall be prohibited from disclosing to any shareholder in the Company or to another, any information or data related to the Company and considered of a confidential nature, which same were acquired in their official capacity in the Company, or as a result of undertaking any business for or therefore or therein, at the risk of dismissal and being claimed for compensation for the damage incurred by the Company. Information permitted to be published per current laws and regulations shall be excluded from the aforementioned. The General Assembly approval to release the chairman and members of the Board of Directors from this responsibility shall not absolve same from responsi-

Article (159): Responsibility of the Company Chairman, Board of Directors' Members, for Negligence in the Management of the Company

The Public Shareholding Company chairman and the Board of Directors' members shall be jointly and severally responsible towards shareholders for any default or negligence in the management of the Company. However, upon the liquidation of the Company and the appearance of a deficit in its assets in a manner that renders the Company unable to meet its obligations, and should the reason for the deficit be the default or negligence of the chairman and members of the Board or its general managers or auditors, the Court shall have the right to hold any of the aforesaid persons liable for the deficit of the Company in full or in part, as the case may be. The Court shall determine the amounts the said persons are liable for and whether they are jointly liable in the loss or not.

Article (160): The Right to File a Court Action

The Controller, the Company and any shareholder therein shall have the right to file a case in Court in accordance with the provisions of Articles 157, 158 and 159 of this Law.

Article (161): Objection of the Board of Directors' Chairman and Members to the Discharge Issued by the General Assembly

a) The decision taken by the General Assembly regarding the discharge of responsibility shall not be considered as evidence except after the presentation of the Company annual accounts and the report to the Assembly.

b) This discharge of responsibility shall only include issues which the General Assembly was authorized to consider.

Article (162): Remuneration, Transportation, and Travel Allowances of the Board of Directors' Chairman and Members

a) Remuneration of the Public Shareholding Company Board of Directors chairman and members shall be determined at a rate of 10% of the net profit which can be distributed as dividends to shareholders after deducting all taxes and reserves therefrom, provided that the remuneration for each of them shall not exceed five thousand (5000) Jordanian Dinars annually. Remuneration shall be distributed among the Board members in proportion to the number of meetings attended by each of them. Meetings not attended by the member for a justifiable cause approved by the Board shall be considered attended by the member.

b) If the Company is still in the founding stage and has not realized profits yet, an annual remuneration may be distributed to the chairman and members of the Board at a rate not exceeding one thousand Jordanian Dinars for each member until the Company starts to realize profits after which it shall be subject to the provisions of paragraph (a) of this Article.

c) In the event the Company incurred losses after realizing profits or has not realized any profits yet, the chairman and each member of the Board shall be paid a remuneration for their efforts in managing the Company at the rate of twenty (20) Jordanian Dinars for every Board meeting, or for every meeting of the committees emanating therefrom, provided that such remuneration must not exceed six thousand (600) Jordanian Dinars annually for each one of them.

d) Travel and transport allowances for the chairman and members of the Board of Directors shall be determined in accordance with special regulations to be issued by the Company for this purpose.

Article (163): Resignation of a Board of Directors' Member

Any member of the Board of Directors of a Public Shareholding Company, other than representing a public corporate body, may submit his resignation from the Board, provided that his resignation is in writing, and the said resignation shall take effect as of the date of its submission to the Board. The resignation may not be withdrawn.

Article (164): Loss of a Chairman's or Member's Membership in the Board of Directors'



a) The chairman of the Board of Directors of a Public Shareholding Company, or any member shall lose his Board membership if he is absent from the meetings of the Board of Directors consecutive meetings without a reason acceptable by the Board, or if he is absent from the meetings of the Board of Directors for six consecutive months even if there is a reasonable reason for the absence. The Controller shall be informed of the decision of the Board of Directors in accordance with the provisions of this paragraph.

b) The private corporate body shall not lose its membership of a Private Shareholding Company due to the absence of its representative in any of the two cases stipulated in paragraph (a) of this Article, but the corporate body should appoint another person to replace the said representative within a month of its notification of the absence of its representative. It shall be considered to have lost its membership if it does not name a new representative within the aforementioned period.

**Article (165): The Right of the General Assembly to Dismiss the Chairman and Members of the Board of Directors**

a) The General Assembly of a Public Shareholding Company shall have the right, during an extraordinary meeting and upon a signed request of shareholders holding at least 30% of the Company's shares, to dismiss the chairman of the Board of Directors or any of its members except for members representing the shares of the government or any corporate body. The dismissal request shall be submitted to the Board of Directors, and a copy thereof shall be sent to the Controller. The Board of Directors shall invite the General Assembly to hold an extraordinary meeting within ten days from the date of submission of the request thereto, in order for the Assembly to consider the dismissal request and take the necessary decision in that respect. If the Board of Directors fails to invite the General Assembly to a meeting, the Controller shall do so at the expense of the Company.

b) The General Assembly shall discuss the dismissal request of any member and may listen to the statements either verbally or in writing, after which the members will vote on the request by ballot. If the General Assembly decides upon his dismissal then it shall elect his replacement in accordance with the stipulated rules for the election of the Board of Directors' members.

c) If the dismissal did not occur in accordance with the provisions of this Article then the re-discussing the dismissal for the same reason is not permitted prior to the lapse of six months from the date of the General Assembly's meeting that discussed the dismissal request.

**Article (166): Prohibition of Chairman, Members of the Board of Directors, General Manager and Employees from Dealing with Company Shares**

The chairman of the Board of Directors of a Public Shareholding Company and any member thereof, the Company general manager and any of its employees, shall be prohibited from dealing directly or indirectly in the shares of the Company, on the basis of information which may have been acquired by any one of them in their position or work in the Company. Same are also prohibited from revealing such information to any other person with the aim of affecting the prices of the shares of this Company or any other subsidiary, holding company or company affiliated thereto in which he is a Board member, employee, or should such a disclosure of information cause such an effect. Any dealing or transaction which the provisions of this Article are applicable shall be considered null and void. The person who undertakes such a dealing or transaction shall be liable for the damage incurred by the Company or its shareholders or others, if any case is brought before Court regarding the said damage.

**Article (167): The Right of the Minister to Form a Committee to Manage the Company in Case of Resignation of the Board of Directors' Chairman and Members**

a) Should the chairman of the Board of Directors of a Public Shareholding Company, or any of its members, submit their resignation, or should the Board cease to have legal quorum due to the resignation of a number of its members, and if the General Assembly fails to elect a Board of Directors for the Company, the Minister shall upon a recommendation of the Controller, form a temporary committee to manage the Company.

committee composed of any number of experienced and specialized persons which he deems appropriate. The Minister shall appoint from amongst the members of the committee a chairman and a deputy chairman in order to assume the management of the Company. He shall also invite the General Assembly of the Company within a period not exceeding six months from the date of the formation of the committee, to elect a new Board of Directors for the Company. The chairman of the committee and its members shall be granted remuneration at the expense of the Company in accordance with what is determined by the Minister.

b) The provisions of paragraph (a) of this Article shall apply to Banks, financial services companies, insurance companies, after seeking the opinion of the Governor of the Central Bank of Jordan, the Securities Commission and the Insurance Regulatory Commission, as the case may be.

Article (168): Notification of the Occurrence of a Serious Loss to the Company and the Minister to Dissolve the Board

a) The chairman of the Board of Directors, any members thereof, its general manager or its authorized representative shall notify the Controller of the occurrence of any financial or administrative disorders or serious losses which may affect the rights of the Company shareholders or creditors. The Controller shall also be notified if the Chairman of the Company Board of Directors, or any member thereof, or its general manager exploit their position in any manner that achieves for their or another's account any benefit in an illegitimate manner. This provision shall apply in case any of them engage in any act of embezzlement, fraud, forgery or breach of trust in a manner that affects the rights of the Company and its shareholders. Any person who does so by any of the aforesaid shall subject them to omnisive liability.

b) The Minister shall, in any of these cases and upon the recommendation of the Controller, dissolve the Company Board of Directors and appoint a committee of any number, which he deems appropriate, of experienced and specialized persons to manage the Company for a period of six months renewable twice at most and shall appoint a chairman and a deputy chairman from amongst its members. In this case, the committee shall invite the General Assembly during that period to elect a new Board of Directors for the Company. The chairman and members of the committee shall be granted remuneration, at the Company expense, as determined by the Minister.

c) The provisions of this Article shall apply to Limited Liability Companies and Private Shareholding Companies in any case approved by the Council of Ministers upon the recommendation of the Minister.

Article (169): The Date of the Ordinary General Assembly Meeting

The General Assembly of a Public Shareholding Company shall hold at least one ordinary meeting a year inside the Kingdom, upon the invitation of its Board of Directors, on the date set by the Board of Directors in agreement with the Controller, provided that this meeting shall be held within the four months from the end of the fiscal year of the Company.

Article (170): The Quorum of the Ordinary General Assembly Meeting

Ordinary meetings of the General Assembly of a Public Shareholding Company shall be deemed valid if a quorum of shareholders representing more than one half of the Company subscribed shares is present. If such a quorum is not present after the lapse of one hour from the time fixed for the meeting, the chairman of the Board of Directors shall direct an invitation to the General Assembly to hold a second meeting within ten days from the date of the first meeting. The invitation shall be made through a public announcement published in at least two local daily newspapers, at least three days prior to the date of the meeting. The second meeting shall be considered legal regardless of the shares represented at the meeting.

Article (171): The Powers of the General Assembly and its Agenda

a) The powers of the General Assembly of a Public Shareholding Company during its ordinary meetings shall be:

shall include powers necessary for considering, discussing and taking the appropriate decision on Company-related issues, particularly the following:

- Reciting the minutes of the previous ordinary meeting of the General Assembly .
  - Report of the Board of Directors on the activities of the Company, during the year, its future plans .
  - Report of the Company auditors on the balance sheet of the Company, other financial and financial status and position .
  - Annual balance sheet, the profit and loss account and deciding upon the profits that the Board of Directors proposes to distribute, including the reserves and allocations, which the Law of the Company Memorandum of Association stipulate its deduction .
  - Election of the members of the Board of Directors .
  - Election of the Company auditors for the next fiscal year, and deciding on their remuneration or authorizing the Board of Directors to determine same .
- Proposals to borrow funds, create a mortgage and release guarantees, or guarantee a holding or company obligations if the Company Memorandum of Association requires that .
- Any other matter stipulated by the Board of Directors in the meeting's agenda .
  - Any other matter which the General Assembly proposes to include in the agenda, within the work scope of the General Assembly in its ordinary meetings, provided that such a proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.
- b) The General Assembly invitation to convene the meeting should include, the agenda of the meeting to be presented to it for discussion, in addition to a copy of any documents or statements relating to the matters to be discussed.

As amended by the Temporary Law No. (40) for the year .2002  
The General Assembly's Extraordinary Meeting

Article (172): Invitation of the General Assembly to an Extraordinary Meeting

a) The General Assembly of a Public Shareholding Company shall hold an extraordinary meeting upon the invitation of the Board of Directors, or upon a written request submitted to the Board from shareholders holding not less than one-quarter of the Company subscribed shares, or a written request submitted by the Company auditors or the Controller, should shareholders representing not less than 15% of the Company subscribed shares request such a meeting.

b) The Board of Directors shall invite the General Assembly to the extraordinary meeting upon the request of shareholders, the Company auditors or the Controller has requested to be convened in accordance with the provisions of paragraph (a) of this Article, within a period not exceeding fifteen days from the date the Board has been notified of that request. Should the Board fail to direct such an invitation to respond to the request, the Controller shall invite the General Assembly to convene at the expense of the Company.

