Egypt Companies Law
Law No. 159 of 1981

Complete unofficial English translation | Review draft | 28 September 2026

Unofficial English working translation - draft for review. This text covers the promulgation provisions and the Companies Law provisions through Article 184, including inserted articles and repeal markers. It is based on the supplied Arabic consolidated source; the Arabic legislation controls. All 218 provision headings have been compared with the supplied Arabic consolidated text. This is an unofficial translation draft, not an independent verification of every amendment against the Official Gazette. The source ambiguity identified at Article 154 bis is expressly retained and flagged below.

The source includes historical provisions and explanatory material. The selected consolidated provisions are reproduced below; explanatory memoranda and historical committee reports are not included. References to administrative bodies and linked laws are retained as they appear in the source and require confirmation for a particular transaction.

Promulgation (Issuance) Provisions

Issuance Article (1)

The provisions of the attached Law shall apply to joint-stock companies, partnerships limited by shares, limited liability companies, and single-person companies. Law No. 26 of 1954 concerning certain provisions relating to joint-stock companies, partnerships limited by shares, and limited liability companies is repealed; likewise repealed are Law No. 244 of 1960 concerning mergers in joint-stock companies, and Law No. 137 of 1961 concerning the formation of the boards of directors of joint-stock companies, as well as every provision that conflicts with the provisions of the attached Law.

Issuance Article (2)

The provisions of the accompanying Law shall not prejudice the provisions contained in the laws concerning public-sector companies, or the investment of Arab and foreign capital and the free zones, or the regulation of the conditions of certain companies.

The provisions of the accompanying Law shall apply to the aforementioned companies in respect of matters for which no special provision is contained in the laws governing them.

Issuance Article (3)

The provisions of Law No. 113 of 1958 concerning appointment to positions in joint-stock companies and public institutions, Law No. 113 of 1961 concerning the prohibition of increasing what any person is paid beyond five thousand pounds per year,* and Law No. 73 of 1973 concerning the determination of the conditions and procedures for the election of workers' representatives to boards of directors, shall not apply to the companies subject to the provisions of the accompanying Law. Likewise, the provisions of Law No. 9 of 1964 concerning the allocation of a percentage of profits to workers in public institutions and other establishments shall not apply to the branches and representation offices of foreign companies in Egypt.

The Council of Ministers may lay down the rules that ensure the fixing of a maximum limit for wages in the companies subject to the provisions of the accompanying Law.

[Footnote in source: * Law No. 113 of 1961 was repealed pursuant to Article 1 of Law No. 105 of 1985.]

Issuance Article (4)

The competent Minister shall issue the executive regulation of the accompanying Law, and all the regulatory decisions, the model forms of contracts, and the statutes referred to in the accompanying Law, after taking the opinion of the General Authority for Financial Supervision (the Financial Regulatory Authority), and that within a period not exceeding six months from the date of publication of this Law.

Issuance Article (5)

In applying the provisions of the accompanying Law, the "competent Minister" means the Minister competent for investment affairs, and he is referred to as the competent Minister wherever [that term] appears in the accompanying Law; likewise, the "competent administrative authority" means the competent General Authority for Investment and Free Zones, and it is referred to as "the Authority" wherever [that term] appears in the accompanying Law.

Issuance Article (6)

This Law shall be published in the Official Gazette, and shall come into force six months after the date of its publication.

Law of Joint-Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies

Part One - General Provisions

Chapter One - Companies Subject to the Provisions of This Law

Article (1)

The provisions of this Law shall apply to joint-stock companies, partnerships limited by shares, limited liability companies, and single-person companies, which take their head office in the Arab Republic of Egypt, or carry on their principal activity therein.

Every company incorporated in the Arab Republic of Egypt must take a head office for itself in Egypt.

The company's contract of incorporation shall specify the address of its head office at which its management operations are carried out; and the company shall be obligated to register (publicize) every amendment occurring to the address of its head office, failing which the procedures - including the serving of notices - may be taken at the address of its head office registered in the Commercial Register.

Article (1 bis)

Without prejudice to the provisions of the Capital Market Law promulgated by Law No. 95 of 1992, the Law of Economic Zones of a Special Nature promulgated by Law No. 83 of 2002, and the Investment Law No. 72 of 2017 referred to [above], the Authority shall undertake the provision of incorporation and post-incorporation services for the companies subject to the provisions of this Law.

The Authority shall be obligated to automate these services and to unify their procedures in accordance with the provisions of Article (50) of the Investment Law promulgated by Law No. 72 of 2017; and the electronic incorporation procedures shall apply to the exclusion of any other procedures provided for in any other law, as soon as they are activated.

The executive regulation of this Law shall determine the controls for operating the system of electronic incorporation and services for the companies and establishments subject to its provisions.

Article (2)

A joint-stock company is a company whose capital is divided into shares of equal value that may be traded in the manner set out in the Law.

The liability of the shareholder is limited to paying the value of the shares he has subscribed to, and he is not answerable for the debts of the company except within the limits of what he has subscribed to in shares.

The company shall have a trade name derived from the purpose for which it was established, and the company's trade name may include the name or surname of one or more of its founders.

Article (3)

A partnership limited by shares is a company whose capital is composed of one or more quotas owned by one or more joint (general) partners, and shares of equal value subscribed to by one or more shareholders, which may be traded in the manner set out in the Law.

The joint (general) partner or partners are answerable for the obligations of the company with unlimited liability. As for the shareholding partner, he is not liable except within the limits of the value of the shares he has subscribed to.

The name (firm name) of the company is composed of the name of one or more of the joint partners exclusively.

Article (4)

A limited liability company is a company in which the number of partners does not exceed fifty partners, each of whom is liable only to the extent of his quota.

The company may not be incorporated, nor its capital increased, nor borrowing made on its account, by way of public subscription; and it may not issue tradable shares or bonds. The transfer of the partners' quotas therein shall be subject to recovery (pre-emption) by the partners in accordance with the special conditions contained in the company's contract, in addition to the conditions prescribed in this Law.

The company may take a special name, its name may be derived from its purpose, and its name (title) may include the name of one or more partners.

Article (4 bis)

A single-person company is a company whose entire capital is owned by a single person, whether natural or juristic, and that in a manner not inconsistent with its purposes; and the founder of the company is not answerable for its obligations except within the limits of the capital allocated to it.

The company shall take a special name for itself, derived from its purposes or from the name of its founder, and its name must be followed by [words] indicating that it is a single-person company with limited liability, which shall be placed on its head office and its branches - if any - and on all its correspondence.

Article (5)

Partnerships limited by shares or limited liability companies may not undertake insurance business, banking business, savings, the receipt of deposits, or the investment of funds for the account of third parties.

Article (6)

All contracts, invoices, commercial names and titles, advertisements, and all other papers and printed matter issued by companies must bear the company's name (title) and a statement of its type before or after the name, in clear, legible characters, together with a statement of the company's head office and a statement of the issued capital according to its value in the latest financial statement.

Anyone who acts in the name of the company in any transaction in which the provisions of the preceding paragraph were not observed shall be liable, in his own funds, for all the obligations arising from that transaction. If the statement relating to the capital was exaggerated, third parties may hold the person who acted in the name of the company liable for paying the amount of the difference between the true value of the capital and the estimate stated in that statement, to the extent necessary to satisfy the right of the third party.

Chapter Two - Incorporation

First - The Founders

Article (7)

Every person who participates effectively (actually) in the incorporation of the company with the intention of bearing the liability arising therefrom is considered a founder of the company, and the provision of Article 89 of this Law applies to him.

In particular, every person who signed the preliminary contract, or applied for the license to incorporate the company, or provided a contribution in kind upon its incorporation, is considered a founder.

A person who participates in the incorporation on behalf of the founders, from among members of the liberal professions and others, is not considered a founder.

Article (8)

Except for single-person companies, the number of founding partners in joint-stock companies may not be less than three, and this number may not be less than two for the remaining companies subject to the provisions of this Law. If the number of partners falls below this quorum, the company is deemed dissolved by operation of law, unless it takes the initiative, within six months at most, to complete this quorum, or the remaining partners request, within this period, its conversion into a single-person company; and whoever remains among the partners shall be liable, in all his funds, for the obligations of the company during this period.

Article (9)

The preliminary contract concluded by the founders shall be in accordance with the model issued by the competent Minister by a decision of his.

The contract may not include any conditions exempting the founders, or some of them, from the liability arising from the incorporation of the company, or any other conditions stipulated to apply to the company after its establishment, unless they are inserted in the contract of incorporation or the statute.

Article (9 bis)

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

This agreement shall not apply as against the remaining shareholders or partners unless it is approved by the extraordinary general assembly of the company by a majority of not less than three-quarters of the capital, or by a larger majority in the cases determined by the executive regulation of this Law.

Article (10)

The founders are jointly and severally liable for what they have undertaken.

The founder who undertook on behalf of another is deemed personally bound if he did not state the name of his principal in the deed of establishment of the company, or if the nullity of the power of attorney he presented becomes apparent.

Article (11)

The founder must exercise, in his dealings with the company under incorporation or for its account, the care of a prudent man; and the founders are liable - jointly and severally - for any damages that may befall the company or third parties as a result of a breach of this obligation.

If the founder receives any funds or information belonging to the company under incorporation, he must return to the company those funds, and any profits he may have obtained as a result of his use of those funds or information.

Article (12)

No disposition (transaction) concluded between the company under incorporation and its founders shall apply as against the company after its incorporation, unless this disposition is approved by the company's board of directors - where all its members have no connection with the founder who carried out the disposition or have no interest in the disposition - or by the body of partners, or by a decision of the company's general assembly at a meeting in which the interested founders have no votes counted.

In all cases, the interested founder must place before the body that approves the disposition all the facts relating to the said disposition.

Article (13)

With observance of the provisions of the preceding article, the contracts and dispositions carried out by the founders in the name of the company under incorporation shall apply as against the company after its incorporation whenever they were necessary for the incorporation of the company. In cases other than that, those contracts and dispositions shall not apply as against the company after incorporation, unless they are approved by the body provided for in the preceding article.

Article (14)

If the incorporation of the company is not completed, owing to the fault of its founders, within six months from the date of notification of its establishment, every subscriber may request the judge of urgent matters (the summary judge) to appoint a person to return the funds paid and distribute them to the subscribers.

The subscriber may have recourse against the founders - jointly and severally - for compensation where appropriate; and every person who has subscribed may request the recovery of the value of what he subscribed to in the capital of the company under incorporation if a period of one year has elapsed from the date of subscription without the commencement of taking the procedures for incorporating the company.