Article (173): The Quorum of the Extraordinary General Assembly Meeting

a) Subject to the provisions of paragraph (b) of this Article, an extraordinary meeting of the General Assembly of the Public Shareholding Company shall be deemed legal if attended by shareholders representing more than one-half of the subscribed shares of the Company. Should such a quorum not be present after the lapse of one hour of the time fixed for the meeting, then the meeting shall be postponed to another date to be held within ten days from the date of the first meeting. The date of the second meeting shall be announced by the Board in at least two local daily newspaper three days prior to the date set for the new meeting. The second meeting shall be deemed legal if a quorum is present in the second meeting, it shall then be cancelled, whatever the reasons for the first invitation are.

b) The legal quorum for the meeting of the Company extraordinary General Assembly, in the liquidation or merger with another company, should not be less than two-thirds of the subscribed shares, including the meeting postponed for the first time, and if its legal quorum is not complete the General Assembly's meeting will be cancelled whatever the reasons for calling it.

#### Article (174): The Agenda of the Extraordinary General Assembly Meeting

The invitation for an extraordinary meeting of the General Assembly must include the issues to be presented and discussed thereat. Should the agenda include amending the Articles and Memorandum of Association of the Company, the proposed amendments must be attached to the invitation for the meeting.

#### Article (175): The Powers of the General Assembly in its Extraordinary Meeting

a) The General Assembly of a Public Shareholding Company shall, at its extraordinary meeting, consider and take appropriate decisions regarding the following issues:

- Amending the Company Article and Memorandum of Association .
- Merging of the Company or its incorporation .
- Liquidation and dissolution of the Company .
- Dismissal of the Board of Directors, its chairman or one of its members .
- Sale of the Company or complete acquisition of another company .
- Increase of the authorized capital of the Company or decrease of the Company capital .
- Issuance of corporate bonds convertible to shares .
- Company employees' ownership of the Company capital shares .
- Company purchase of its shares and selling of same in accordance with the provisions of the Law and related legislations in force .

Law and related legislations in force .

b) Decisions at an extraordinary meeting of the General Assembly shall be issued by a majority of the total shares represented in the meeting.

c) Decisions issued by the General Assembly during its extraordinary meetings shall be subject to the approval, registration and publication procedures stipulated in this Law with the exception of the provisions of clauses (4) and (7) of paragraph (a) of this Article.

#### Article (176): Extraordinary General Assembly Meetings Enjoy Ordinary Meetings Powers

The General Assembly of a Public Shareholding Company may discuss at its extraordinary meetings issues falling within its powers at ordinary meetings. The General Assembly's decisions in this regard shall be adopted by an absolute majority of shares represented at the meeting.

#### General Rules for the Meeting of the General Assembly

#### Article (177): Presidency of the General Assembly Meeting and Attendance of the Chairman and Members of the Board of Directors

a) The ordinary meeting of the General Assembly of a Public Shareholding Company shall be presided over by the chairman of the Board or his deputy, in case of the chairman's absence, or the meeting shall be delegated by the Board if both the chairman and his deputy are absent.

b) The number of the members of the Board of Directors attending meetings of the General Assembly must not be less than the number needed for constituting a quorum required for convening the meetings. Board members must not be absent from the meetings without a justifiable cause.

#### Article (178): The Right of Discussion and Voting on Decisions

Every shareholder in the Public Shareholding Company who was registered in the Company register prior to the date set for any meeting of the General Assembly shall have the right to participate in the meeting.

discussing issues presented thereto and to vote on the decisions adopted by the Assembly on these issues, each according to the number of shares he represents in person and by proxy.

**Article (179): Granting Proxy to Attend Meetings**

a) A shareholder in a Public Shareholding Company shall have the right to give a proxy to another shareholder to attend any meeting of the Company General Assembly. The proxy shall be in written special form prepared by the Company Board of Directors for this purpose with the approval of the Controller. Proxies must be deposited at the Company headquarters at least three days before the meeting of the General Assembly. The Controller, or any person delegated by the Controller, shall examine the said proxies. The shareholder may also give a proxy to another person by virtue of power of attorney to attend the meeting on his behalf.

b) The proxy shall be valid for the attendance of the representative of any other meeting to which the General Assembly meeting was postponed.

c) The presence of a trustee, guardian or attorney of the shareholder or the representative of a body which is a shareholder in the Company shall be considered as the legal presence of the shareholder at the meetings of the General Assembly, even if the said trustee, guardian or representative of the corporate body is not a shareholder in the Company.

**Article (180): Supervision over Implementing the Procedures for Convening the Meeting**

a) The Controller, or anyone delegated in writing thereby from the staff of the Directorate, shall supervise the implementation of the procedures related to convening the meeting of the General Assembly of the Public Shareholding Company in accordance with the instructions issued by the Minister for this purpose.

b) The fees paid by Companies shall be determined by means of a special regulation, to be deposited in a fund belonging to the Directorate. The regulation shall also determine the method from this fund including the remuneration to be paid to the Controller and the Directors who participate in General Assembly meetings.

**Article (181): Minutes of Meeting**

a) The chairman of the meeting of the General Assembly of a Public Shareholding Company shall appoint from amongst the shareholders or the Company employees, a clerk to record the minutes of the meeting of the General Assembly, and the decisions taken therein. The chairman shall also appoint not less than two supervisors to collect and sort the votes. The Controller or his representative shall announce the results of any voting.

b) The minutes of the meeting shall include the meeting's legal quorum, the issues presented, the decisions adopted regarding these issues, the number of votes supporting and opposing every resolution and votes that did not appear in addition to the General Assembly deliberations which the shareholders may request that they be recorded in the minutes. The minutes shall be signed by the chairman of the meeting, the Controller and the secretary, and shall be documented in a special register prepared by the Company for this purpose. The Board of Directors shall send a signed copy of the minutes to the Controller within ten days from the date of holding the meeting of the General Assembly.

c) The Controller may give certified copies of the minutes of the meeting of the General Assembly to any shareholder against the required fees set in accordance with the provisions of this Law.

**Article (182): Invitation of the Controller and Auditors to Attend the Meeting**

The Board of Directors shall invite the Controller, Securities Commission and the Company auditor to attend the meeting of the General Assembly at least fifteen days prior to the date set for the meeting's convening. The auditor shall attend or delegate a person to represent him, failing which he shall be held responsible. The invitation shall be accompanied with the meeting's agenda and all the data and documents in attachment to the invitation sent to shareholders have been stipulated. Any meeting of the

Assembly not attended by the Controller, or any of the Directorate employees delegated by him shall be considered null and void.

Article (183): General Assembly Decisions, their Binding Power, and the ability to Contest Same  
a) Decisions issued by the General Assembly of a Public Shareholding Company at any of its meetings convened with the presence of a legal quorum, shall be binding upon the Board of Directors and shareholders, whether they attended the said meeting or not, provided that these decisions were adopted in accordance with the provisions of this Law and the regulations issued in pursuance.

b) The Court shall have jurisdiction to look into and settle any case that may be presented for the purpose of contesting the legality of any of the meetings of the General Assembly, or contesting any decision issued at any one of these meetings. Such contesting shall not halt the implementation of the decision of the General Assembly unless the Court decides otherwise. Such a case shall be entertained after the lapse of three months from the date of the meeting .

Article (184): Observance of Accounting Principles

a) A Public Shareholding Company shall organize its accounts and keep its registers and books in accordance with the recognized international accounting and auditing standards.

b) The Minister in coordination with the specialized professional entities shall issue the necessary instructions to insure the application of international accounting standards and their recognized equivalents in a manner that realizes the objectives of this Law, and safeguards the rights of the Company shareholders.

c/1) The specialized professional entities shall adopt recognized international accounting and auditing standards and rules.

c/2) For the purposes of this Law the phrase "recognized international accounting and auditing standards and rules" shall apply to any phrase that may implicitly or explicitly refer to the application of international accounting and auditing principles and standards and rules or what may be related to same.

Article (185): The Company Fiscal Year

a) The fiscal year of a Public Shareholding Company shall start on the first of January of each year and shall end on the thirty first of December of the same year, unless the Company Memorandum of Association provides otherwise.

b) Should the Company commence its business during the first half of the year, then its fiscal year shall end on the thirty first of December of the same year. However, if the Company commences its business in the second half of the year, then its first fiscal year shall end on the thirty first of December of the following year.

Article (186): Distribution of Profit and Compulsory Reserve

a) The Public Shareholding Company may not distribute any dividends to its shareholders except from its profits, and after settling the rotated losses of the previous years. The Company shall deduct an amount equivalent to 10% of its annual net profit for the compulsory reserve account. No profit shall be distributed to shareholders before the deduction of such an amount. These deductions may be made before the total amount accumulated in the account of the statutory reserve has become equal to one quarter of the Company subscribed capital. However, the Company may, with the approval of the General Assembly continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full .

b) A Public Shareholding Company may not distribute its compulsory reserve amongst its shareholders. However, the Company may use the said reserve to secure the minimum limit of profits as required by the agreement of Companies having concessions, for any year, where their profits at the said year do not secure that minimum limit. The Company Board of Directors must return to that reserve the

which have already been deducted therefrom whenever the profits of the Company allow for the following years. The Council of Ministers may, shall the need arise, partially use the compulsory reserve of the Company, as the case may be, to cover its payments for the purpose of settling surpluses realized for the government that are in excess of the profit stipulated in accordance with the agreement in which it is a party provided that such reserve is returned in accordance with the provisions of paragraph (a) of this Article.

**Article (187): Voluntary Reserve and its Use, and the Special Reserve**

a) The General Assembly of a Public Shareholding Company may upon the suggestion of its Board of Directors, decide to annually deduct 20% of its annual net profits for the account of the voluntary reserve.

b) The voluntary reserve of a Public Shareholding Company shall be used for the purposes decided by its Board of Directors. The General Assembly shall have the right to distribute that reserve in part as profits to shareholders, if it has not been used for those purposes.

c) The General Assembly of the Public Shareholding Company may, upon the submission of its Board of Directors, decide to annually deduct not more than 20% of its net profits for that year as reserve to be used for emergency, expansion purposes, or for enhancing the financial position of the Company and facing the risks which it may encounter.

**Article (188): Allocation of 1% of the Profits to Support Scientific Research and Vocational Training**  
A Public Shareholding Company should allocate not less than 1% of its annual net profits to be supporting scientific research and vocational training in it, and to spend this allocated reserve in part thereof, on scientific research and training. If this amount or a portion thereof is not spent within three years of each deduction, the balance should be deposited into a special fund to be used in accordance with a regulation issued for that purpose. The regulation shall specify the method of payment, provided that it shall not be extended beyond the intended purpose of this Law.

**Article (189): Net Profit Calculation**

In order to achieve the intended purposes of Articles (186), (187) and (188) of this Law, the net profit of a Public Shareholding Company represents the difference between the total realized revenues in a fiscal year, on the one hand, and the sum of expenses and depreciation in that year, on the other, before deducting the allocations for income and social service taxes.

**Article (190): Employees Saving Funds**

The Company may set up a savings fund for its employees, which shall enjoy an independent legal identity, in pursuance to a special regulation issued by the Company Board of Directors and approved by the official competent authorities in accordance with provisions of the legislation in force. This fund shall include insurance that the fund shall be administratively and financially independent of the Company administration.

**Article (191): Profits, the method for Distribution, and the Forms Necessary for the Preparation and Presentation of the Account Statements**

a) The rights of a shareholder to the annual profits of a public shareholding company evolve upon a decision by the General Assembly regarding the distribution of dividends.

b) The right of the shareholder to receive profits from the Company shall be on the date of the decision of the General Assembly whereby it decides to distribute profits. The Company Board of Directors shall announce this in at least two daily newspapers, and through other means of media within one month from the date of the issuance of the General Assembly's decision. The Company shall publish the decision in the Official Journal of the Republic of Turkey, the Official Journal of the Controller and the Market of that decision.

c) The Company is obligated to pay the dividends determined for distribution to the shareholder forty-five days from the date of the General Assembly's meeting. In case of default, the Company pay interest to the shareholder at the prevailing interest rate on time deposits during the delay provided that the delay period for payment of dividends shall not exceed six months from the maturity thereof .

d) The Minister shall, in cooperation with competent authorities, issue the forms which are necessary for preparing and presenting the statements of accounts and for issuing the accounting policies of Public Shareholding Companies except for banks, financial institutions and insurance companies. The financial statements thereof shall be made in coordination with the Central Bank, the Commission and Insurance Regulatory Commission, as the case may be.

Article (192): Companies Obligated to Elect an Auditor

a) The General Assembly of a Public Shareholding Company, a Limited Partnership in Shares, Liability Company and a Private Shareholding Company shall elect one or more licensed auditors amongst licensed auditors for one renewable year, and shall determine their remuneration or the Board of Directors to determine such remuneration. The Company shall inform the elected auditor in writing thereof within fourteen days from the date of his election.

b) If the Company General Assembly fails to elect an auditor, or if the auditor who has been appointed or declined to carry out the work for any reason whatsoever, or if he dies, the Board of Directors should recommend to the Controller at least three auditors to choose from within four months from the date of the vacancy of such post.

Article (193): Auditor's Duties

The auditors shall undertake jointly or severally the following duties:

a) Monitor the Company operations.

b) Audit its accounts in accordance with recognized auditing rules, auditing profession principles and scientific and technical standards.

c) Review of the financial and administrative by-laws of the Company and its internal financial controls and to ensure their suitability for the Company business and safeguarding of its assets.

d) Verification of the Company assets and its ownership thereof and to ascertain the legal correctness of the Company obligations.

e) Review of the Board of Directors' decisions and instructions issued by the Company and statements which their work requires their acquisition and verification .

f) Any other duties the auditor must perform in accordance with this Law, the Auditing Profession Law and other regulations related thereto.

g) The auditors shall present a written report addressed to the General Assembly. The auditor person delegated by them shall recite the report before the General Assembly.

Article (194): Hindrance of the Auditor's Duties

Should the auditor fail, for any reason whatsoever, to perform the duties and responsibilities assigned to him in accordance with the provisions of this Law for any reason whatsoever, then he must, upon declining the auditing of the Company accounts, submit to the Controller a written report thereof to the Board of Directors. This report shall include the reasons hindering his work or preventing him from performing his duties. The Controller shall resolve these reasons with the Board of Directors.



the Controller fails to do so, then he must put the issue before the General Assembly at the first meeting held by it.

#### Article (195): Contents of the Auditor's Report

a) Subject to the Auditing Profession Law in force, and any Law or other regulation relating to the auditing profession, the auditor's report must include the following:

- That the auditor has obtained the information, statements and clarifications necessary to perform his work .

- That the Company maintains organized accounts, registers and documents. Its financial statements must be prepared in accordance with internationally recognized accounting principles which can justly show the financial position of the Company, its cash flow, and that its balance sheet and profit and loss account confirm with the records and books .

- That the auditing procedures carried out by him for the Company accounts for his opinion, a sufficient reasonable basis to express his opinion regarding the Company financial results of its operations and cash flow in accordance with internationally recognized auditing rules .

- That the financial statements included in the Board of Directors' report address the issues presented to the General Assembly comply with the Company records and registers .

- Any violations of the provisions of this Law or the Company Memorandum of Association that have taken place during the year in question and which have had a material effect on the results of the Company operations and its financial position, and whether any of these violations still exist, and whether the auditor, within the limits of the information available to him, or that he should know by virtue of his professional duties .

b) The auditor must give his final opinion on the Company balance sheet and profit and loss account in one of the following ways:

- Absolute approval of the annual sheet, profit and loss account and cash flow .

- Approval with reserve of the balance sheet, profit and loss account and cash flow account, in which that he states the reasons for such a reservation and its financial effect on the Company .

- Non-approval of the balance sheet, profit and loss account and cash flows and return of the balance sheet to the Board of Directors, with the reasons justifying such a rejection of the balance sheet .

Article (196): Auditor's Recommendation to Reject the Board of Directors' Financial Statements  
In the event the auditor recommends the rejection of the financial statements, and returns such a recommendation to the Company Board of Directors, the Company General Assembly may decide the following:

a) Either to request the Board of Directors to correct the balance sheet and the profit and loss account in accordance with the auditor's remarks, and consider them approved after making such a correction;

b) Or refer the issue to the Controller in order to appoint a committee of experts from the list of license holders to settle the dispute arising between the Company Board of Directors and its auditors. The decision of the said committee shall be binding after presenting it for a second time to the General Assembly for approval. The balance sheet and the profit and loss account shall be adjusted accordingly.

c) In order to realize the objectives of paragraph (b) of this Article, the Controller shall exercise his powers in coordination with the Central Bank, Securities Commission and Insurance Regulatory Commission, as the case may be .

#### Article (197): Acts that the Auditor is Prohibited from Carrying out towards Public Shareholding Companies

The auditor is not entitled to participate in the founding of a Public Shareholding Company, to be a member of its Board of Directors, to work permanently in any administrative or consultancy work therein, to be a partner to any member of its Board of Directors, to be an employee of any Board member. Otherwise, any action in violation of the provisions of this Article shall be considered null and void.

**Article (198): Auditor's Attendance of the General Assembly Meeting**

The Company Board of Directors shall provide the auditor with a copy of the reports and statements which the Board sends to the shareholders including the invitation for attending the meeting of the Company General Assembly, and the auditor or his representative shall attend that meeting.

**Article (199): The Auditor Represents the Shareholders and their Right to Discussion**

a) The auditor of the Company shall be the representative of the shareholders therein within the duties vested in him.

b) Each shareholder may request during the meeting of the General Assembly clarification from the auditor regarding his report and may discuss the issue with him.

**Article (200): Notifying the Auditor of any Company Violation**

Should the auditor become aware of any violation by the Company of this Law, the Memorandum of Association or any important financial issues which may adversely affect the administrative position of the Company, he shall immediately notify in writing the chairman of the Board of Directors, the Controller, the Commission and the Market as soon as he discovers or becomes aware of these matters provided that such information shall be dealt with by all parties with strict confidentiality. The manner in which the violations are decided upon.

**Article (201): Compensation of the Company by the Auditor for his Errors**

The auditor shall be liable towards the Company which he audits its accounts, its shareholder users of its financial statements for compensating any realized damage or lost profit incurred as a result of errors committed by him while carrying out his duties, or as a result of his failure to account for duties that are specified in accordance with the provisions of this Law, and the provisions of legislation in force, or duties demanded by internationally recognized accounting and auditing standards, or as a result of issuing financial statements that do not confirm with reality in a major manner, or for approving these statements. The auditor shall also be held responsible for compensating the damage incurred by him on a shareholder or a bona fide third party as a result of the error committed. If more than one auditor participated in the error then they shall be held jointly and severally liable in accordance with the provisions of this article. Any civil liability suit arising from any of the above shall be dismissed upon the lapse of three years from the date of convening the Company General Assembly meeting where the auditor's report was read out. If the act attributed to the auditor constitutes a crime then the civil liability suit shall not prescribe unless the public right proceeding prescribes.

**Article (202): Prohibition of the Auditor to Disclose Company Secrets**

Without prejudice to the main obligations of the auditor, the auditor must not disclose to shareholders at the headquarters of the General Assembly meeting or at any other place or to non-shareholders any secrets of the Company that came to his knowledge in the course of his duty therein. Otherwise he shall be dismissed and requested to compensate the damages.

**Article (203): Prohibition of the Auditor to Speculate over the Company Shares**

The Company auditor and his employees are prohibited to speculate in the shares of the Company which he audits its accounts whether directly or indirectly. Otherwise, the auditor shall be dismissed from his position as Company auditor, and shall be requested to compensate for any damage that he has caused as a result of his violation of the provisions of this Article.

**Article (204): Definition of the Holding Company and Businesses Permitted and Prohibited to it**

a) A Holding Company is a Public Shareholding Company which has financial and administrative control over one or more Companies called subsidiary companies in one of the following methods:

To acquire more than one half of the Company share capital and/or

To have control over the formation of its Board of Directors .

b) A Holding Company shall be prohibited from acquiring any stocks or shares in General Partnerships, Limited Partnerships or Shares.

- c) A subsidiary company shall be prohibited from acquiring any stocks or shares in the Holding Company.
- d) The Holding Company shall appoint its representatives in the Boards of Directors of the subsidiary company in proportion to its shareholding therein. It may not participate in the election of the members of the Board of Directors or the Management Committee as the case may be.

**Article (205): Company Objectives**

The objectives of Holding Company are the following:

- a) Management of its subsidiary companies or participation in the management of other companies if it is a shareholder therein.
- b) Investment of its properties in shares, bonds and securities.
- c) Providing loans, guarantees and financing to its subsidiary companies.
- d) Ownership of patents, trademarks, concession rights and other intangible rights and the exploitation and leasing thereof, to its subsidiary companies or to other companies.

**Article (206): Founding of the Company**

a) A Holding Company shall be established in one of the following methods:

- Founding of a Public Shareholding Company whose objectives are limited to those stated in Article (205) of this Law, or any part thereof, and the founding of subsidiary companies or the ownership of shares or stocks in other Public Shareholding Companies,
  - Companies, Limited Liability Companies or in Limited Partnerships in Shares to achieve said objectives .
  - Amendment of the objectives of an existing Public Shareholding Company to that of a Holding Company in accordance with the provisions of this Law .
- b) The regulatory provisions of the Holding Companies and its subsidiary companies shall be determined by special regulation to be issued for this purpose .

**Article (207): Application of the Law to Holding Companies Established in Pursuance to Agreements Concluded by the Government with other States**

The provisions of this Law shall apply to Holding Companies which are established in the Kingdom of Jordan in pursuance to agreements concluded between the Government of the Hashemite Kingdom of Jordan and other governments or Arab or international organizations, in the cases that are not stipulated in the founding agreements or their Articles and Memorandum of Association.

**Article (208): The Balance Sheet of the Company**

The Holding Company shall prepare at the end of each fiscal year a consolidated balance sheet, profit and loss statements and its cash flow for all its subsidiary companies. It shall then present said statements to the General Assembly together with the explanations and related statements in accordance with internationally recognized accounting and auditing principles .

**Article (209): Registration of the Company, its Objectives, Application of the Public Shareholding Company Provisions, its Memorandum of Association, Capital, Board of Directors and its Merger**

- a) The Joint Investment Company shall be registered as a Public Shareholding Company. Its Controller in a separate register. The objectives of this Company shall be confined to investment in real properties and of third parties' properties in securities of different types and to regulate its operations in accordance with the provisions of the Securities Law.
- b) The Joint Investment Company shall be subject to all of the provisions of this Law regarding Public Shareholding Company subject to the following:

.1The Company Articles and Memorandum of Association shall include the name of an investment consultant licensed in accordance with the laws in force to manage the investment of the Company .