Second - Incorporation Procedures

Article (15)

The preliminary contract of the company and its statute, or its contract of incorporation, shall be official (notarized) or authenticated as to the signatures therein; and it must include, in respect of each type of company, the particulars determined by the executive regulation. This regulation shall also determine the declarations and certificates to be attached to the company's contract, as well as the modalities of authenticating the signatures before the competent administrative authority.

Article (16)

By a decision of the competent Minister, a model shall be issued for the deed of establishment of each type of company or its statute. Each model shall include all the particulars and conditions required by the Law or the regulations in this regard, and shall set out the conditions and modalities that the founding partners may adopt or delete from the model. They may also add any other conditions that are not inconsistent with the provisions of the Law or the regulations.

It is not permissible to depart from the provisions of the model - otherwise than in the aforementioned cases.

The model shall be issued after the approval of the Legislation Department of the Council of State (Majlis al-Dawla).

Article (17)

The founders, or whoever acts on their behalf, must notify the Authority of the establishment of the company, and the following documents must be attached to the notification:

(a) The preliminary contract and the statute (articles of association) of the company, for joint-stock companies and partnerships limited by shares; or the contract of incorporation, for limited liability companies and single-person companies.

(b) The approval of the competent authorities, if the exercise of any of the company's purposes requires obtaining special approvals pursuant to the provisions of another law.

(c) A certificate from one of the licensed banks confirming the completion of subscription to all the company's shares or quotas, and that the value that must be paid, at a minimum, of the cash shares or quotas has been paid and has become at the disposal of the company until it acquires legal personality; limited liability companies are exempted from submitting this certificate.

(d) A receipt for payment of a fee at the rate of one per thousand of the company's issued capital, for joint-stock companies and partnerships limited by shares, and of the paid-up capital for limited liability companies and single-person companies, provided that it is not less than one hundred pounds and not more than one thousand pounds.

(e) A certificate from one of the licensed central depository and registry companies confirming the deposit of the securities of joint-stock companies and partnerships limited by shares with the central depository and registry company.*

The competent administrative authority must give the person submitting the notification a certificate to that effect whenever all the documents provided for in the preceding items are attached to it and complete; and the company shall be registered in the Commercial Register by virtue of that certificate, without need for any condition or other procedure, and whatever the percentage of participation of non-Egyptians therein.

The company shall be registered (publicized) and shall acquire legal personality after the lapse of fifteen days from the date of its registration in the Commercial Register, unless the competent administrative authority decides that it acquires legal personality before the expiry of this period. By way of exception to the foregoing, companies and establishments that carry on their activity in the Sinai Peninsula shall not acquire legal personality except by a decision of the Chairman of the General Authority for Investment and Free Zones; likewise, no amendment shall be made to their statute, nor shall the shares of their capital be traded, except after the approval of the Chairman of the aforementioned Authority.

[Footnote in source: * Pursuant to Article No. 8 of Law No. 4 of 2018 amending certain provisions of the Law of Joint-Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies promulgated by Law No. 159 of 1981:- (Joint-stock companies and partnerships limited by shares existing on the date this Law comes into force shall be obligated to regularize their situations in accordance with the provision of item (e) of the first paragraph of Article (17) as substituted by this Law, within a period not exceeding one year from the date it comes into force.)]

Article (18)

The competent administrative authority may, within ten days from the date of its notification of the establishment of the company, object to its formation, by means of a registered-mail letter [sent] to the address of the company set out in the papers attached to the notification, with the sending of a copy of the letter to the Commercial Register in order to annotate it on the company's registration particulars; and the objection must be reasoned and must include the procedures that must be taken to remove the grounds of the objection.

The administrative authority may not object to the formation of the company except on one of the following grounds:

(a) The preliminary contract, the contract of incorporation, or the company's statute contravening the mandatory particulars contained in the model, or its containing matters contrary to the law.

(b) If the company's purpose is contrary to the law or to public order.

(c) If one of the founders does not possess the capacity necessary to incorporate the company.

Article (19)

The company must, within fifteen days from the date it is notified of the objection, remove its grounds or file a grievance against it to the Minister of Economy; otherwise, the competent administrative authority must issue a decision to strike the company's registration off the Commercial Register.

The lapse of fifteen days from the submission of the grievance without a decision thereon is deemed to be an acceptance of it, with which the effects of the objection are removed.

In the event the company's grievance is rejected, it shall be notified of that by registered mail in order to remove the grounds of the objection; if it does not remove them within ten days from the date of its notification of the rejection of the grievance, the competent administrative authority shall issue a decision to strike the company's registration off the Commercial Register.

In all cases, the legal personality of the company shall cease as from the date of issuance of the striking-off decision; and the interested parties may challenge this decision before the Administrative Judiciary Court within sixty days from the date of their notification of it or their knowledge of it, and the Court must decide the challenge on an expedited basis.

The founders shall be jointly and severally liable, in their own funds, for the effects or damages that result or that befall third parties as a result of the striking-off of the company's registration from the Commercial Register, and that without prejudice to the criminal penalties prescribed.

Article (19 bis)

Without prejudice to the provisions of the Capital Market Law promulgated by Law No. 95 of 1992, the Authority may not object to the increase of capital unless it is established to it that the increase was carried out by way of fraud, or to the detriment of the rights of third parties or of the shareholders, or in contravention of the Egyptian Accounting Standards, or as a result of a material violation of the provisions of this Law and of the rules and procedures for increasing capital; and the competent Commercial Register office shall annotate the objection.

The company must, within fifteen days from the date it is notified of the objection, remove its grounds; and it may file a grievance against it to the Grievances Committee provided for in Article (160 bis) of this Law; otherwise, the Commercial Register office must strike the annotation made regarding the capital increase.

The expiry of sixty days from the date of submission of the grievance without a decision thereon is deemed to be an acceptance of it, with which the effects of the objection are removed.

In the event the grievance is rejected, the Authority shall notify the company and the Commercial Register office of that in accordance with the procedures determined by the executive regulation of this Law; and the company must remove the grounds of the objection within ten days from the date of the notification; otherwise, the Commercial Register office must strike the annotation made regarding the capital increase.

Article (20)

The amounts paid for the account of the company under incorporation must be deposited in one of the banks licensed to that effect by a decision of the competent Minister.

The company may not withdraw these amounts except after the registration (publication) of its statute or its contract of incorporation in the Commercial Register.

Article (21)

The executive regulation shall regulate the procedures for publishing the company's contract and its statute in the Egyptian Gazette (al-Waqa'i' al-Misriyya), or in the special bulletin issued for this purpose, or by other means.

Publication shall in all cases be at the expense of the company.

The fees for authenticating the signatures for the contracts of companies subject to the provisions of this Law shall be at the rate of one-quarter per cent of the capital, with a maximum amount of one thousand pounds, whether the authentication takes place in Egypt or before the Egyptian authorities abroad.

The contracts of incorporation of these companies shall be exempt from stamp duties and from notarization and registration fees, as well as the loan and mortgage contracts connected with the business of these companies, and that for a period of one year from the date of registering the company's contract and its statute in the Commercial Register.

Article (21 bis)

[Repealed.] (Repealed by Article 4 of Law No. 3 of 1998.)

Article (22)

[Repealed.] (Repealed by Article 4 of Law No. 3 of 1998.)

Article (23)

[Repealed.] (Repealed by Article 4 of Law No. 3 of 1998.)

Article (24)

The conditions and procedures relating to the incorporation of the company shall be observed upon the amendment of its statute, and that in the cases determined by the executive regulation.

Third - Special Provisions on the Incorporation of the Types of Companies

1 - Joint-Stock Companies and Partnerships Limited by Shares

Article (25)

With observance of the provision of Article (28 - item 1) of this Law, if tangible or intangible (moral) in-kind contributions enter into the formation of the capital of a joint-stock company or a partnership limited by shares, or upon the increase of the capital of either of them, the founders or the board of directors, as the case may be, must request the Authority to verify whether these contributions have been correctly valued. Competent to carry out this valuation is a committee formed at the Authority, chaired by a counsellor (senior judge) at one of the judicial bodies or authorities, and composed of at most four experts in the economic, accounting, legal, and technical specializations chosen by the Authority. This committee shall be obligated to follow the rules, procedures, and standards determined by the executive regulation, and the committee shall also be obligated by the Egyptian standards for real-estate valuation and the standards for the financial valuation of establishments, as the case may be; and the committee shall deposit its report within a period of at most sixty days from the date the papers are referred to it.

If the in-kind contribution is owned by the State, or by one of the public authorities, or a public-sector company, then a representative for public funds, chosen by the competent Minister, must participate in the valuation, in accordance with the controls issued by a decision of the Prime Minister.

The founders or the board of directors shall distribute the committee's report to the partners, and likewise to the Central Auditing Organization if the in-kind contribution is owned by one of the entities set out in the preceding paragraph, and that at least two weeks before the meeting held to discuss it.

The valuation of those contributions shall not become final except after its approval by the body of subscribers or partners, by their numerical majority holding two-thirds of the shares or cash quotas, after excluding therefrom what is owned by the providers of the aforementioned contributions. The providers of these contributions shall not have the right to vote regarding the approval, even if they are holders of shares or cash quotas.

If it becomes apparent that the valuation of the in-kind contribution is less, by more than one-fifth, than the value for which it was provided, the company must reduce the capital by an amount equal to this shortfall.

The provider of the contribution may nonetheless pay the difference in cash, and he may also withdraw. The in-kind contributions may only represent shares or quotas whose value has been paid in full.

The provisions of this article shall apply to the in-kind shares subscribed to in every increase of capital before the expiry of the period provided for in the first paragraph of this article.

Article (26)

The constituent assembly of the company shall convene - upon a call by the body of founders or their agent - within one month from the closing of the door of subscription, or the expiry of the date fixed for participation, or the submission of a report on the valuation of the in-kind quotas, whichever is nearer.

All the partners shall have the right to attend this assembly whatever the number of their shares or the amount of their quotas, and the executive regulation shall set out the procedures and dates of the call, the particulars required for it, the manner of its publication, and the entities that must be notified of it.

The chairmanship of the constituent assembly shall be assumed by the founder having the largest number of shares or the largest quota, and the assembly shall elect a secretary and collectors of votes.

The chairman, the secretary, and both vote collectors shall sign the minutes of the session.

Article (27)

For the validity of the meeting of the constituent assembly, there shall be required the attendance of a number of partners representing at least half of the issued capital.

If the quorum provided for in the preceding paragraph is not available at the meeting, a call must be directed for a second meeting to be held within 15 days from the first meeting, and the executive regulation shall determine the procedures and particulars of the second call.

The second meeting shall be valid if attended by a number of partners representing at least one quarter of the issued capital. The resolutions of the constituent assembly shall be issued by the majority of votes prescribed for the shares or quotas of those present, unless the law requires a special majority in some matters.