.2If the Joint Investment Company has a variable capital, it shall not be subject to the provisions of paragraphs (a) and (b) of Article (95) of this Law, which provide that the minimum of the authorized capital of the Company should be five hundred thousand (500,000) Dinars and that it should be paid up within three years .

.3The Board of Directors solely, and without the need to obtain the approval of the General

.4Assembly of a Joint Investment Company with a variable capital, shall have the right to increase or decrease its authorized capital as shall be deemed appropriate by it, provided that the Controller should be notified of that within ten days from the date of the decision to increase or decrease .

.5A shareholder in a Joint Investment Company having a variable capital may request the Company to redeem his shares at a price representing the net value of the shares calculated on the date of redemption from which the value of any fees or commissions determined in the Memorandum of Association of the Company is deducted .

.6The Board of Directors of Joint Investment Company shall not be obliged to convene the General Assembly except during the years in which a new Board of Directors is elected unless the Company Memorandum of Association provides otherwise .

.7Notwithstanding the provisions of Article (274) of this Law, the shareholder in a Joint Investment Company with a variable capital may not have access to the shareholders' register of the Company unless it is provided otherwise in the Company Memorandum of Association .

.8Should a Joint Investment Company with a variable capital merge with another company, the shareholders in the Joint Investment Company with a variable capital who objected to the merger at the General Assembly meeting, may not claim the value of their shares in the manner provided for in Article (235) of this Law. However, they shall reserve their right to claim the redemption of their shares from the Company as stated in clause (4) of paragraph (b) of this Article .

#### Article (210): Company Forms

Joint Investment Companies may adopt either of the two following forms:

a) A company with a variable capital, that issues shares redeemable by it at a price fixed with reference to its current net assets. The Company is committed at any time to redeem these shares on the request of a shareholder, and at the price announced weekly by the Company with the knowledge of the Market.

b) A company with a fixed capital, that issues irredeemable shares which are negotiated in the market in accordance with the prices determined in the Market.

c) The increase or decrease of capital in the Company with a variable capital shall not be subject to the procedures stipulated in this Law, unless provided otherwise in its Articles or Memorandum of Association. The value of the shares of the Company shall remain nominal even after payment of dividends .

Article (211): Definition of the Company and Acts Prohibited to be carried out  
a) An Offshore Company is a Public Shareholding Company, a Limited Partnership in Shares or a Liability Company or a Private Shareholding which is registered in the Kingdom and carries out its operations outside the Kingdom. The word (Exempt Company) shall be added to the name of the Company\*.

b) An Offshore Company shall be prohibited from offering its shares for public subscription in the Kingdom.

#### Article (212): Registration of the Company, its Capital and its Objectives

An Offshore Company shall be registered with the Controller in a register specially prepared for Companies operating outside the Kingdom. The capital of such a Company should not be less than

minimum limit set in the related legislations if its activity is in the field of Banks or financial inst

Article (213): Cancelled•.

Article (214): Registration Procedures, Company Operations, Registration Fees and its Supervis  
The provisions and special conditions relating to the founding of an Offshore Company and its c  
the fees due by it and the supervision thereof shall be determined by a regulation to be  
accordance with this Law.

Article (215): Transforming a General Partnership Company and a Limited Partnership  
General Partnerships may be transformed to Limited Partnerships and Limited Partnerships m  
transformed to General Partnerships with the approval of all partners and by following  
procedures for the registration of the company and registration of the changes effected thereto.

Article (216): Procedures of Transforming a Company to a Limited Liability Company or  
Partnership in Shares or a Private Shareholding Company\*

A company may be transformed to a Limited Liability Company or a Limited Partnership in S  
Private Shareholding Company by observing the following procedures:

a) A written application by all the partners, or the decision of the Company General Assembly  
submitted to the Controller, as the case may be, expressing the desire to transform the  
together with the reasons and justification for the transformation and the type of company to  
transformation will be made. The following should be attached to the application:

- The Company balance sheet for each of the last two years preceding the trans  
application duly certified by a licensed auditor, or the balance sheet of the company for the  
year if no more than one year has elapsed since the company was registered .

- A statement made by the partners, estimating the Company assets and liabilities .

b) Subject to the provisions of paragraph (a) of this Article, the partners or shareholders, a  
may be, must consent unanimously to the transformation of the company to a Private Sha  
Company .

c) The Controller shall, within fifteen days from the date of submission of the application, ann  
least two local daily newspapers, at the expense of the company, the transformation applic  
announcement shall show whether the creditors or others have any objection to the transform  
transformation shall not be accomplished except with the written approval of the creditors  
more than two-thirds of the Company debts•.

d) The Controller may verify the accuracy of the estimates of the net equity of the pa  
shareholders, as the case may be, in the manner he deems appropriate including the appointm  
or more experts to verify the accuracy of these estimates. The company shall bear all the exper  
determined by the Controller.

e) The Controller may accept or reject the transformation. In case of rejection, his decisio  
subject to the determined rules of contest but in case of approval the registration and p  
procedures shall be completed in accordance with the provisions of this Law.

Article (217): Procedures of Transforming a Limited Liability Company or a Limited Partnership  
or a Private Shareholding Company to a Public Shareholding Company\*

The Limited Liability Company, or Limited Partnership in Shares, or Private Shareholding Com  
be transformed to a Public Shareholding Company pursuant to the provisions stipulated in this  
application shall be submitted to the Controller together with the following:

a) The Company's General Assembly decision approving the transformation.

b) The reasons and justifications for the transformation based on an economic and financial st

Company's status and position after transformation.

c) The audited balance sheet of each of the last two consecutive years preceding the transformation application, provided that the Company realized net profits during either of them .

d) A statement that the Company's capital has been paid in full.

e) A statement by the Company indicating the preliminary assessments of the value of its assets and liabilities.

Article (218): Approval of the Minister on the Transformation of a Limited Liability Company or Partnership in Shares Company or a Private Shareholding to a Public Shareholding Company\*  
The Minister may, upon the recommendation of the Controller, approve the transformation of a Limited Liability Company or the Limited Partnership in Shares or the Private Shareholding Company to a Public Shareholding Company, within thirty days from the date of submitting the application referred to in Article (225) of this Law, and after completing the following procedures:

a) Evaluation of the assets and liabilities of the company wishing to be transformed by a committee of experts and specialized persons. The committee shall be formed by the Minister, provided that one member of the committee is a licensed auditor. The Minister shall determine the remuneration of the committee, at the expense of the company.

b) The written approval of the creditors, who own more than two-thirds of the Company debt, to the transformation.

Article (219): Announcement of the Minister's Decision to Approve the Transformation and the Right to Contest it

a) The Controller shall announce the Minister's decision approving the transformation in at least two daily newspapers, and for two consecutive times, at the expense of the company. The Controller shall also notify the Commission, Market and Depository Center thereof .

b) Any concerned entity may contest to the Minister the transformation decision within thirty days from the date of publishing the last transformation announcement, indicating therein the reasons and justifications for the objection. Should the submitted objections, or any one of them, not be settled within thirty days from the date of submitting the last objection, each objector may then contest the decision of the Minister at the High Court of Justice within thirty days from the end of that period, provided that the contest shall not suspend the transformation procedures unless the Court decides otherwise.

Article (220): Completion of Registration and Publication as a Prerequisite to Transformation  
The completion of the registration and publication procedures as stipulated in this Law is a prerequisite for the transformation of the company. Should the capital resulting from the re-evaluation be less than the minimum limit of the Public Shareholding Company capital as determined by this Law, procedures concerning the increase of the capital of the Public Shareholding Company stipulated in this Law shall be followed.

Article (221): Continuation of the Previous Corporate Identity after the Transformation  
The transformation of any company into another company shall not necessitate the emergence of a new corporate body. The company shall preserve its previous corporate identity, and shall preserve its rights and shall be liable for all its obligations prior to the transformation. The responsibilities of the General Partner, in his private properties, for the Company debts and obligations prior to the transformation date shall remain valid.

Article (222): Conditions and Methods of Merging

a) The merger of the companies stipulated in this Law shall be accomplished by any of the methods, provided that the objectives of the companies wishing to merge are identical or comp

.1 Through the merger of one company or more with other companies called the company). The company or companies merged therein, and the corporate identity of each longer exist. The rights and obligations of the merged companies shall be carried over to th company, after the merged companies registration is cancelled in accordance with the procedures:

o The issuance of a decision by the merged company stating its merger with the company .

o Evaluation of the merger Company net assets and liabilities in accordance with the provisions stipulated in this Law and the regulations and instructions issued in pursuance . The merging Company issuance of a decision to increase its capital by an amount not less evaluation value .

o The partners and shareholders of a merger company shall bear the increase in th Company capital in proportion to their interest or shares therein . If the merging company is a Public Shareholding Company and the period stipulated in the Secu has passed since its founding, then these shares can be negotiated upon their issuance .

o Completion of the approval, registration and publication procedures stipulated in this .2 Through the merger of two companies or more to form a new company which will be of that merger; the companies that have merged in the new company and the corporate identi of them shall no longer exists .

.3 Through the merger of the branches and agencies of foreign companies operat Kingdom, with an existing or new Jordanian company established for this purpose; the said bra agencies shall expire and the corporate entity of each of them shall no longer exist .

b) A company may own another company in accordance with the provisions of this Law by obs following procedures:

- A decision is issued by the extraordinary General Assembly of the company v purchase, approving the ownership of another Company shareholders' shares .

- A decision is issued by the extraordinary General Assembly of the company wishi approving the selling of its shareholders' shares to another company .

- Completion of the stipulated approval, registration and publication procedures to the shares of the shareholders of the company that decided to sell to the purchasing company .

- This ownership shall not be recognized until its registration and authentication are in accordance with the provisions of this Law and the Securities Law .

- The purchasing company shall pay the shares' value that is agreed upon to t company. This will be deposited in a special account in order to be distributed among sha registered with it on the date of the General Assembly issuing the decision to sell their shares .

- The company whose shares become owned by new shareholders shall invite th Assembly in accordance with the provisions of this Law to realize the necessary amendm Articles and Memorandum of Association and to elect a new Board of Directors .

Article (223): Merging of Two Companies of the Same Kind, and Companies Permitted to Me Public Shareholding Company\*

Should two companies or more of the same kind merge with an existing company or fo company then the merging company or the company resulting from that merger shall also kind. However, a Limited Liability Company or a Limited Partnership in Shares or a Private Sh Company may merge with an existing Public Shareholding Company or form a new Public Sh Company.

Article (224): Exemption of Merging and Merger Companies from Taxes and Fees

The merger company, along with its shareholders or partners therein, and the merging comp company resulting from the merger, along with its shareholders or partners therein, shall be from all taxes and fees, including the title transfer fees, due to the merger or as a result thereo

**Article (225): Statements and Documents Accompanying the Merger Application**

The application for merger shall be submitted to the Controller together with the following statements and documents:

- a) The decision of the extraordinary General Assembly of each company wishing to merge, or the decision of all partners, as the case may be, approving the merger pursuant to the terms and conditions specified in the merger agreement including the date set for the final merger.
- b) The merger agreement concluded between the companies wishing to merge duly signed and authorized signatories on behalf of their companies.
- c) The financial position statement of each company wishing to merge, whose date shall be close to the date of the General Assembly decision of each company, or the decision of partners approving the merger. It shall be authenticated by the Company auditors.
- d) The financial statements of the last two fiscal years of the companies wishing to merge, authenticated by the auditors.
- e) A preliminary evaluation of the assets and liabilities of the companies wishing to merge, at book or market value.
- f) Any other statements provided for by legislation in force, or deemed necessary by the Controller.