Article (28)

The constituent assembly shall be competent to consider the following matters:

1- Valuation of the in-kind quotas in the manner set forth in this Law.

2- The founders' report on the process of incorporating the company and the expenses it required.

3- Approval of the company's statute; the assembly may not introduce amendments thereto except with the approval of the founders and the numerical majority of the partners representing at least two-thirds of the capital.

4- Ratification of the selection of the members of the first board of directors and the auditor.

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Article (29)

The limited liability company shall not be incorporated unless all the cash quotas are distributed, in the company's incorporation contract, among the partners, and their value is paid in full.

If what the partner has contributed is an in-kind quota, the company's incorporation contract must state its kind and value, the price accepted for it by the remaining partners, the name of the partner, and the amount of his quota in the capital in return for what he has contributed.

The contributor of the in-kind quota shall be liable towards third parties for its value estimated for it in the company's contract; and if it is established that there is an over-valuation in this estimate, the difference must be paid in cash to the company, and the remaining partners shall be jointly liable for the payment of this difference unless they prove that they were unaware of it.

Article (30)

The founders of the company - and likewise the managers in the case of an increase of the capital - shall be jointly liable towards every concerned party, even if it is agreed otherwise, for the following:

(a) The portion of the capital that was subscribed to in an invalid manner; they shall be deemed, by force of law, to have subscribed to it, and they must pay it as soon as the cause of nullity is discovered.

(b) Every increase in the value of the in-kind quotas decided contrary to the fact in the company's incorporation contract or the special contract for the increase of the capital. They shall be deemed, by force of law, to have subscribed to this increase, and they must pay it whenever that is established.

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Article (31)

The company's capital is divided into registered shares of equal value.

The statute shall determine the nominal value of the share such that it is not less than one pound and not more than one thousand pounds, or its equivalent in free currencies, and every provision contravening that in any other law is repealed.

The share is indivisible, and it may not be issued at less than its nominal value; likewise it may not be issued at a higher value except in the cases and under the conditions determined by the executive regulation, and in all cases this increase shall be added to the reserve.

In no case may the issuance expenses exceed the limit for which a decision is issued by the General Authority for Financial Supervision.

The executive regulation shall organize what the share certificates are to contain of particulars, the manner of replacing lost or damaged certificates, and what is to be followed with respect to these certificates upon amendment of the company's statute.

Article (32)

The company shall have an issued capital, and the statute may fix an authorized capital exceeding the issued capital by not more than ten times it; likewise, the executive regulation may fix a minimum limit for the issued capital with respect to the companies that carry out certain types of activity, and likewise for what is to be paid up of it upon incorporation.

It is required that the issued capital be fully subscribed to, and that each subscriber pay at least (10%) of the nominal value of the cash shares, to be increased to (25%) within a period not exceeding three months from the date of incorporation of the company, provided that the remainder of this value be paid within a period not exceeding five years from the date of incorporation of the company.

The executive regulation shall determine the procedures for trading the shares before their value is paid in full.

Article (33)

It is permissible, by a resolution of the ordinary general assembly by the majority of the shares represented at the meeting, to increase the issued capital; it is likewise permissible, by a resolution of the board of directors, to increase the issued capital within the limits of the authorized capital where it exists, and the companies whose securities are listed on one of the Egyptian stock exchanges are excepted from that.

In all cases, the issued capital may not be increased before it is paid in full except by a resolution of the extraordinary general assembly, and on condition that the subscribers to the increase pay not less than the percentage that was decided to be paid of the issued capital before its increase, and that they pay the remainder of the value on the same dates fixed for the payment of the remainder of the value of the issued capital.

The increase of the issued capital must actually be completed within the three years following the issuance of the resolution authorizing the increase, or during the period of payment of the issued capital before its increase, whichever is longer; otherwise the resolution authorizing the increase shall become void.

Article (34)

Founders' shares or profit shares may not be created except in return for the assignment of a concession granted by the government, or a right of the moral (intangible) rights.

The company's statute must include a statement of the consideration for those shares and the rights related to them, and the general assembly of the company shall have the right to cancel them in return for fair compensation determined by the committee provided for in Article (25), and that after the lapse of one-third of the company's term, or ten financial years at most, from the date of creation of those shares, unless the company's statute stipulates a shorter period at any time thereafter.

There may not be allocated to these shares more than 10% of the net profits, after setting aside the legal reserve and paying at least 5% by way of profit to the capital.

Upon the dissolution and liquidation of the company, the holders of these shares shall have no share in the liquidation surplus. The provisions of this paragraph shall not apply to the companies existing at the time of the coming into force of this Law.

Article (35)

Enjoyment shares may not be issued except with respect to the companies whose statute provides for the redemption of their shares before the expiry of the company's term, by reason of the company's activity being connected with a concession to exploit a resource of the natural-wealth resources, or a utility of the public utilities granted to it for a limited period, or an aspect of the aspects of exploitation which is consumed by use or ceases after a certain period.

The statute may provide for the granting of certain privileges to certain types of shares, and that in voting, or profits, or the liquidation proceeds, provided that the shares of the same type be equal in rights, privileges, and restrictions; and it is not permissible to combine the two privileges of voting and liquidation proceeds; likewise, it is not permissible to amend the rights, privileges, or restrictions relating to a type of the shares except by a resolution of the extraordinary general assembly and with the approval of two-thirds of the holders of the type of shares to which the amendment relates.

In all cases, preferred shares may not be issued, nor the capital increased by preferred shares, except after the approval of the extraordinary general assembly by a majority of three-quarters of the company's shares before the increase, and the amendment of the articles of association of the company in a manner consistent with the provisions contained in the second paragraph of this Article.

The executive regulation shall determine the controls, situations, and conditions special to the issuance of preferred shares.

Article (36)

[Repealed.] (repealed by Article 4 of Law No. 3 of 1998)

Article (37)

If the company's shares are offered for public subscription, this must be done through one of the banks licensed by a decision of the Minister of Economy to receive subscriptions, or through the companies established for this purpose, or the companies licensed to deal in securities, and after the approval of the General Authority for Financial Supervision.

In the event of non-coverage of the subscription within the period fixed for it, the banks or companies that received the subscription may cover all or part of what has not been covered of the shares offered for subscription, if they were licensed to do so, and they may re-offer to the public what they subscribed to, without being bound by the procedures and restrictions on the trading of shares provided for in this Law.

The executive regulation shall determine the procedures and conditions for applying the provisions of this Article.

Article (38)

If the subscription exceeds the number of shares offered, they must be distributed among the subscribers in the manner determined by the company's statute, provided that this does not result in excluding the subscriber in the company, whatever the number of shares he subscribed to, and the rounding of fractions shall be observed in favour of the small subscribers.

Article (39)

The company shall have a financial year designated by the statute, for which financial statements are prepared in accordance with the accounting standards for which a decision is issued by the Minister of Economy; the company's statute may provide for the preparation of periodic financial statements for it, the period of which shall not be less than three months; however, the company whose purpose is participation in the incorporation of other companies, or participation in them in any manner, must prepare consolidated financial statements concerning those companies.

Article (40)

The net profits are the profits resulting from the operations carried out by the company, and that after deducting all the costs necessary to realize these profits, and after calculating and setting aside all the depreciations and provisions that the accounting principles require to be calculated and set aside, before making any distribution in any form.

The board of directors shall set aside from the net profits referred to in the preceding paragraph a portion of one-twentieth at least, to form a legal reserve; and the general assembly may stop setting aside this reserve if it reaches an amount equal to half the capital.

The legal reserve may be used in covering the company's losses and in increasing the capital.

The company's statute may provide for the setting aside of a certain percentage of the net profits to form a statutory reserve.

If the statutory reserve is not allocated for specific purposes provided for in the company's statute, the ordinary general assembly may, upon the proposal of the board of directors, decide to use it in what returns benefit to the company or to the shareholders.

The general assembly may also, upon the proposal of the board of directors, form other reserves.

It is permissible, with the approval of the general assembly, to distribute a percentage of the net profits which the company realizes as a result of the sale of an asset of the fixed assets or the compensation for it, on condition that this does not result in preventing the company from restoring its assets to what they were, or from purchasing new fixed assets.

The company's statute may provide that the general assembly shall have the right to distribute all or part of the profits which the periodic financial statements prepared by the company disclose, provided that a report thereon from the auditor is attached to them.

Article (41)

The workers of the company shall have a share in the profits whose distribution is decided, determined by the general assembly upon the proposal of the board of directors, of not less than (10%) of these profits and not more than the total of the annual wages of the workers of the company. The executive regulation shall set out the manner of distributing what exceeds the said 10% percentage of the profits, among the workers, and the services that return benefit to them.

The provisions of the preceding paragraph shall not prejudice the profit-distribution system applied to the companies existing at the time of the coming into force of this Law, if it is better than the provisions referred to.

Article (42)

The ordinary general assembly shall decide the manner of using what remains of the net profits, after the payment of the amounts referred to in the preceding Articles, and by the percentage allocated to the remuneration of the members of the board of directors from the net profits.

It is not permissible to dispose of the reserves and provisions referred to in the preceding Articles in other than the headings allocated to them except with the approval of the general assembly.

Article (43)

The distribution of profits is not permitted if it results in preventing the company from meeting its cash obligations on their dates.

The creditors of the company may request the competent court to annul any resolution issued in violation of the provisions of the preceding paragraph. The members of the board of directors who approved the distribution shall be jointly liable towards the creditors within the limits of the amount of the profits whose distribution was annulled.

Recourse may also be had against the shareholders who knew that the distribution was made in violation of this Article, within the limits of the amount of the profits which they received.

Article (44)

Each of the shareholder and the worker shall be entitled to his share in the profits upon the mere issuance of the general assembly's resolution to distribute them.

The board of directors must carry out the implementation of the general assembly's resolution to distribute the profits to the shareholders and the workers within one month at most from the date of issuance of the resolution.

The shareholder or the worker is not obligated to return the profits which he received - in a manner consistent with the provisions of this Law - even if the company is afflicted with losses in the following years.

Law of Joint-Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - The Provisions Special to the Types of Companies :: Chapter One - Joint-Stock Companies :: First - The Financial Structure :: 2- Trading of Shares

Article (45)

Without prejudice to the provision of Article (53) of the Investment Law issued by Law No. 72 of 2017, the founders' quotas and the shares given in return for the in-kind quotas may not be traded before the publication of the company's financial statements for two full years, each of which shall not be less than twelve months, beginning from the date of incorporation of the company; and the executive regulation shall determine the rules and conditions required for that.

And apart from the founders' quotas and the shares referred to in the first paragraph, the trading of the shares of joint-stock companies shall be in accordance with the rules and procedures which this Law and the Capital Market Law and the decisions issued in implementation of that organize.

Nevertheless, it is permissible - as an exception to the foregoing provisions - that there be effected, by way of assignment, the transfer of ownership of the shares to which the founders of the company subscribe, from some of them to others, or from them to one of the members of the board of directors if he needed to obtain them in order to submit them as a guarantee for his management, or from their heirs to third parties in the case of death.

The provisions of this Article shall apply to what the founders of the company subscribe to in every increase of the capital before the expiry of the period provided for in paragraph (1).

Article (46)

Without prejudice to the provisions of the preceding Article, subscription certificates and shares may not be traded at more than the value at which they were issued, plus - where necessary - the consideration for the issuance expenses, and that in the period preceding the registration of the company in the commercial register with respect to the subscription certificates, or in the period following the date of registration until the publication of the financial statements for a full financial year with respect to the shares, except in accordance with the conditions and procedures for which a decision is issued by the Minister of Economy.

Article (47)

The shares of the joint-stock companies and their bonds which are issued by way of public subscription must be submitted, within one year at most from the date of the closing of the door of subscription, to all the securities stock exchanges in Egypt, to be listed in their price schedules in accordance with the conditions and situations provided for in the regulations of those stock exchanges.

The managing member of the board of directors shall be responsible for the implementation of the provisions of this Article, and for the compensation that becomes due by reason of its violation, where necessary.

Article (48)

The company may not, by any method, acquire a portion of its shares exceeding (10%) of the total of the issued shares.

The company must, in the event of its acquisition of a portion of the shares referred to within the limits referred to in the first paragraph, notify the Authority of that within a time not exceeding three working days, and it is incumbent upon it to dispose of them to third parties within a period not exceeding one year from the date of its acquisition of them; otherwise it must reduce its capital by the amount of the nominal value of those shares, and that in accordance with the procedures which the executive regulation of this Law determines.

And if the company fails to carry out the reduction of its capital in accordance with the second paragraph, the Authority shall undertake to take the procedures for reducing the company's capital after the lapse of thirty days from the date of warning it of that, in accordance with the procedures which the executive regulation of this Law determines.

The company's disposal of the shares referred to, to the companies subsidiary to it or affiliated with it, shall not be deemed a disposal to third parties.

In all cases, the shares referred to shall not have the right of voting or of obtaining the profits upon their distribution, and they shall be deducted from the total of the company's shares upon the calculation of the attendance and the quorum required for voting in the general assembly, and that until the time of disposing of them.

The executive regulation of this Law shall organize the procedures for disposing of the shares, and the company's relationship with the companies subsidiary to it or affiliated with it.

The company may purchase some of its shares in order to distribute them to the workers therein as part of their share in the profits.

Article (48 bis)

Without prejudice to the legal system for the distribution of profits, the articles of association of the company may include one or more systems for rewarding or incentivizing the workers and managers of the company through their ownership, by a direct or indirect way, of a part of its shares, and that in accordance with the methods, rules, and procedures which the executive regulation of this Law determines; and the General Authority for Financial Supervision shall undertake the preparation of the models (forms) and the review of the contracts which are concluded in this respect.

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Article (49)

The company may issue registered bonds, and these bonds shall be negotiable; and it is not permissible to issue these bonds except by a resolution of the general assembly, and after the payment of the issued capital in full, and on condition that their value does not exceed the net assets of the company, as the auditor determines it in accordance with the latest financial statements approved by the general assembly.

And if a portion of the bonds which the company issues is offered for public subscription, this must be done after the approval of the General Authority for Financial Supervision, through one of the banks licensed by a decision of the competent Minister to receive subscriptions, or the companies which are established for this purpose, or which are licensed to deal in securities.

The call to the public for the public subscription in the bonds shall be by a prospectus that includes the particulars, the procedures, and the manner of publication which the executive regulation determines.

Every concerned party shall have, in the event of violation of the provisions of the preceding paragraph, the right to request the competent court to annul the subscription, and to oblige the company to return the value of the bonds immediately, in addition to its liability for compensation for the damage that has befallen him.

The executive regulation shall set out what the bond certificates contain of particulars, and the manner of replacing lost or damaged certificates, or what is to be followed with respect to these certificates upon amendment of the company's statute.

Article (50)

As an exception to the provisions of the preceding Article, the company may issue bonds before the payment of the issued capital in full in the following cases:

(a) If the bonds are secured for their full value by a mortgage having priority over the company's properties.

(b) The bonds guaranteed by the State.

(c) The bonds fully subscribed to by the banks or the companies which work in the field of securities, even if they resell them.

(d) The real-estate companies, the real-estate credit companies, and the companies licensed to do that by a decision of the competent Minister. And it is permissible, by a decision of the competent Minister upon the submission (proposal) of the General Authority for Financial Supervision, to license them to issue bonds of a value exceeding the net of their assets, and that within the limits by which this decision is issued.

Article (51)

The terms of issuance of the bonds may include their convertibility into shares after the lapse of the period determined by the company in the subscription prospectus, and the conversion shall take place with the consent of the bondholder.

For the application of the provisions of this Article, the rules prescribed for the increase of capital must be observed.

Article (52)

A group of bondholders shall be formed comprising all holders of bonds of a single issue in the company, and the purpose of this group is the protection of the common interests of its members, and it shall have a legal representative from among its members, who shall be chosen and removed in accordance with the terms and conditions set out in the executive regulations, provided that he does not have a direct or indirect relationship with the company or an interest that conflicts with the interest of the bondholders.

The competent administrative authority must be notified of the formation of this group and the name of its representative, and must be provided with copies of its resolutions. The representative of the group shall undertake whatever the protection of the common interests of the group requires, whether vis-à-vis the company, third parties, or before the judiciary, and that within the limits of the decisions taken by the group at a valid meeting.

The executive regulations shall determine the conditions and procedures for calling the group to convene, who has the right to attend, the manner and place of convening, the voting, and the relationship of the group with the company and the administrative authorities.

The representative of the group shall have the right to attend the meetings of the general assembly of the company and to make his observations, without having a counted vote, and the representative of the group shall also have the right to present the decisions and recommendations of the group to the board of directors or the general assembly of the company.

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Article (53)

Each of the general assembly, the board of directors, and the employees or agents appointed by either of these two bodies shall have the right to conduct legal dispositions on behalf of the company, within the limits of the provisions of this Law, the company's contract, and its internal regulations.

Article (54)

The board of directors shall have all powers relating to the management of the company and the performance of all acts necessary to achieve its purpose, except for what is excepted by a special provision in the Law or the company's statute, of acts and dispositions that fall within the competence of the general assembly.

Nevertheless, the general assembly may take up any act of the acts of management if the board of directors is unable to decide on it due to the incompleteness of the quorum of the board because of the ineligibility of a number of its members or their deliberate non-attendance, or the impossibility of reaching a majority supporting the decision.

The assembly may also ratify any act issued by the board of directors, or issue recommendations regarding the acts that fall within the competence of the board.

Article (55)

Any act or disposition issued by the general assembly, the board of directors, one of its committees, or one of its members deputizing for it in management, during his exercise of the acts of management in the usual manner, shall be considered binding on the company. A third party in good faith may invoke this against the company, even if the disposition was issued in excess of the authority of its source, or the procedures prescribed by law were not followed with respect to it.

In all cases, the company may not repudiate its liability for any acts or aspects of activity that it actually practices, on the ground that the company's statute did not authorize it to carry out such acts or aspects of activity.

Article (56)

Any disposition issued by one of its employees or by the agents acting for it shall not be considered binding on the company, unless it is authorized expressly or implicitly by the general assembly, the board of directors, or the member delegated by it in management, as the case may be.

Nevertheless, a third party in good faith may hold against the company any disposition made by one of the company's employees or its agents, if one of the aforementioned bodies presented him as possessing the authority to dispose on its behalf, and the third party relied on that in his dealing with the company.

Article (57)

The company may not invoke against third parties in good faith among those dealing with it that the provisions of the company's contract or its regulations were not followed with respect to the disposition.

Nor may it argue that its board of directors, some of its members, the company's managers, or others among the employees or agents were not appointed in the manner required by the Law or the company's statute, as long as their dispositions were within the usual limits for one who was in a similar position in companies that practice the type of activity carried out by the company.

Article (58)

A person shall not be considered in good faith - within the meaning of the preceding Articles - who actually knows, or was able to know by virtue of his position in the company or his relationship with it, of the aspects of deficiency or defect in the disposition intended to be invoked against the company.

A person shall not be considered to know the contents of any document or contract, merely by its publication or registration by one of the means provided for in this Law.

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Article (59)

Every shareholder has the right to attend the general assembly of shareholders in person or by proxy, and for the validity of the proxy it is required that it be established by virtue of a power of attorney or a written authorization.

A shareholder who is not a member of the board of directors may not appoint a member of the board of directors as proxy on his behalf in attending the general assembly.

The executive regulations of this Law shall determine the controls to be followed in the proxy, whether the proxy is one of the shareholders or another.

Article (60)

The board of directors must be represented in the general assembly by no fewer than the number required to be present for the validity of the convening of its sessions, and that is in cases other than those in which the number of members of the board of directors is less than that. Failure to attend the meeting without an acceptable excuse is not permitted.

In all cases, the meeting shall not be invalidated if it is attended by at least three of the members of the board of directors, among whom is the chairman of the board of directors, his deputy, or one of the members delegated for management, and that if the other conditions required by the Law and the executive regulations are met for the meeting.

If the quorum of the shareholders' meeting is legal, and the quorum of the board of directors is not present at the meeting, the assembly may in this case consider the imposition of a financial fine on the members of the board of directors who did not attend without an acceptable excuse. If their absence is repeated, the assembly may consider their removal and the election of others, and then the assembly is called to another meeting.

The procedures relating to the attendance of the shareholders at the general assembly shall be regulated in the executive regulations.

Article (61)

The general assembly of shareholders shall convene upon a call from the chairman of the board of directors, at the time and place designated by the company's statute, and the assembly must be held at least once a year during the three months following the end of the company's financial year.

The board of directors may decide to call the general assembly whenever necessity so requires.

The board of directors must call the ordinary general assembly to convene if requested to do so by the auditor, or by a number of shareholders representing at least 5% of the company's capital, provided that they explain the reasons for the request and deposit their shares at the company's headquarters or one of the accredited banks, and these shares may not be withdrawn until after the adjournment of the assembly.

The executive regulations shall determine the procedures for calling the general assembly, what it includes, the manner of its announcement and publication, its dates, and the bodies that must be notified of it.