**Article (226): Suspending the Trading of Shares of the Company Wishing to Merge Until the Completion of the Merger Procedures**

The Board of Directors of each company of those wishing to merge shall notify the Controller, the Commission, the Market, and the Depository Center within ten days of the date of issuing the final decision. The trading of their shares shall be suspended as of the date of notification of the final decision. The trading in the shares of the company resulting from the merger shall resume after the completion of the merger procedures and its registration. Should the companies reverse the merger their share trading shall resume.

**Article (227): Controller Recommendation to the Minister if the Merger Pertains to or Produces a Public Shareholding Company**

The Controller shall examine the application for merger and submit his recommendations to the Minister if the merger pertains to a Public Shareholding Company, or a Public Shareholding Company is produced from such merger, within thirty days from the date of submitting the application.

**Article (228): Duties of the Committee to Evaluate the Assets of Companies Wishing to Merge**

Should the Minister approve the application for merger, he shall form an Evaluation Committee. The membership should include the Controller or his representative, the auditors of the companies wishing to merge, a representative of each company and suitable number of specialized and experienced members. The Committee shall undertake to evaluate all the assets of the companies wishing to merge and their liabilities, in order to substantiate the net equity of the shareholders or partners, as the case may be, at the date fixed for the merger. The Committee shall submit its report to the Minister along with an opening balance sheet for the company resulting from the merger, within a period not exceeding 60 days from the date of referring the issue thereto. The Minister may extend this period for another period should circumstances necessitate that. The wages and remuneration of the Committee members shall be determined by a decision adopted by the Minister, and they shall be equally borne by the companies wishing to merge.

**Article (229): Companies that have Decided to Merge shall Prepare Separate Accounts as of the Date of the Merger Decision and Until its Approval**

Companies which have decided to merge must prepare separate accounts of their operations



supervision of their auditors as of the date of the Company General Assembly issuing the approval of the merger, and until the date of the issuance of the Company General Assembly approving the final merger. The results of the operations of these companies, during the same period, shall be presented to the General Assembly referred to in Article (232) of this Law, or to their auditors, as the case may be, by means of an authenticated report by its auditors for approval.

**Article (230): Executive Procedures of a Merger**

The Minister shall form an executive committee from the chairmen and members of the Boards of Directors of the companies wishing to merge, or from their managers, as the case may be, and from the companies' auditors, in order to realize the executive procedures for the merger and in part the following:

- a) Determining the shares of the shareholders, or the partners' interests in the merged company on the evaluation made by the (Evaluation Committee) stipulated in Article (228) of this Law.
- b) Amending the Articles and Memorandum of Association of the merging company if same is a company, or preparing the Memorandum and Articles of Association for the new company emerging from the merger.
- c) Inviting the shareholders' extraordinary General Assembly of each of the companies entering the merger in order to approve the following, provided that decisions are taken with a majority of 75% of the shares represented for each company separately :
  - The Articles and Memorandum of Association of the new company, or the amended Articles and Memorandum of Association of the merging company .
  - The results of the re-evaluation of the assets and liabilities of the companies, and the opening balance sheet for the new company resulting from the merger .
  - The final approval on the merger .
- d) The executive committee referred to herein, shall furnish the Controller with the minutes of the meeting of the General Assembly of each company within seven days from the date of the meeting.

**Article (231): Registration of the Merging Company and Cancellation of the Merger Companies and Publication of Same**

- a) The approval, registration, and publication procedures stipulated in pursuance of this Law shall be followed for the registration of the merging company, or the company resulting from the merger, and for the cancellation of the registration of the merger companies.
- b) The Controller shall announce in the Official Gazette, and in two local daily newspapers at consecutive times, at the expense of the company, a summary of the merger agreement, and the results of the re-evaluation along with the opening balance sheet of the merging company or for the new company resulting from the merger.

**Article (232): The Continued existence of the Boards of Directors of Companies that Request the Merger Until the Merging Company is Registered**

The Boards of Directors of the companies which decided to merge shall continue to exist until the completion of the registration of the merging company, or the company resulting from the merger, and until the approval of the separate accounts, upon which the executive committee referred to in Article (230) shall take over the management of the company for a period not exceeding thirty days, during which it shall invite the General Assembly of the merging company or of the company resulting from the merger to elect a new Board of Directors. This should be realized after distributing the shares resulting from the merger. The General Assembly shall also elect the Company auditors.

**Article (233): Issuance of Merger Procedures and Objection Settlement Instructions**

The Minister shall issue instructions for the merger procedures, and shall settle the objections thereon.

Article (234): Objection to the Merge by Corporate Bond Holders and the Merger and Merging Companies' Creditors

a) Corporate bonds holders and the creditors of the merging companies or the merged company concerned shareholders or partners may object to the Minister within thirty days of the announcement in the local newspapers in accordance with the provisions of Article (231), providing the same states the subject of the objection, the reasons on which the objection is based and the grounds on which they claim that the merger inflicted on them.

b) The Minister shall refer the objections to the Controller to settle them. If the Controller fails for whatever reason within the period of thirty days from the date of referring the objections to the objecting entity shall have the right to contest the merger before the Court. These objections raised before the Court shall not suspend the decision to merge.

Article (235): The Period and Contest Reasons of a Merger Contradicting the Law and Public Order  
If the merger did not observe any of the provisions of this Law, or should the merger contradict public order, then any party with interest may file a case before the Court contesting the merger, provided this takes place within sixty days from the date of announcing the final merger, and provide the plaintiff indicates the reasons on which he based his case and especially the following:

a) Should it become evident that there are deficiencies which abrogate the merger agreement there be an essential and clear discrepancy in the evaluation of the shareholder's equity.

b) Should the merger involve an arbitrary use of rights, or should it aim to achieve a direct interest to the Boards of Directors of any of the merging Companies, or to the majority of shareholders of one of the Companies at the expense of the rights of the minority.

c) Should the merger rest upon deceit or fraud, or should the merger cause harm to the creditors?

d) Should the merger lead to a monopoly, or was preceded by a monopoly, and it becomes evident that the merger inflicts harm to the public economic interest.

Article (236): Contesting a Merger does not Halt its Procedures

Contesting the legality of the merger shall not suspend the continuation thereof until the issuance of a final judicial decision deeming the merger invalid. The Court may, when considering the invalidity of the merger, determine, as its sole discretion, a certain period to take the necessary procedures to correct the causes that led to contesting the invalidity, and it may dismiss the contesting party's claim should the concerned party adjust the positions prior to the Court issuing the judgment.

Article (237): Responsibility of the Chairman, Board of Directors' Members, General Manager and Merging Companies' Auditors for any Claims Preceding the Merger's Date

The chairman, the members of the Board of Directors, the general manager and the auditors, the merged or merging companies, shall be considered personally responsible towards third parties for any claims, commitments or claims that may be raised against the company, and that were registered, or were not declared prior to the final merger. The Court may acquit some persons of their responsibility should it become certain that such persons were not responsible for those commitments and claims or were not aware thereof.

Article (238): The Merging Company is the legal Successor of the Merged Companies

All the rights and obligations of merged companies shall by operation of law be transferred to the merging company or the company resulting from the merger, after the completion of merging procedures and registering the company in pursuance to the provisions of this Law. The merging company resulting from the merger shall be considered a legal successor to the merged companies and shall legally replace them in all their rights and obligations.

Article (239): Right of Merging Company to Claim from Merger Companies Obligations it Settle Behalf

Should liabilities or claims appear after the final merger on one of the merged companies, a they have been hidden by some authorized persons or employees in the company, then these li claims shall be paid to the creditors by the merging company or by the company resulting merger who shall both have the right to claim what they paid from those authorized p employees who shall also be subject to the penalties for that act by the laws in force.

Article (240): Definition of an Operating Foreign Company, its Form, and Conditions for Op Jordan

a) For the purpose of this Law, an Operating Foreign Company means a Company or an entit registered outside the Kingdom, whose headquarters is in another country and whose nat considered non-Jordanian. In terms of its nature it shall be divided into two types:

- Companies operating for limited period, which are awarded tenders in order fo realize their work in the Kingdom for a limited period. The registration thereof shall cease completion of such work unless the said Company obtains new contracts, in which case its re shall extend to cover the execution of such work. Its registration shall be cancelled after compl its work in the Kingdom and after its rights and obligations are settled .

- Companies operating permanently in the Kingdom under license by the compete authorities .

b) No foreign company or entity may exercise any commercial business in the Kingdom u registered in accordance with the provisions of this Law after obtaining a permit to operate p the applicable Laws and regulations.

Article (241): Registration of a Foreign Company and Documents that should be Submit Controller

a) The registration application for the Foreign Company or entity shall be submitted to the accompanied by the following data and documents, translated into Arabic, provided that t translation is certified by a Notary Public in the Kingdom.

- A copy of the Articles and Memorandum of Association, or any other document rel foundation, and showing the method of its foundation .

The written official documents which certify that such Company has obtained the appro concerned authority in the Kingdom for the carrying out the work, and investing the foreig therein in accordance with the legislations in force .

- A list of the names of the members of the Board of Directors of the Compai management committee or the partners, as the case may be, along with the nationality of e; them in addition to the names of the persons who are authorized to sign on behalf of the Comp;

- A copy of the power of attorney according to which the Foreign Company au resident of the Kingdom to carry out its activities and receive notifications on its behalf .

The financial statements for the last fiscal year of the Company at its headquarters certified by auditor .

- Any other data or information whose submittal the Controller deems necessary .

b) The application for registration must be signed by the person authorized to register the before the Controller or the person authorized by him in writing or the Notary Public. The a must incorporate the fundamental information about the Company, especially the following:

- The name of the Company, its form and capital .

- The objectives of the Company which it will realize in the Kingdom .

- Detailed information about the founders, partners or the Board of Directors and th each of them .

- Any other data or information whose submittal is deemed necessary by the Controlle

Article (242): Controller's Power to Accept or Reject the Registration and His Notification of a that may Occur to it

a) The Controller may accept or reject the registration of the Foreign Company or entity. In th the approval of registration, the legal registration procedures of the Company or entity in th

Companies Register shall be completed, and shall be published in the Official Gazette upon collection of legal fees.

b) The procedures stipulated in paragraph (a) of this Article shall be applicable to any change that occurs to the Company statements which were submitted during the registration procedure. The Company should submit the changes to the concerned authority within thirty days.

c) The branch of the Foreign Company operating in the Kingdom, must announce in its official communications and correspondence the name of the foreign mother company, its nationality, its legal structure and capital in its country, and in the Kingdom, in addition to its branch registration number to the Controller.

#### Article (243): Registered Foreign Company Duties

a) The Foreign Company or entity registered pursuant to the provisions of this Law shall undertake the following:

- To submit to the Controller within three months from the end of each fiscal year its balance sheet and the profit and loss account of its operations in the Kingdom duly certified by a licensed auditor.

- To publish the balance sheet and the profit and loss account regarding its operations in the Kingdom in at least two local daily newspapers within sixty days from the date of submission of statements to the Controller.

- The Minister may exclude any Company from implementing the provisions of clauses 2) upon the recommendation of the Companies Controller.

b) The Controller or his representative may inspect the Company books and documents and the Controller should make such books and documents available at his disposal.

#### Article (244): Duties of a Foreign Company Requesting Cancellation and Provisions Applicable to

a) The Foreign Company or entity shall notify the Controller in writing of the date it expects its operations to end in the Kingdom or the date specified for the termination thereof, at least thirty days prior to the date. The Foreign Company shall prove to the Controller that it has already settled all its obligations resulting from its operations in the Kingdom prior to obtaining the approval for canceling its registration.

b) The general liquidation provisions stipulated in this Law, shall apply to branches of Foreign Companies Operating in the Kingdom, and whose management head office is located abroad.

#### Article (245): Definition of a Non-Operating Foreign Company, Operations Prohibited to Non-Operating Foreign Company Headquarters

a) For the purposes of this Law, a Non-Operating Foreign Company in the Kingdom is a Company or entity which has its regional or representative office in the Kingdom for operations that it carries out outside the Kingdom for the purpose of using such a regional or representative office for managing its operations and coordinating them with its headquarters.

b) A Non-Operating Foreign Company is prohibited from carrying out any business or commercial operations inside the Kingdom, including the operations of commercial agents and middlemen. Other than its regional or representative office, the Company shall be subject to canceling its registration, and will be responsible for compensating any loss or damage it may have caused to others.

c) The registration of a Non-Operating Foreign Company in the Kingdom may be made in accordance with the provisions of this Law for the purpose of establishing regional or representative offices, branches, services, or technical or scientific offices, and the city of Amman shall be considered its domicile for the purposes of litigation.

#### Article (246): Request for Registering a Foreign Company and Documents that Should be Submitted to the Controller

a) The application for the registration of a Non-Operating Foreign Company shall be submitted to the Controller.

Controller together with the following documents and statements translated into the Arabic language duly certified by a Notary Public in the Kingdom:

- The registration certificate of the Company at its headquarters .
  - The Company Articles and Memorandum of Association, which indicate its objectives and type .
  - The power of attorney by which a resident in the Kingdom is authorized to carry out Company activities and register it for the purposes of this Law .
  - Financial statement for the Company last two fiscal years in its headquarters' country by a licensed auditor. The Minister may, upon a justified recommendation by the Controller, exempt the Company from submitting these documents .
- b) The registration application shall be signed before the Controller or any other person authorized to him in writing, or before the Notary Public, provided that the application includes full and complete information about the Company, especially the following:
- Name of the Foreign Company, its headquarters, date of its registration and its objectives .
  - Form of the Company, its nationality and address in the country of its registration .
  - The capital of the Company, names of the founders or partners, the nationality of each shareholder, their share value, along with information about its Board of Directors .
  - Any other information whose submission the Controller deems necessary .

Article (247): Controller's Power to Accept or Reject Registration and His Notification of any Changes that may Occur to it

a) The Controller may accept or reject the registration of the Non-Operating Foreign Company. In the event registration is approved, the legal registration procedures of the Company or those of the Non-Operating Foreign Companies Register shall be concluded, and publicized in the Official Gazette after evidence is submitted to the Controller proving the actual existence of its office in the Kingdom.

b) The approval procedures and the registration and publication procedures shall be followed in the event of any changes occurring to the basic information of the Company and its representatives in the Kingdom. The Controller must be notified of the said changes within thirty days from the date of their occurrence.

Article (248): Advantages of a Non-Operating Foreign Company

A Non-Operating Foreign Company enjoys the following:

- a) Exemption from registration and publication fees applicable to Operating Foreign Companies.
- b) Exemption of profits generated by the Foreign Company from businesses conducted in the Kingdom from both income and social services taxes.
- c) Exemption from registration with the Chambers of Commerce and Industry, professional associations and their registration fees and from any obligations towards same, including vocational trade licenses.
- d) Exemption of salaries and wages payable by the Non-Operating Foreign Company to its non-Jordanian employees who are working at its office in the Kingdom from income and social service taxes.
- e) Permission to import trade samples and models, free from customs and import taxes.
- f) Exemption of imported furniture and equipment necessary to furnish its office from customs fees and charges.
- g) Permitting the Company to import one car under a temporary entry status to be used by its non-Jordanian employees .

h) In justified cases and upon the Controller's recommendation, the Minister may grant the C permit to import a second car under a temporary entry status.

i) Conditions under which exemptions mentioned herein are granted shall be specified in regulation.

**Article (249): Number of Jordanian Employees in Non-Operating Foreign Companies**

The number of Jordanian employees in a Non-Operating Foreign Company in the Kingdom shall be less than half of the overall number of the Company employees.

**Article (250): Right of a Non-Operating Foreign Company to Open a Non-Resident Account in C Banks**

A Non-Operating Foreign Company shall be permitted to open with licensed commercial bank a non-resident account in Jordanian Dinars or in foreign currency, provided that these funds be transferred to the Company from abroad through this bank.

**Article (251): Situations justifying the Cancellation of the Registration of Foreign Non-Operating Companies**

The Minister may, upon the recommendation of the Controller, cancel the registration of a Non-Operating Foreign Company in the Kingdom, should it become evident that the Company conducts any business in the Kingdom, or no longer has an actual location therein, or violates the provisions of Law, any regulations or instructions issued pursuant thereto.

**Article (252): Voluntary and Compulsory Liquidation**

a) A Public Shareholding Company shall be liquidated either voluntarily, by virtue of a decision by its extraordinary General Assembly, or compulsory by virtue of a binding Court decision. The Company shall not be dissolved until completing the liquidation procedures in accordance with the provisions of Law.

b) Liquidation procedures, their regulation, and implementation, and the reports that shall be submitted to the liquidator will be specified in accordance with a special regulation issued for this purpose.

**Article (253): The Liquidation Decision shall require the Appointment of a Liquidator**

Should a decision be issued for liquidating a Public Shareholding Company and a liquidator is appointed, then the liquidator shall supervise the ordinary operations of the Company and safeguard its properties and assets.

**Article (254): A Company whose Liquidation has been Decided and has a Liquidator Appointed shall Suspend its Operations and Add the phrase 'Under Liquidation' to its Name**

a) The Company under liquidation shall suspend its operations as of the date of the General Assembly decision, in the event of voluntary liquidation, or as of the date of the Court order in the event of mandatory liquidation. The corporate identity of the Company shall continue to exist, and shall be represented by the liquidator, until its dissolution after finalizing its liquidation.

b) The entity that decides to liquidate the Company shall provide the Controller, the Commission for the Capital Market, and the Depository Center with a copy of its decision within three days from its issuance. The Controller shall publish same in the Official Gazette and in at least two local daily newspapers within a period not exceeding seven days from the date of his notification of the decision.

c) The liquidator must add the phrase (Under Liquidation) to the name of the Company on all stationery and correspondence.

**Article (255): Actions Prohibited from being carried out by companies under Liquidation, and methods for Selling its Assets**

a) The following actions shall be considered null and void:

- Any disposal of the properties and rights of a Public Shareholding Company under liquidation and any trading of its shares and transfer of ownership .

- Any change or modification of the obligations of the chairman and members of the Board of Directors of the Company under liquidation, or of the obligations of others towards the Company.

- Any impounding of the properties and assets of the Company, and any other disposition or execution made on such property or assets, after the issuance of the Company liquidation decision.

- All mortgage contracts or insurance policies on the Company properties and assets, and all contracts and other procedures that give rise to obligations or preference on the companies and assets, should these be affected during the three months preceding the issuing of the liquidation decision, unless it is proved that the Company is capable of settling all its debts after the liquidation. The nullification shall not be applicable except to the amount which exceeds the amount paid to the Company, as per those contracts, when concluded or thereafter, in addition to interest thereon .

Any transfer of the property and assets of the Company under liquidation or any assignment or disposition of same in a fraudulent manner to give preference to some creditors of the Company is void.

b) A judgment creditor of the Company loses his right to the properties and assets of the Company which he has attached, and in any other actions taken in that regard, unless the attachment or the execution was executed prior to the commencement of Company liquidation procedures.

c) Should the Execution Officer be notified of the Public Shareholding Company liquidation decision prior to the sale of its attached properties or assets, or prior to finalizing the transaction of execution, he shall be obliged to hand over those properties and assets to the liquidator including what was attached from the Company. The execution fees and expenses shall be considered a privileged debt on the properties and assets.

d) The Court shall permit the liquidator to sell the assets of a Public Shareholding Company under liquidation, whether the liquidation is voluntary or mandatory, if the Court is satisfied that the interest necessitates that.

#### Article (256): Deduction of the Liquidation Expenses and Settling its Debts

The liquidator shall settle the Company debts in accordance with the following order, after liquidation expenses, including the remuneration of the liquidator, and any violation of this order shall be considered null and void:

a) Amounts due to the Company employees.

b) Amounts due to the Public Treasury and the municipalities.

c) Rents due to the owner of any real estate leased to the Company.

d) Other amounts due in accordance with the order of their priority in accordance with the Laws.

#### Article (257): Responsibility of the Chairman, Board of Directors' Members and General Managers of the Company under Liquidation, and Application of the Commercial Code Provisions with Bankruptcy on same

a) Should any founder of a Public Shareholding Company, or chairman or a member of its Board of Directors, or any manager or employee thereof, abuse the use of the properties of a Company under liquidation, or retain that property or becomes committed for its repayment or responsible for its disposal, he shall be obliged to return it to the Company with the legal interest, and shall also be liable to compensate any damage caused to the Company or third parties, in addition to bearing the criminal liability on him in pursuance to the legislations in force.

b) Should it appear during the liquidation that some of the Company operations were accomplished

the intention of defrauding its creditors, then the current chairman and members of the Directors and the chairman and members of any previous Board of Directors of the Company part in those operations shall be considered personally liable for the Company debts and liability of them as the case may be.

c) The provisions of Part Two of the Commercial Code relating to bankruptcy shall apply to individuals, members of the Board of Directors or the like, who are mentioned in this Law.

Article (258): Liquidation Period and Depositing of the Money by the Liquidator at a Bank Specific Controller

a) Should the liquidation not be finalized during one year of the commencement of its process, the liquidator shall send the Controller a statement illustrating the details of the liquidation and the time it has reached. Under all circumstances, the liquidation period shall not exceed three years, except in exceptional cases that shall be considered by the Controller in the event of voluntary liquidation or in the event of mandatory liquidation by the Court.

b) Every creditor and debtor of the Company shall have access to the statement stipulated in (a) of this Article, and if it appears from the statement that the liquidator is still holding any of the Company's properties that have not been claimed by any one, or has not been distributed, within a lapse of six months from the date of receiving it, the liquidator shall immediately credit that amount to the Company account opened with the bank appointed by the Controller.

Article (259): Voluntary Liquidation of a Public Shareholding Company

A Public Shareholding Company shall be voluntarily liquidated in any of the following circumstances:

a) Upon the expiry of the specified period of the Company unless the General Assembly issues a decision to extend the period.

b) Upon fulfillment or disappearance of the objectives for which the Company was established, or the impossibility of achieving these objectives or their disappearance.

c) Upon the General Assembly issuing a decision to dissolve or liquidate the Company.

d) In other circumstances stipulated in the Company Memorandum of Association.

Article (260): Appointment of a Liquidator and Commencement of the Liquidation Procedures

a) Upon its issuance of a liquidation decision, a Public Shareholding Company shall appoint a liquidator or more. If it fails to do so, the Controller shall appoint a liquidator and determine his remuneration.

b) The Company liquidation procedures shall commence as of the date of the General Assembly issuing a decision to that effect, or as of the date of the liquidator's appointment if he was appointed after the issuance of the liquidation decision.