Article (62)

The auditor or the competent administrative authority may call the general assembly to convene in the cases in which the board of directors delays making the call, despite the obligation to do so and the lapse of a month from the occurrence of the event or the commencement of the date on which the call to the meeting must be issued.

The competent administrative authority may also call the general assembly if the number of members of the board of directors falls below the minimum required to be present for the validity of its convening, or if the members completing that minimum refrain from attending. In all cases, the expenses of the call shall be at the expense of the company.

Article (63)

With observance of the provisions of this Law, the ordinary general assembly shall have competence over the following:

(a) The election of the members of the board of directors and their removal.

(b) The oversight of the acts of the board of directors and consideration of its discharge from liability.

(c) The ratification of the financial statements.

(d) The ratification of the board of directors' report on the company's activity.

(e) The approval of the distribution of profits.

(f) Everything that the board of directors, the competent administrative authority, or the shareholders who own 5% of the capital see fit to present to the general assembly.

It shall also have competence over everything provided for by the Law and the company's statute.

Article (64)

The board of directors must prepare, for each financial year - at a time that permits the holding of the general assembly of shareholders within three months at most from the date of its end - the financial statements of the company and a report on its activity during the financial year and on its financial position at the close of that same year.

Article (65)

The board of directors must publish the financial statements, an adequate summary of its report, and the full text of the auditor's report before the meeting of the general assembly, and the executive regulations shall determine the means of publication and its dates.

It is permissible, if the company's statute allows that, to suffice with sending a copy of the papers set out in the first paragraph to each shareholder by registered mail or by any other method determined by the executive regulations, and the dates of its sending.

Article (66)

The executive regulations shall determine what must be disclosed to the shareholders before the convening of the ordinary general assembly, of data relating to the bonuses and salaries of the chairman and the members of the board of directors and all other benefits or salaries they have obtained, and the transactions in which one of them has an interest that conflicts with the interest of the company, and other data relating to donations or advertising expenses.

The regulations shall also set out the conditions and dates of that.

Article (67)

The convening of the ordinary general assembly shall not be valid unless it is attended by shareholders representing at least one quarter of the capital, unless the company's statute provides for a higher percentage, provided that it does not exceed half of the capital. If the minimum is not met at the first meeting, the general assembly must be called to a second meeting held within the thirty days following the first meeting. The call to the first meeting may include the setting of the date of the second meeting in the event the legal quorum is not met, unless the basic statute of the company provides otherwise.

The second meeting shall be considered valid whatever the number of shares represented in it.

The executive regulations shall determine the procedures of the call, its means, and the data it contains.

The decisions of the general assembly shall be issued by the absolute majority of the shares represented at the meeting.

The executive regulations shall also determine the procedures for convening the assembly, its chairmanship, the manner of selecting the secretariat and the vote collectors, and the method of taking the votes.

Article (68)

The extraordinary general assembly shall have competence over amending the company's statute, with observance of the following:

(a) The obligations of the shareholders may not be increased, and any decision issued by the general assembly that would prejudice the fundamental rights of the shareholder that he derives in his capacity as a partner shall be null and void.

(b) Purposes that are complementary to, connected with, or close to the company's original purpose may be added, and the original purpose may not be changed except for reasons approved by the competent administrative authority.

(c) The extraordinary general assembly shall have the power to consider extending the term of the company or shortening it, or dissolving it before its due date, or changing the percentage of loss that entails the compulsory dissolution of the company, or the merger of the company, and that whatever the provisions of the statute.

(d) The approval of the extraordinary general assembly shall not be required for the amendment of the basic statute of the company in the event that the board of directors increases the issued capital within the limits of the authorized capital, and the board of directors shall carry out the amendment necessary in this respect.

Article (69)

If the losses of the company reach half the value of the shareholders' equity according to the latest annual financial statements of the company, the board of directors must call the extraordinary general assembly to consider the dissolution of the company or its continuation.

Article (70)

The provisions relating to the ordinary general assembly shall apply to the extraordinary general assembly, with observance of the following:

(a) The extraordinary general assembly shall meet upon a call from the board of directors, and the board must issue the call if requested to do so by a number of shareholders representing at least 10% of the capital, and provided that the applicants deposit their shares at the company's headquarters or one of the accredited banks, and these shares may not be withdrawn until after the adjournment of the assembly. If the board does not call the assembly within a month from the submission of the request, the applicants may apply to the competent administrative authority, which shall undertake the issuance of the call.

(b) The meeting of the extraordinary general assembly shall not be valid unless it is attended by shareholders representing at least half of the capital. If the minimum is not met at the first meeting, the call of the assembly shall be directed to a second meeting held within the thirty days following the first meeting, and the second meeting shall be considered valid if it is attended by a number of shareholders representing at least one quarter of the capital.

The executive regulations shall determine the procedures of the call, its dates, the methods of publication and announcement, and who has the right to attend among those who are not shareholders.

(c) The decisions of the extraordinary general assembly shall be issued by a majority of two-thirds of the shares represented at the meeting. If the decision relates to increasing the authorized capital, reducing the capital, dissolving the company before its due date, changing its purpose, merging it, or dividing it, then for the validity of the decision in these cases it is required that it be issued by a majority of three-quarters of the shares represented at the meeting.

Article (71)

The general assembly may not deliberate on matters other than those listed on the agenda; nevertheless, the assembly shall have the right to deliberate on the serious facts that are revealed during the meeting.

The decisions issued by the general assembly that is validly constituted and convened in accordance with the Law and the company's statute shall be binding on all the shareholders, whether they attended the meeting in which these decisions were issued, or were absent, or were dissenting, and the board of directors must implement the decisions of the general assembly.

Article (72)

Every shareholder who attends the meeting of the general assembly shall have the right to discuss the subjects listed on the agenda, and to interrogate the members of the board of directors and the auditors regarding them, and he may submit whatever questions he wishes before the convening of the general assembly, at the time determined by the executive regulations. Any provision in the statute depriving the shareholder of this right shall be null and void.

The board of directors shall answer the questions and interrogations of the shareholders to the extent that does not expose the interest of the company or the public interest to harm, and if the shareholder considers that the answer is insufficient, he shall refer the matter to the general assembly, and its decision shall be binding for implementation.

Article (73)

Voting in the general assembly shall be by the method designated by the statute, and voting must be by secret ballot if the decision relates to the election of the members of the board of directors, or their removal, or the filing of a liability suit against them, or if that is requested by the chairman of the board of directors or a number of shareholders representing at least one-tenth of the votes present at the meeting.

The basic statute of the company may provide for cumulative voting in the election of the members of the board of directors, by granting each shareholder a number of votes equal to the number of shares he owns, and the shareholder may grant all the votes he owns to one candidate or to more than one candidate, and that without being bound by the provision of the fifth paragraph of Article (67) of this Law, in the manner set out by the executive regulations.

Companies whose shares are registered under the central depository and registration system may use such electronic systems as they see fit to present the items of the meetings of the ordinary or extraordinary general assembly and to vote on them remotely by the shareholders who have the right to participate and vote in the assembly, and all of that in accordance with the conditions and procedures regulated by the executive regulations of this Law.

Article (74)

The members of the board of directors may not participate in voting on the decisions of the general assembly regarding the determination of their salaries and bonuses, or the discharge of their liability and the release of their responsibility for management.

Article (75)

A minute shall be drawn up with an adequate summary of all the discussions of the general assembly, and of everything that occurs during the meeting, and the establishment of the quorum of attendance, and the decisions taken in the assembly, and the number of votes that approved them or opposed them, and everything that the shareholders request to be recorded in the minutes.

The names of the attendees among the shareholders shall also be recorded in a special register in which their attendance is established, and whether it was in person or by proxy, and this register shall be signed, before the beginning of the meeting, by each of the auditor and the vote collectors.

The minutes of the meetings of the general assembly shall be entered regularly after each session in a special book, and in the keeping of these books there shall be followed the provisions specific to the commercial books, in terms of the requirement that these books be free of any blank, void space, writing in the margins, erasure, or interlineation.

The pages of these two books must be numbered consecutively, and before their use each page of them must be stamped with the seal of the Real Estate Publicity and Notarization Department and signed by the competent notary, and the recording of the numbering and the placing of the seal of the Publicity and Notarization Department in the aforementioned manner shall have a fixed date at the head of each page of the book before its use.

A new book may not be registered except after the previous book is presented so as to be marked with its closure and to establish that in the registers prepared for that at the Department.

These provisions specific to notarization shall apply to the register of shareholders and the register of attendance of the general assembly, and shall also apply to the original and auxiliary accounting books.

The company is obligated to keep all the documents supporting what is contained in the books and registers.

The signatories of the minutes of the meetings shall be responsible for the correctness of the data of the two books of the assembly referred to, and whoever among them is a member of the board of directors shall be answerable for their conformity with what the Law and the company's statute provide.

A copy of the minutes of the meeting of the general assembly must be sent to the competent administrative authority within a month at most from the date of its convening.

Article (76)

Without prejudice to the rights of third parties in good faith, any decision issued by the general assembly in violation of the provisions of the Law or the company's statute shall be null and void.

Likewise, any decision issued in favor of a particular category of shareholders, or to their detriment, or to bring a special benefit to the members of the board of directors or others without regard to the interest of the company, may be annulled.

Only the shareholders who objected to the decision in the minutes of the session, or who were absent from attendance for an acceptable reason, may request the annulment in this case, and the competent administrative authority may act on their behalf in requesting the annulment if they submit serious grounds.

The judgment of annulment shall result in the decision being considered as if it had never been, with respect to all the shareholders, and the board of directors must publish a summary of the judgment of annulment in one of the daily newspapers and in the Companies Affairs Gazette.

The action for annulment shall lapse by the passage of one year from the date of the issuance of the decision, and the filing of the action shall not result in the suspension of the implementation of the decision unless the court orders that.

Article (76 bis)

Without prejudice to the provision of Article (10) of the Capital Market Law issued by Law No. 95 of 1992, with respect to companies whose securities are listed on one of the Egyptian stock exchanges or which have offered securities for themselves in a public subscription, or companies operating in the non-banking financial activities, the Authority may - upon the request of shareholders who own a percentage of not less than (5%) of the company's shares, when the seriousness of the request is established to it - issue a decision to suspend the decisions issued by the general assembly of the company to their detriment, or that were issued in favor of a particular category of shareholders, or to bring a special benefit to the members of the board of directors or others, and all of that under the conditions specified in Article (76) of this Law.