Article (261): Procedures Taken by the Liquidator to Settle the Company's Rights and Obligations and Liquidate its Assets

The liquidator shall settle the Public Shareholding Company's rights and obligations and liquidate its assets in accordance with the following procedures:

a) The liquidator shall exercise the powers conferred upon him by the Law for carrying out the compulsory liquidation.

b) The liquidator shall organize a list of the names of the Company's debtors, and submit a report on the transactions and procedures he carried out to claim the payment of the debts due to the Company.



debtors. This list shall be considered a primary evidence of the persons whose names appear in debtors of the company.

c) The liquidator shall pay the Company debts and shall settle its rights and obligations.

d) Should more than one liquidator be appointed, their decisions shall be adopted pursuant stipulated in their appointment decision, and should there be no stipulation in this regard decisions shall be taken unanimously or by absolute majority, and the Court shall have the final say in the event of any disagreements arising among them.

Article (262): Binding of the Agreement between the Liquidator and the Company Creditor Contesting Same

a) Every agreement concluded between the liquidator and creditors of a Public Shareholding Company shall be considered binding over the Company, should the Company General Assembly approve the agreement. It shall also be binding to the creditors, should it be accepted by a number of the total debts amount to three quarters of the debts due by the Company. Creditors whose claims are not guaranteed by a mortgage or preference or a security, shall not be allowed to participate in voting on said decision. The said agreement concluded pursuant to this paragraph shall be published in newspapers within a period not exceeding seven days from the date of conclusion.

b) Any creditor or debtor may contest the agreement stated in paragraph (a) of this Article in the Court within fifteen days of the date of the announcement.

Article (263): Settling Issues Arising from Voluntary Liquidation Procedures in accordance with Compulsory Liquidation Provisions

The liquidator and any debtor or creditor of a Public Shareholding Company, and any other person with an interest, may apply to the Court to adjudicate any issue that arises in voluntary liquidation procedures in accordance with the manner by which issues arising in mandatory liquidation procedures are resolved pursuant to the provisions of this Law.

Article (264): Liquidator's Right to Invite the Company General Assembly to Obtain its Approval of an Issue he Deems Necessary, and his Right to Invite the Creditors to Show the Debt of Each

a) The liquidator may, in the course of carrying out the process of voluntary liquidation, invite the Company General Assembly to a meeting to obtain its approval of any issue he deems necessary, including reversing its liquidation. The Controller may also invite the General Assembly pursuant to a request submitted to him by shareholders or partners who own more than 25% of the subscribed capital, for the purpose of discussing the liquidation procedures or dismissing the liquidator and electing another.

b/1) The liquidator shall publish in a prominent place in at least two local daily newspapers within thirty days of the date of issuing the liquidation decision an announcement notifying the creditors of the necessity of submitting their claims towards the Company whether they are due or not within thirty days if they are residents of the Kingdom and within three months if they reside abroad.

b/2) This announcement shall be republished in the same manner upon the lapse of fourteen days from the first announcement's publication. The period for submitting the claims is calculated as of the date of the first announcement's publication.

b/3) If the liquidator or competent Court is convinced of the existence of a legitimate excuse for a creditor not being able to submit his claim within the period specified in clause (1) of this Article, the period shall be extended for another three months at most.

c) Notwithstanding the provision of paragraph (b) of this Article, should the creditor fail to submit his claim within the specified period then he may submit his claim at any later stage, provided that

in this case fall in the rank following that of the creditors' claims submitted within the period of this Article.

#### Article (265): Transforming Voluntary Liquidation into Compulsory Liquidation

The Court may, upon an application submitted thereto by the liquidator, the Attorney General, the Controller or any person with interest, decide to convert the voluntary liquidation of a Public Share Company into compulsory liquidation, or to continue the voluntary liquidation, provided that the liquidation is carried out under its supervision and pursuant to the terms and limitations determined thereby.

#### Article (266): Cases for Submitting a Liquidation Request and Halting Liquidation

a) An application for mandatory liquidation shall be submitted to the Court by a pleading Attorney General, Controller or any person authorized by him in any of the following circumstances:

- Should the Company commit serious violations of the Law or of its Memorandum of Association .
- Should the Company fail to fulfill its commitments .
- Should the Company suspend its operations for one year without a legitimate cause .
- Should the losses of the company exceed 75% of its subscribed capital, unless the Shareholders' Assembly issues a decision to increase its capital .

b) The Minister may request from the Controller or Attorney General to halt the liquidation proceedings of the Company, if it reconciles its position before the issuance of its liquidation decision.

#### Article (267): Commencement of Liquidation, Liquidator's Appointment and Suspension of Proceedings Against the Company

a) The Court shall be deemed to have commenced the liquidation of the Company as of the date of submitting the liquidation pleading thereof. The Court may adjourn the hearing, dismiss the application for the order of liquidation, along with the payment of the costs and expenses by the person responsible for the cause of liquidation.

b) The Court may, upon considering the Company's liquidation and prior to the issuing of the liquidation decision, appoint a liquidator. It shall also determine his powers and obligate him to submit a report to the Court. The Court may also appoint more than one liquidator, and it may dismiss or replace a liquidator and it shall notify the Controller of these instructions.

c) The Court may, upon the recommendation of the person requesting the liquidation, suspend the progress in any case that was filed or the procedures that were realized against the company if a compulsory liquidation is requested before the Courts, provided that the hearing of any new case or the realization of procedures is prohibited if same were filed against the company or realized against its liquidation case is filed .

d) The issuance of the compulsory liquidation decision will result in the following :

- Suspension of any authorization or signatory power issued by any entity in the Company until the granting of any authorization or signatory power required by liquidation procedures is limited to the liquidator .
- Suspension of the calculation of any interest due to the company's debts unless the company provides that these debts are secured with proper mortgages or securities .
- Suspension of the calculation of the passing of the preclusive time for hearing a case or the realization of any rights or due or valid claims to the Company for a period of six months as of the date of the liquidation decision .
- Suspension of proceeding with any case and judicial procedures instigated by the Court against it for a three-month period, unless the liquidator decides to proceed with same before the end of that period, in accordance with the provisions of paragraph (c) of this Article .
- Suspension of proceeding with any procedural or executory transactions against the Company, unless it was pursuant to the request of a mortgagee and related to the mortgagee's interest in itself. In this case these transactions shall be halted or their acceptance shall be denied for the liquidator .

month period as of the date of the issuance of the liquidation decision.

- Abatement of the periods agreed upon with the Company debtors to settle their obligations.

Article (268): Presenting the Liquidator with the Company Property and Assets

a) The Court may, upon the request of the liquidator, issue an order authorizing him to take possession of all the properties and assets of a Public Shareholding Company, and deliver it to the liquidator. The Court may, after issuing its Company liquidation decision order any debtor, agent, representative or employee, to pay, deliver, transfer to the liquidator immediately all such properties, registers, records and correspondence in his possession belonging to the Company.

b) The Court decision issued against any debtor shall be deemed conclusive evidence that the debt for which the decision has been issued for the payment thereof is due to the company. The said debtor shall reserve the right to file an appeal against such order.

Article (269): Procedures taken by the Liquidator to Liquidate the Company

a) The liquidator may carry out all the decisions and procedures which he deems necessary in order to complete the liquidation actions, including :

- Managing the Company operations to the extent necessary for the liquidation procedure, including the execution of contracts concluded before the liquidation .

Inventory of the Company sources and assets, and compiling its debts .

- Appointing any of the experts and persons to assist him in completing the liquidation procedures or appointing special committees and authorizing them with any of the duties assigned and entrusted to him under his supervision .

- Submitting any case or commencing any legal proceedings in the name of the Company on its behalf, in order to collect its debts and preserve its rights, including the appointment of an agent to represent the Company in any of these cases and procedures .

Entering in all cases and judicial proceedings related to the Company properties and interests .

b) Any creditor or debtor may refer to the Court in relation to the manner by which the liquidator is exercising the powers indicated in the preceding paragraph, and the Court's decision on this matter shall be conclusive.

Article (270): Duties and Obligations of the Liquidator and the Right of Contesting his Decisions

a) The liquidator of a Public Shareholding Company undertakes to comply with the following obligations:

- To deposit the monies he has received on behalf of the Company in the Bank designated by the Court for this purpose .

- To provide the Court and the Controller at the set times, with a statement of account, audited by the liquidation auditor, indicating his receipts and payments. This account shall be considered final until certified by the Court .

- To keep registers and accounting books properly organized in accordance with the accepted practices for liquidation procedures. Any Company creditor or debtor may inspect such registers and records upon obtaining the Court's approval .

- To summon the creditors or debtors to general meetings to ascertain their claims and to give effect to their suggestions .

- To comply with the Court's orders and decisions related to the creditors and debtors, supervising the properties and assets of the Company and distributing them to its creditors .

b) Any person aggrieved by the liquidator's acts, procedures or decisions may contest them before the Court, which may uphold, annul or amend such actions, procedures or decisions, and its judgment shall be final.

Article (271): Appealing the Court's Decision during Liquidation

The order of the Court for liquidating a Public Shareholding Company, or any order that it issues during the liquidation procedure may be appealed to the Court of Appeal. This should be done in accordance with the rules and conditions for appeal stipulated in the Civil Procedures Law, provided that no violation be made to the provisions of this Law concerning the final orders of the liquidator.

Article (272): Termination of the Company after the Issuance of a decision to dissolve it

a) After completing the liquidation of a Public Shareholding Company, the Court shall issue a decision to dissolve the Company. The Company shall be deemed dissolved as of the date of such a decision. The liquidator shall notify the Controller of this decision who shall publish it in the Official Gazette and in at least two local daily newspapers at the expense of the liquidator. Should the liquidator fail to execute this procedure within fourteen days of the date of issuing the decision he shall be fined ten Dinar per day of negligence.

b) If the existence of movable and immovable assets or Company rights becomes evident after the dissolution and the cancellation of its registration the Controller may refer this matter to the Court in order to appoint a legal liquidator or to entrust the previous liquidator for the purposes of dealing with these assets, or to collect and settle these rights in accordance to the liquidation provisions stipulated in this Law.

Article (273): Minister and Controller's Right to Take the Necessary Procedures to Supervise Companies

All shareholders must abide by the provisions of this Law and observe their articles and memorandum of association and prospectus bulletin, and shall implement the decisions taken by their General Assembly. The Minister and the Controller may take any procedures which they deem appropriate to supervise Companies in order to ensure that they comply with those provisions, articles and memorandum of association and decisions. The supervision shall include the following in particular:

a) Examining the accounts and records of the Company.

b) Ensuring that the company abides by the objectives for which it was established.

Article (274): Right to Examine the Company Documents

a) Each shareholder and each partner in the companies registered pursuant to the provisions of this Law shall have the right to examine the published information and documents related to the company which are kept with the Controller and to obtain a certified copy thereof upon the Controller's approval. Each shareholder shall also have the right to obtain, through a Court order, a certified copy of any unpublished information against the fees stipulated in the regulations issued pursuant to the provisions of this Law.

b) Each person shall have the right to examine the information related to a registered company which is kept with the Controller and obtaining a certified copy of a document therein shall not be realized without the approval of the competent Court and the supervision of the Controller against the stipulated fee.

Article (275): Right of the Shareholders' to Request the Controller to Audit the Company Operations and to Submit a Guarantee to Cover the Auditing Expenses

a) Shareholders holding not less than 15% of the capital of a Public Shareholding Company, a Shareholding Company, a Limited Partnership in Shares, or of a Limited Liability Company, or one-fourth of the members of the Board of Directors or Management Committees of any of the companies mentioned in this case may be, may request the Controller to audit the Company operations and books. Should the Controller be convinced of the justifications of this request, he shall delegate one or more experts for this purpose. Should the auditing uncover any violation that necessitates investigation, the Minister shall refer the issue to an investigation committee from the Directorate's employees to verify the violation and to study the report prepared by the expert. In this respect, the committee may look into published and unpublished documents it deems necessary or audit anew some issues whose auditing it deems necessary. The committee also has the right to recommend to the Controller to direct the Company to take the necessary recommendations issued by it or to refer the issue to the competent Court, as the case may be.

b/1) Persons requesting auditing of Company operations should submit a bank guarantee in favor of the Ministry in the amount determined by the Controller to cover the auditing expenses should it be found in the result thereof that the parties requesting auditing were not entitled to their request.

b/2) If persons requesting inspection are entitled to such a request the Company shall bear the expenses. The decision of the Controller to specify the remuneration of the auditing committee case can be executed by the Procedural Departments. The Company is entitled to recover the auditing expenses and the value of the damage from the person who has been proven to have committed the violation shown in the committee's report.

Article (276): Minister's Right to Audit a Public Shareholding Company Accounts with the Exchanges, Banks and Insurance Companies

a) The Minister, upon the recommendation of the Controller, may assign the employees of the Controller or any special committee he forms, to audit the accounts and operations of the Public Shareholding Company. And they may when carrying out this task, inspect the Company registers, books, documents and to audit them at the Company headquarters. They are also entitled to direct and control the Company employees and auditors. If the Company refrains from responding, then it is considered a violator of the provisions of this Law.

b) Banks and insurance companies are exempted from the provisions of this Article.

Article (277): Cancellation of Public and Private Shareholding Companies, Limited Partnership and Limited Liability Companies if they do not Commence their Operations within a Year of Registration and their Right to Contest the Cancellation Decision

a) If any Public Shareholding Company, or Private Shareholding Company, or Limited Partnership, or Limited Liability Company fails to commence its operations within a year of the registration, or suspends its operations for a period not less than a year without a legitimate reason, it was proven after its notification in writing and announcement by the Controller in a local newspaper, for one time, of the suspension of its operation or non-submittal of any documents for its operations and rectification of its status within thirty days of the Publication of the announcement. Then the Minister may, upon the recommendation of the Controller, cancel the registration and announce this cancellation in the Official Gazette and two local daily newspapers once. The relations of the founders or partners towards others remains existent as if the cancellation of the registration did not occur. This action shall not affect the power of the Court to liquidate the company whose name has been cancelled from the register.

b) Any person may contest the cancellation decision at the competent Court within three months from the date of publication of the notice in the Official Gazette. If the Court is convinced that the company was carrying on its operations or had corrected its status in accordance with the provisions of paragraph (a) within the period referred to in paragraph (a) of this Article, then it shall issue a decision to reinstate the registration. The Company shall be considered as if it was not cancelled, and its existence and continuity, after the application of the fine provided for in pursuance to the provisions of this Law and payment of the due fees and expenses. The Court shall send a copy of the decision to the Controller to enforce it, and publish an extract thereof in the Official Gazette and at least one local daily newspaper. The Company shall bear the expense.

Article (278): Acts of Persons that are Penalized with Imprisonment of One to Three Years and a Fine of One to Ten Thousand Dinars

a) Any person who commits any of the following acts shall be liable to be penalized by imprisonment from one to three years, and by a fine not less than one thousand Dinars and not more than ten thousand Dinars:

- Issuing shares, share certificates, or delivering them to their owners, or offering them for negotiation, prior to the approval of the Company Memorandum of Association, and the approval of the founding of the company, or permitting the company to increase its authorized capital before the announcement that in the Official Gazette.

- Making fictitious subscriptions for shares, or accepting subscriptions therefore in an unreal manner for non-existent or unreal Companies.

- Issuing corporate bonds and offering them for negotiation prior to its maturity, in which violates the provisions of this Law.

•Preparing the balance sheet of any company and its profit and loss account in a manner that does not reflect reality, or incorporating in the report of the Company Board of Directors or auditors' report incorrect statements, and conveying to its General Assembly incorrect information by concealing information and clarifications, which should be clearly declared by the force of Law, with the intention of concealing the real status of the Company from the shareholders or other concerned persons.

•Distribution of profits which are fictitious or incompatible with the real position of the Company.

b) The penalties stipulated in paragraph (a) of this Article shall be applied to any person who is involved in the crimes indicated therein and is the instigator therefore.

Article (279): The Penalty of a Public Shareholding Company, Limited Partnership in Shares, Limited Liability Company and Private Shareholding Company Upon Violating the Provisions of this Law

a) Should a Public Shareholding Company, a Limited Partnership in Shares, a Limited Liability Company or a Private Shareholding Company commit any violation to the provisions of this Law, it shall be penalized by a fine not less than one thousand Jordanian Dinars and not more than ten thousand Jordanian Dinars, along with nullification of the violating act if the Court deems so.

b) Should it appear that any one of the Companies stated in paragraph (a) of this Article did not maintain proper books of account prior to its liquidation, then its manager and auditor shall be deemed to have committed a crime and shall be penalized by imprisonment for a period not less than one month and not more than one year.

c) Notwithstanding any tougher penalty stipulated in another law, each person who deliberately prevents auditors or persons charged by the Minister or the Companies Controller from realizing their duties specified pursuant to the provisions of this Law or their examination of its books and registers by not submitting the information and clarifications required by same shall be punished with a fine not less than one thousand Dinars and not more than ten thousand Dinars.

Article (280): The Penalty of the Auditor Violating the Provisions of this Law

An auditor who violates the provisions of this Law by submitting reports or statements incompatible with the real position of the Company which he audited, shall be deemed to have committed a crime and shall be penalized therefore by imprisonment for a period not less than six months and not more than three years, or by a fine of not less than one thousand Dinars or by both penalties, and this shall not preclude subjecting him to the penalties provided for under the auditing profession laws in force.

Article (281): The Penalty of Partners in General Partnership and Limited Partnership Company Defaults on Executing any Amendments to the Company Articles of Association

Every general partner in a General Partnership or in a Limited Partnership, who defaults on executing amendments made to the Company Articles of Association, shall be penalized with a fine amounting to one Jordanian Dinar per day for each day the default continues to exist after the lapse of one month from the date of occurrence of such change.

Article (282): The Penalty Imposed on Violations of this Law's Provisions or any Regulation Issued in Pursuance that have no Penalties Imposed thereon

Any person who commits any violation of any provisions of this Law or any regulation or any other law pursuant thereto, for which no penalty has been assigned, shall be liable to pay a fine not less than one hundred Dinars and not more than one thousand Dinars.

Article (283): Controller's Right to Examine Company Registers and Controller's Representative in Different Courts

a) The Controller and Directorate employees, authorized in writing by the Controller, shall have the right to examine all the Company registers, books and documents and to obtain copies of same for the purposes of enabling them to carry out their duties in accordance with the provisions of this Law. The competent official authorities and companies' officials and employees shall extend them the necessary help for this purpose.

b) The Minister, Controller or Directorate shall be represented before different courts in administrative cases and others that arise upon the application of this Law and the regulations in pursuance and that either of them are party thereto, by the employee authorized by the Minister or Controller from amongst the Directorate employees who are lawyers. Each of them shall exercise the authority of the aide of the Civil District Attorney in accordance with the provisions of the Civil Procedure Law in force. The Minister may, upon the approval of the Council of Ministers, also appoint a lawyer for the purposes of this paragraph.

Article (284): Companies-Related Cases Enjoy Expeditious Status and the Manner of Notification

a) Civil and criminal cases related to companies and arising from the application of the provisions of this Law will be granted an expeditious status before the competent Courts.

b) The notification of the concerned person of any letter, decision or notice issued by the Minister or Controller in accordance with this Law, regulations or instructions issued in pursuance shall be made either by personal delivery to him or to his legal representative or by dispatch in registered mail to his last address kept in the Directorate's records.

c) Each letter, decision or notice dispatched pursuant to the provisions of this Article shall be considered to have been properly delivered in accordance with proper procedures, to the recipient whether or not he has considered to have been notified in case he refuses its receipt.

d) If the notification is realized through registered mail, the concerned person shall be considered to have received the document after the expiry of fifteen days from the date of its dispatchment if the concerned person resides inside the Kingdom or thirty days from the date of its dispatchment if same resides outside the Kingdom. It is sufficient in order to prove notification, to produce evidence that the notified document was dispatched by mail to the address referred to in paragraph (b) of Article.

e) If notification in accordance with the provisions of paragraphs (b), (c) and (d) of this Article is impossible, then it shall be accomplished through publication in two daily local newspapers at the expense of the concerned person or the related company, provided that the publication fees be at the expense of the concerned person or the related company in accordance with what is decided by the Controller. This publication shall be considered a legal requirement in all aspects.

Article (285): Compulsory Liquidation of the Company by the Controller and Permissibility to Reconcile its Status

a) Notwithstanding the provisions of compulsory liquidation provided for in this Law, if a company fails to reconcile its status in accordance with the provisions of the Law or if it becomes evident to the Controller that it no longer has headquarters or if it stops carrying out its operations or duties decreed in pursuance to this Law, or if a period of more than a year elapses without the Company General Assembly electing a manager or a Management Committee or a Board of Directors, as stipulated in its Memorandum of Association, then the Controller may, after warning the company in writing for a period of one month and after publishing an announcement in two local daily newspapers, suspend the operation of the company and transfer it to a special register for suspended companies. In such an event the company shall be prohibited from undertaking any actions or operations and its managers or Management Committee or Board of Directors shall also lose all their powers. However this shall not prevent the continuation of the Company operation and its registration in the interest of others or the suspension of that Company operation and registering it in the suspended companies register in the interest of others. In all events the chairman of the Company Board of Directors or the chairman of the Management Committee or the Company manager shall be considered jointly liable with the company for any damage that may occur to others.

b) The Controller may decide to re-transfer the company from the suspended companies register to the operating companies register in pursuance to the request of the Company in order to re-start its operations.

continue its operations and activities, if it becomes evident that it rectified its positions in accordance with the provisions of this Law.

c) If the Company registration in the suspended companies register continues for a period of one year without the company or the partners therein realizing the operations and procedures thereof for the purpose of its re-registration in the operating companies register in accordance with the provisions of paragraph (b) of this Article, the Controller may proceed with the procedures necessary for that Company compulsory liquidation in accordance with the provisions of this Law.

Article (286): Application of this Law to Established Companies and Adjusting their Status thereon  
a) All companies registered pursuant to Laws in force before enacting this Law, shall be established as if registered pursuant to the provisions of this Law.

b) Companies established on the date of this Law coming into force shall adjust their status to be compatible with the provisions of this Law, and they shall make the necessary amendments to their Articles and Memoranda of Association, during a maximum period of one year from the date of coming into force and without convening their General Assemblies to approve these amendments.

Article (287): Council of Ministers may Issue Regulations Necessary to Implement the Law's Provisions  
The Council of Ministers may issue the necessary regulations to implement the provisions of this Law, particularly in relation to the following:

a) Determination of the fees to be collected for implementing the provisions of this Law.

b) Organizing the forms related to the Articles of Association and other documents stated in this Law.

c) The Minister may delegate part of his powers provided for in this Law to the Controller, who may delegate any of his powers to any of the employees of the Companies Control Directorate at the discretion of the Controller, provided that the power is limited and in writing.

Article (288): Cancellations

The Companies Law No. 12 for the year 1964, and the amendments introduced thereon and the provisions of any other legislation which contradict the provisions of this Law are hereby cancelled.

Article (289): Persons Responsible for Applying this Law

The Prime Minister and the Ministers are responsible for the implementation of the provisions of this Law.

Persons Responsible for Applying this Law

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