A request to suspend the implementation of the decisions of the general assembly shall not be accepted after the passage of thirty days from the date of the issuance of those decisions, and the interested parties may file the action requesting the annulment of the decisions of the general assembly before the competent court within thirty days from the date of the issuance of the decision to suspend implementation and must notify the Authority by providing a copy of the statement of claim; otherwise the decision to suspend implementation shall be considered as if it had never been.

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Article (77)

The management of the company shall be undertaken by a board of directors consisting of a number of members of not less than three, chosen by the general assembly for a period of three years in accordance with the method set out in the company's statute. By way of exception to that, the appointment of the first board of directors shall be by the founders for a period not exceeding five years.

The general assembly may - at any time - remove the board of directors or one of its members, even if that is not included in the agenda.

The meeting of the board shall not be valid unless it is attended by at least three members, unless the company's statute provides for a larger number.

With observance of the provision of the preceding paragraph, the members of the board may deputize for one another in attending the sessions, provided that the deputation is in writing and certified by the chairman of the board.

Article (77 bis)

The basic statute of the company may provide for guaranteeing a minimum percentage of representation of the capital in the membership of the board of directors, and the executive regulations of this Law shall regulate the controls of this representation, its limits, and its procedures.

Article (78)

The company's statute may include the arrangements for the appointment of reserve members in the board of directors, who shall replace the original members in the cases of absence or the existence of an impediment as determined by the executive regulations.

Article (79)

The board of directors may distribute the work among all its members in accordance with the nature of the company's business, and the board shall also have the following:

(a) To delegate one of its members or a committee from among its members to carry out one or more specific tasks, or to supervise one of the aspects of the company's activity, or to exercise some of the powers or competences entrusted to the board.

(b) To assign one or more members to the actual acts of management, and the board shall determine the competences of the managing member.

It is required of the managing member that he be dedicated full-time to the management.

Article (80)

The board of directors shall meet upon a call from its chairman, or from the majority of its members in the event of the vacancy of the position of chairman.

One-third of the members of the board may submit a written request to the chairman of the board to hold a meeting for it, and if the chairman of the board fails to call it within ten days from the date of the submission of the request, they may call the board to a meeting of which the Authority is notified in accordance with the controls determined by the executive regulations, and in all cases the meeting of the board shall not be valid unless it is attended by the majority of its members.

In cases other than those in which the executive regulations or the basic statute of the company require the meeting of the board to be held at the head office of the company, the meeting may be held outside it or by means of the modern communication technologies, including the electronic signature, and that in accordance with the controls determined by the executive regulations of this Law.

Article (81)

The minutes of the meetings of the board of directors must be entered regularly after each session in a special book signed by the chairman and the secretary, and the conditions and rules specific to the books of the general assembly shall apply to this book.

Article (82)

The board of directors may appoint a general manager for the company from among non-members, who shall assume the chairmanship of its executive apparatus, and he may be invited to attend the sessions of the board of directors without having a counted vote.

The general manager shall carry out his work under the supervision of the managing member or the chairman of the board of directors if he undertakes the actual acts of management, and he shall be answerable before him.

Article (83)

[Repealed.] (Repealed by Law No. 94 of 2005.)

Article (84)

The workers in the joint-stock companies that are established in accordance with the provisions of this Law shall have a share in the management of these companies, and the executive regulations shall determine the methods, rules, and conditions of the participation of the workers in the management, and the company's statute must provide for one of the methods of participation in the management contained in the executive regulations.

Article (85)

The board of directors shall appoint a chairman from among its members, and it may also appoint a deputy chairman who replaces the chairman in the event of his absence.

The board may entrust the chairman with the functions of the managing director (delegated member).

The company shall be represented before the judiciary by the chairman or the chief executive officer according to the company's articles of association (basic statute), and the company's statute and its internal regulations shall determine the other competences prescribed for the chairman of the board, the chief executive officer, the members, and the employees.

Article (86)

In the event of the vacancy of the position of a member of the board of directors, he shall be replaced by the member next in the number of votes in the last election of the board, and the term of the new member shall be complementary to the term of his predecessor. In cases other than these, the board shall appoint whoever replaces him until the first convening of the general assembly.

The one who replaces the member of the board of directors representing a juristic (legal) person shall be appointed based on the nomination of the one whom he represents, provided that this nomination takes place within one month from the date of the vacancy of the position.

In the event of the vacancy of more than one-third of the number of positions of the board of directors, the remaining members of the board must call the general assembly to convene immediately to elect those who replace them, provided that the date of convening the ordinary general assembly is on a date not exceeding thirty days; and the executive regulation of this law shall determine the controls and procedures thereof.

Article (87)

Every company shall annually prepare a detailed list, certified by the chairman of the board of directors and the managing director, of the names of the chairman and members of this board, their capacities, and their nationalities.

The company shall keep a copy of this list, and shall send the original to the competent administrative authority before the first of January of each year.

The company must notify the competent administrative authority of every change occurring to the list referred to in the first paragraph as soon as it occurs.

Article (88)

The company's statute shall set out the manner of determining the remuneration of the members of the board of directors; and it is not permissible to assess the remuneration of the board of directors at a certain percentage of the profits at more than 10% of the net profit, after the deduction of the depreciations and the legal and statutory reserve, and the distribution of a profit of not less than 5% of the capital to the shareholders and the workers, unless the company's statute specifies a higher percentage.

The general assembly shall determine the fixed salaries, the attendance allowances, and the other benefits prescribed for the members of the board; and by way of exception from that, the determination of the remunerations, salaries, and allowances of the managing director shall be by a decision of the board of directors.

Article (89)

It is not permissible for a person who has been sentenced to a criminal penalty, or a misdemeanor penalty for theft, fraud, breach of trust, forgery, or bankruptcy, or to one of the penalties provided for in Articles 162, 163, 164 of this law, to be a member of the board of directors of any joint stock company.

Article (90)

No person may be appointed as a member of the board of directors of a joint stock company except after he declares in writing his acceptance of the appointment; and the declaration shall include his age, his nationality, and the names of the companies in which he practiced any work previously during the three years preceding the appointment, with a statement of the type of this work.

No person may be appointed as a member of the board of directors of a joint stock company that is engaged in the management or exploitation of a public utility except after obtaining the approval of the minister supervising that utility or the minister supervising the authority granting it; and the decisions of the general assembly or the board of directors on this appointment must be notified by registered letter, within the fifteen days following the issuance of the decision, to the minister; and the lapse of thirty days from the date of the arrival of the notification without the raising of an objection to the appointment shall be deemed an implied approval thereof.

Article (91)

[Repealed by Law No. 94 of 2005.]

Article (92)

[Repealed by Law No. 3 of 1998.]

Article (93)

[Repealed by Law No. 94 of 2005.]

Article (94)

[Repealed by Law No. 194 of 2020 (concerning the promulgation of the Law of the Central Bank and the Banking System).]

Article (95)

A member of the board of directors of a joint stock company may not permanently perform any technical or administrative work, in any form whatsoever, in another joint stock company, except with a license from the general assembly of the company on whose board of directors he holds membership.

Article (96)

The company may not grant a cash loan, of any kind, to any of the members of its board of directors, or guarantee any loan that one of them concludes with third parties.

Credit companies are excepted from that; in the practice of the works falling within their purpose, and on the same terms and conditions that the company follows with regard to the public of clients, they may lend to one of the members of its board of directors, open a credit for him, or guarantee for him the loans that he concludes with third parties.

There shall be placed at the disposal of the shareholders, for their special perusal, at least five days before the convening of the ordinary general assembly, a statement from the auditors in which they declare that the loans, credits, or guarantees provided for in the preceding paragraph have taken place without prejudice to its provisions.

Every contract concluded contrary to the provisions of this article shall be deemed void, without prejudice to the company's right to demand compensation from the violator when appropriate.

Article (97)

Every member of the board of directors of the company, and every one of its managers, who has an interest conflicting with the interest of the company in a transaction presented to the board of directors for its approval, must notify the board of that, and must have his notification recorded in the minutes of the session. He may not participate in the voting on the decision issued concerning this transaction.

The board of directors must notify the first general assembly of the transactions referred to in the preceding paragraph before voting on the decisions.

Article (98)

Without a special license from the general assembly, a member of the board of directors of the joint stock company or its manager may not trade for his own account or for the account of others in one of the branches of the activity that the company practices; otherwise, the company may demand compensation from him or consider the transactions that he undertook for his own account as though they had been carried out for its own account.

The members of the board of directors may not exploit or disclose what they became aware of, of the company's secrets, by reason of their participation in its management, in a manner that harms the company's financial position and its commercial activities.

Without prejudice to the liability for compensation of those, among the members of the board of directors, who violate the provisions of the first and second paragraphs, the board of directors may, after consulting the opinion of the Authority and the approval of all the members except the violating member, suspend his membership, starting from the date of the establishment of the violation against him and until the date of the convening of the following general assembly, in order to vote on the continuation of his membership.

Article (99)

None of the founders of the company - during the five years following its establishment - nor any of the members of its board of directors at any time, may be a party to any of the onerous contracts (contracts of exchange) that are presented to this board for its approval, unless the general assembly has licensed the carrying out of this disposition in advance; and every contract concluded contrary to the provisions of this article shall be deemed void.

Article (100)

The board of directors or one of the managers may not conclude any of the onerous contracts (contracts of exchange) with another company in whose board of directors or in whose management one of the members of this board or one of these managers participates, or in which the shareholders of the company hold the majority of the capital, if this contract is such as to be attached with nullity in accordance with the provisions of the following paragraph.

Every one of those contracts in which the rate of lesion (unfair prejudice) exceeds one-fifth of the value at the time of the contracting shall be deemed void, without prejudice to the right of the company and the right of every concerned party to demand compensation from the violator.

Taking into account the provision of the last paragraph of Article (76) of this law, the onerous contracts whose non-observance of the interests of the company, or their harm to its interests, is established may be annulled; and the shareholders of the company may sue those in charge of its management for any damages that befall them or the company as a result of those contracts, and demand the return of the gains achieved by the beneficiaries.

Article (101)

A joint stock company may not offer any donation, of any kind, to a political party; otherwise, the donation shall be void.

The company may not, in a financial year, donate more than 7% of the average of its net profits during the five years preceding this year, unless the donation is for the social purposes special to its workers, or to a governmental entity or one of the public authorities.

For the validity of the donation, in any case, it is required that a decision be issued by the board of directors, based on a general license from the general assembly, whenever its value exceeds one thousand pounds.

Article (102)

No decision issued by the general assembly shall result in the lapse of the action of civil liability against the members of the board of directors on account of the errors that occur from them in the execution of their task.

And if the act giving rise to liability had been presented to the general assembly by a report from the board of directors or the auditor, then this action lapses by the passage of one year from the date of the issuance of the decision of the general assembly ratifying the report of the board of directors. Nevertheless, if the act attributed to the members of the board of directors constitutes a felony or a misdemeanor, then the action does not lapse except by the lapse of the public action.

The competent administrative authority and every shareholder may bring this action; and every condition in the company's statute providing for the waiver of the action, or for making its bringing conditional upon a prior permission from the general assembly, or upon the taking of any other procedure, shall be deemed void.

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter One - Joint Stock Companies :: Thirdly - The Auditors

Article (103)

The joint stock company shall have one or more auditors from among those who fulfill the conditions provided for in the law regulating the practice of the profession of accounting and auditing; the general assembly shall appoint them and assess their fees, and in the case of a multiplicity of auditors they shall be jointly (in solidarity) liable; and by way of exception from that, the founders of the company shall appoint the first auditor.

The company's first auditor shall assume his task until the convening of the first general assembly; and the auditor appointed by the general assembly shall commence his task from the date of his appointment until the date of the convening of the following general assembly, and he shall audit the accounts of the financial year for which he was assigned.

It is not permissible to delegate the board of directors to appoint the auditor or to determine his fees without setting a maximum limit. If the company at any time, for any reason, does not have an auditor, the board of directors must take the procedures for appointing the auditor immediately, and shall present that to the general assembly at its first meeting.

The general assembly may, in all cases - based on the proposal of one of its members - change the auditor; and in this case the maker of the proposal must notify the company of his wish and the reasons upon which he relies, at least ten days before the convening of the general assembly. The company must immediately notify the auditor of the text of the proposal and its reasons, and the auditor may discuss the proposal in a written memorandum reaching the company at least three days before the convening of the general assembly. The chairman of the board of directors shall read out the auditor's memorandum to the general assembly. The auditor may, in all cases, reply to the proposal and its reasons before the general assembly before it takes its decision.

Every decision taken concerning the appointment of the auditor or the substitution of another for him, contrary to the provisions of this article, shall be void.

Article (104)

It is not permissible to combine the work of the auditor with participation in the establishment of the company, or the membership of its board of directors, or engagement, on a permanent basis, in any technical, administrative, or advisory work therein.

Likewise, the auditor may not be a partner of any person who carries on an activity of the kind provided for in the preceding paragraph, or be an employee of his, or one of his relatives up to the fourth degree.

Every appointment made contrary to the provisions provided for in this article shall be deemed void.

Article (105)

The auditor shall, at all times, have the right to peruse all the company's books, records, and documents, and to request the data and clarifications that he sees it necessary to obtain for the performance of his task; and he may also verify the assets and liabilities of the company. The board of directors must enable the auditor to do all of the foregoing.

The auditor, in the event of his not being enabled to use the rights provided for, must establish that in writing in a report submitted to the board of directors and presented to the general assembly if the board of directors does not facilitate his task.

Article (106)

The board of directors shall furnish the auditor with a copy of the notices and data that it sends to the shareholders invited to attend the general assembly.

The auditor, or whoever he deputizes from among the accountants who participated with him in the audit works, must attend the general assembly and verify the correctness of the procedures followed in the invitation to the meeting; and he must give at the meeting his opinion on everything relating to his work as auditor of the company, and in particular on the approval of the financial statements with reservation or without reservation, or their return to the board of directors.

The auditor shall read out his report to the general assembly, and the report must include the data provided for by the law and the executive regulation, in addition to the following data:

(a) Whether the auditor has obtained the information and clarifications that he sees necessary for the performance of his mission in a satisfactory manner.

(b) Whether, in his opinion, the company keeps accounts whose regularity has been established to him; and, in the event of the existence of branches of the company that he was not able to visit, whether he has been informed of sufficient summaries of the activity of these branches; and, with regard to industrial companies, whether they keep cost accounts whose regularity has been established to him.

(c) Whether the financial statements that are the subject of the report are in agreement with the accounts and the summaries.

(d) Whether, in his opinion, in light of the information and clarifications submitted to him, these accounts include everything that the law and the company's statute provide must be recorded therein; and whether the financial statements express clearly the true financial position of the company at the close of the financial year; and whether the financial statements express correctly the profits of the company or its losses for the ended financial year.

(e) Whether the inventory (stocktaking) has been carried out in accordance with the observed principles, with a statement of what has newly arisen of amendments in the method of the inventory that was followed in the previous year, if there is an amendment.

(f) Whether the data contained in the report of the board of directors, referred to in the law and the executive regulation, are in agreement with what is contained in the company's books.

(g) Whether, during the financial year, violations of the provisions of the company's statute or of the provisions of the law have occurred in a manner that affects the activity of the company or its financial position, with a statement of whether these violations exist at the time of the preparation of the financial statements; and that within the limits of the information and clarifications that became available to him in accordance with the provisions of this article.

The auditor is answerable for the correctness of the data contained in his report, in his capacity as agent for the totality of the shareholders; and every shareholder may, during the holding of the general assembly, discuss the auditor's report and seek clarification about what is contained in it.

Article (107)

An auditor of a joint stock company may not, before the lapse of three years from his leaving the work with it, work as a manager or a member of the board of directors, or engage, on a permanent or temporary basis, in any technical, administrative, or advisory work in the company in which he was working.

Every act that violates the provision of this article shall be deemed void, and the violator is obligated to pay to the State treasury the remunerations and salaries that were disbursed to him from the company.

Article (108)

Without prejudice to the auditor's fundamental obligations, the auditor may not divulge to the shareholders, at the venue of the general assembly or elsewhere, or to others, what he became aware of, of the company's secrets, by reason of his performance of his work; otherwise, he must be dismissed and compensation must be sought from him.

Article (109)

The auditor shall be liable before the company for compensation for the damage that befalls it due to the errors that occur from him in the execution of his work; and if there are multiple auditors and they participated in the error, they shall be jointly (in solidarity) liable.

The action of civil liability mentioned in the preceding paragraph lapses by the passage of one year from the date of the convening of the general assembly in which the auditor's report is read. And if the act attributed to the auditor constitutes a criminal offense, then the action of liability does not lapse except by the lapse of the public action.

The auditor is likewise answerable for compensation for the damage that befalls the shareholder or the good-faith third party due to his error.

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter Two - Partnerships Limited by Shares

Article (110)

Except for the provisions of Articles 37, 77, 91, 92, 93, all the provisions of joint stock companies in this law shall apply to partnerships limited by shares, taking into account the rules provided for in this chapter.

Article (111)

The management of the partnership limited by shares shall be entrusted to one or more joint (general) partners; and the company's memorandum of establishment shall designate the names of those entrusted with the management and their powers therein.

The ruling of the one entrusted with the management, in terms of liability, shall be the ruling of the founders and the members of the board of directors in joint stock companies in the application of the provisions of this law.

Article (112)

Every partnership limited by shares shall have a supervisory board (board of control) composed of at least three from among the shareholders or from others; and this board may request the managers, in the name of the company, to submit accounts of their management; and it may, for the purpose of achieving this objective, examine the company's books and its documents, and carry out an inventory of the treasury (cash box), the securities, and the documents establishing the company's rights, and the goods present with it.

Article (113)

The supervisory board (board of control) may express its opinion on the matters that the company's managers present to it; and it may authorize the carrying out of the dispositions that the company's contract requires its authorization for.

Article (114)

The general assembly of the shareholders may not undertake or approve the works relating to the company's relationship with third parties, or amend the company's contract, except with the approval of the managers, unless the company's contract provides otherwise; and the general assembly acts on behalf of the shareholders vis-a-vis the managers.

Article (115)

The company terminates upon the death of the partner who is entrusted with the management, unless it is provided otherwise; and if the company's contract is devoid of a provision on what is to be followed in this case, the supervisory board may appoint a temporary manager for the company, who assumes the urgent management works until the general assembly convenes.

The temporary manager shall call the general assembly to convene within fifteen days of his appointment, in accordance with the procedures provided for in the contract.

The temporary manager shall be liable only for the execution of his agency (mandate).

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter Three - Limited Liability Companies :: 1 - The Financial Structure

Article (116)

The limited liability company shall have a capital determined by the partners in the company's memorandum of establishment, and divided into equal shares (quotas); and this provision shall not apply to companies existing at the time of the coming into force of this law.

The shares (quotas) shall share the profits and the surplus of liquidation equally among themselves, unless the company's contract provides otherwise.

The shares (quotas) shall be indivisible; and if the owners of a single share are multiple, the company may suspend the exercise of the rights relating to it until they choose from among themselves the one who is considered the sole owner of the share vis-a-vis the company.

Article (117)

A register of the partners shall be prepared at the company's head office (center), including the data specified by the executive regulation.

Every partner, and every interested party other than the partners, may peruse this register during the company's working hours.

In the month of January of each year, a list including the data contained in this register, and every change that occurs to it, shall be sent to the competent administrative authority; and these data shall be published in the bulletin issued for this purpose.

The company's managers shall be personally liable, on a joint (solidary) basis, for the damage that arises due to the keeping of the register in an incorrect manner, or the preparation of the lists in a defective manner, or due to the incorrectness of the data recorded in the register or the lists.

Article (118)

The shares (quotas) may be sold by virtue of an official instrument (deed) or one whose signatures contained therein are authenticated, unless the company's memorandum of establishment provides otherwise, in which case the remaining partners shall have [the right] to recover (repurchase) the sold share on the same conditions.

Whoever intends to sell his share must notify the rest of the partners, through the managers, of the offer that was directed to him.

After the lapse of one month from the notification of the offer, without any of the partners exercising the right of recovery, the partner shall be free to dispose of his share.

And if more than one partner exercises the right of recovery, the sold share shall be divided among them in proportion to the share of each of them.

The share of each partner shall pass to his heirs, and the ruling of the legatee shall be the ruling of the heir.

The application of this article shall not prejudice the provisions established in Article (116).

Article (119)

If a creditor of one of the partners takes procedures for the compulsory (forced) sale of his debtor's share to satisfy his debt, the creditor in this case must notify the company of the conditions of the sale and the date of the session set for considering the objections to it. If the creditor, the debtor, and the company do not agree on the sale, the share shall be sold by auction.

The judgment of sale shall not be enforceable if the company presents another buyer on the same conditions upon which the auction was knocked down, within ten days from the date of the issuance of this judgment.

These provisions shall apply in the case of the bankruptcy of the partner.

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter Three - Limited Liability Companies :: 2 - Management of the Company

Article (120)

The company shall be managed by one or more managers from among the partners or from others; and they shall be appointed for the first time by the founders, and thereafter they shall be appointed and replaced by a decision of the general assembly. They may be appointed for a fixed term or without a specified term.

And if the managers are multiple, the partners may appoint a board of managers, and the board shall be vested with the powers and functions set out in the memorandum of establishment.

The manager or the managers may be dismissed with the approval of the numerical majority of the partners holding three-quarters of the capital represented in the meeting of the extraordinary general assembly that considers the dismissal.

In all cases, the ordinary general assembly may, upon the consideration of the annual financial statements of the company, renew or not renew [the appointment of] the manager or the managers; and if it decides not to renew, it must appoint another or others [in his or their place].

Article (121)

The company's managers shall have full authority in representing it, unless the company's memorandum of establishment provides otherwise.

And every decision issued by the company restricting the powers of the managers, or changing them, after its registration in the commercial register, shall not be enforceable against third parties except after the lapse of five days from the date of its recording in this register.

The provisions relating to the protection of those dealing with the company, contained in Articles 53 to 58 of this law, shall apply to limited liability companies to the extent that is consistent with their nature.

Article (122)

The ruling of the managers, in terms of liability, shall be the ruling of the members of the board of directors of joint stock companies.

The executive regulation shall determine the conditions that must be fulfilled in the managers.

And if the management is entrusted to a single person, he must notify the assembly of the partners of every conflict between his interest and the interest of the company in any of the transactions that he intends to carry out, for the authorization of the transaction or for the taking of whatever procedure the assembly sees fit.

Article (123)

If the number of the partners is more than ten, the supervision (control) must be entrusted to a board of at least three from among the partners; and the supervisory (control) board shall be appointed in the company's memorandum of establishment, and its members may be re-elected after the expiry of the term specified in the contract.

The supervisory board may, at all times, demand that the managers submit reports; and it may examine the company's books and its documents, and carry out an inventory of the treasury (cash box), the securities, and the documents establishing the company's rights, and the goods present with it. This board shall monitor the financial statements, the annual report, and the draft of the distribution of the profits, and shall submit its report on this matter to the body of the partners at least fifteen days before its convening.

Article (124)

The members of the supervisory board shall not be answerable for the works of the managers or their results, unless they knew of the errors that occurred in them and neglected to mention these errors in their report submitted to the body of the partners.

Article (125)

The non-manager partners, in companies in which there is no supervisory board, shall have the [power of] supervision that the joint (general) partners have in general partnerships (partnerships of solidarity).

Article (126)

The partners holding at least one-quarter of the capital may call the general assembly of the company to convene to consider the topics specified by the invitation; and the convening of the general assembly shall not be valid except by the attendance of a number of partners representing at least half of the capital, unless the company's memorandum of establishment provides for a quorum larger than that.

Every partner shall have the right to attend the general assembly in his own capacity (in person), or to deputize in his place another partner from among the non-managers in attending the meeting and voting on the decisions, unless the company's memorandum of establishment provides otherwise.

For the validity of the deputization, it is required that it be established by virtue of a power of attorney or a written authorization.

Every share (quota) shall have one vote, even if the memorandum of establishment provides otherwise; and the absent partners may vote on the assembly's decisions in writing.

The decisions of the general assembly shall be issued by the majority of the votes, unless the law or the company's memorandum of establishment provides otherwise.

Article (127)

The company's contract may not be amended, nor its capital increased or reduced, except with the approval of the numerical majority of the partners holding three-quarters of the capital.

Article (128)

The provisions special to the auditor and to the carrying out of the inventory (stocktaking) and the financial statements in joint stock companies shall apply to limited liability companies and single-person companies; and the financial statements of the company shall include in particular a statement of the company's debts owed by the partners and the partners' debts owed by the company.

The financial statements shall be deposited, after the lapse of fifteen days from their preparation, at the office of the commercial register; and every concerned party may request to peruse them.

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter Three - Limited Liability Companies :: 3 - Dissolution of the Company

Article (129)

In the event of the loss of half of the company's capital, the managers must present to the general assembly the matter of the dissolution of the company; and for the issuance of the decision of dissolution, it is required that the majority necessary for the amendment of the company's contract be available.

And if the loss reaches three-quarters of the capital, the partners holding one-quarter of the capital may request the dissolution of the company.

And if the loss results in the reduction of the capital to less than the limit specified by the executive regulation, every concerned party may request the dissolution of the company.

Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies :: Part Two - Provisions Special to the Types of Companies :: Chapter Four - Single-Person Companies

Article (129 bis)

By way of exception from the provision of Article (505) of the Civil Code, every natural person, or juristic (legal) person within the limits of the purposes for which it was established, may establish, by himself, a company of the single-person companies (one-person companies) in accordance with the provisions of this chapter; and this company shall be of limited liability.

Without prejudice to the provisions of the laws that permit certain entities to establish companies by themselves, it is required for the establishment of the company, if its founder is one of the persons of public law, to obtain the approval of the Prime Minister or the competent minister, as the case may be.

The single-person company shall be published (registered), and shall acquire juristic (legal) personality, as from the date of its registration in the commercial register.

In respect of that for which no special provision is stated, the provisions of limited liability companies contained in this law shall apply to single-person companies.

Article (129 bis 1)

A one-person company shall be established upon an application submitted by its founder, or by whoever acts on his behalf, to the Authority. A one-person company shall have a statute (articles of association) comprising its name, its objects, the particulars of its founder, its duration, the manner of its management, the address of its principal centre (head office), its branches - if any, the amount of its capital, the rules for its liquidation, and any other particulars determined by the Executive Regulations of this Law.

The Executive Regulations of this Law shall determine the minimum limit of the capital of the one-person company, and the capital must be paid in full upon the establishment of the company.

The contracts and dispositions concluded by the founder in the name of the company under establishment shall take effect in respect of the company after its establishment, whenever they were necessary for the establishment of the company.

Article (129 bis 2)

One-person companies are prohibited from carrying out any of the following acts:

1- Establishing a company among the one-person companies.

2- Public subscription, whether upon their establishment or upon the increase of their capital.

3- Dividing the company's capital in the form of negotiable (tradable) shares.

4- Borrowing by way of issuing negotiable (tradable) securities.

5- Practising the business of insurance, banking, savings, or the receipt of deposits, or the investment of funds for the account of third parties.

Article (129 bis 3)

The founder of the one-person company shall be in charge of all its affairs, and he shall in particular have the following:

1- Amending the company's contract of incorporation.

2- Dissolving and liquidating the company in accordance with the provisions of this Law and the Executive Regulations.

3- Merging the company into another company, or with it, or converting it into a company of another nature.

4- Increasing or reducing the company's capital, by not less than the minimum limit stipulated in the Executive Regulations of this Law.

5- Appointing one or more managers for the company, determining their competences and their powers, and approving their signatures. The manager - or whoever the founder of the company designates from among them in the event of their multiplicity - shall represent the company before the judiciary and before third parties, and the manager and the managers shall be responsible for its management before the owner.

6- Removing the company's manager or restricting his competences.

In all cases, the procedures referred to shall not be effective in respect of third parties except from the date of their entry (registration) in the Commercial Register.

Article (129 bis 4)

By way of exception from the provisions of Article (4 bis) of this Law, the founder of the one-person company shall be liable in respect of all his funds in the following cases:

1- If he, in bad faith, liquidates the company or halts its activity before the expiry of its term or the achievement of the purpose of its establishment.

2- If he does not effect a separation between his own financial patrimony and the financial patrimony of the company.

3- If he concludes contracts or carries out dispositions in the name of the company under establishment, and these contracts and dispositions were not necessary for the establishment of the company.

Article (129 bis 5)

The founder of the one-person company shall, in the event of his disposing of the entire capital to another natural or juristic person, be obligated to take the procedures for amending the company's particulars and the Commercial Register, and that within a period not exceeding ninety days from the date of the disposition, in accordance with the procedures and rules determined by the Executive Regulations of this Law.

In the event of disposing of a part of the company's capital to one or more persons, the company shall be obligated to take the procedures for adjusting its status in accordance with the legal form chosen for it by the partners, within a period not exceeding ninety days from the date of the disposition, and that in accordance with the procedures and rules determined by the Executive Regulations of this Law.

In all cases, the disposition shall not be effective in respect of third parties except from the date of its entry (registration) in the Commercial Register.

Article (129 bis 6)

The manager of the one-person company shall be obligated to exercise the care of a prudent man in exercising his competences.

The manager may not undertake the management of another company, whatever its type, if it operates in the same activity carried on by the company or one of its branches. Likewise, he may not contract with the company whose management he undertakes, for his own account or for the account of another, or practise for the account of others an activity of the type of activity carried on by the company.

Article (129 bis 7)

Joint-stock companies, partnerships limited by shares, and limited-liability companies may - in the case where the number of founders or partners falls below the minimum limit prescribed by law, if they do not adjust their status within the period specified in Article (8) of this Law - convert into a company among the one-person companies, unless it carries on one of the activities that one-person companies are prohibited from carrying on pursuant to Article (129 bis (2)) of this Law.

This provision shall not apply if the one who remains among the partners is a company among the one-person companies.

Article (129 bis 8)

Without prejudice to the provision of Item (2) of Article (129 bis (4)) of this Law, the founder of the one-person company may contract in person with this company in accordance with the conditions and situations determined by the Executive Regulations of this Law, provided that this does not constitute a commingling between his own financial patrimony and the financial patrimony of the company, and that the contracting is at the fair price.

Every interested party, and the Authority, shall have [the right] to verify the soundness of the application of that, and to take whatever is necessary in cases of violation.

Article (129 bis 9)

The one-person company shall be dissolved and its juristic personality shall lapse in the following cases:

1- The loss of half of the company's capital, unless its owner decides to continue carrying on its activity.

2- The extinction of the juristic person owning the company's capital.

3- The interdiction of the company's owner or his loss of legal capacity.

4- The death of the company's owner, unless the company devolves to a single heir, or the heirs choose its continuation in the same legal form and adjust its status within six months from the date of the death.

Part Three - Merger and Change of the Form of the Company

1- Merger

Article (130)

By a decision of the competent Minister, joint-stock companies, limited partnerships of both their types, limited-liability companies, one-person companies, and general partnerships - whether Egyptian or foreign carrying on their principal activity in Egypt - may be licensed to merge into Egyptian joint-stock companies, or with one of these companies and [thereby] form a new Egyptian company. In the application of the provisions of this Law, the branches, agencies, and establishments of the companies shall be deemed to be in the ruling of (treated as) the merged companies.

The Executive Regulations shall determine the manner of valuing the assets of the companies wishing to merge, and the procedures, situations, and conditions of the merger.

Article (131)

Upon the issuance of the shares given in consideration for the capital of the merged company, regard shall be had to the actual value of the assets of each of the merged companies and the companies into which the merger takes place (the absorbing companies).

Article (132)

The absorbing company, or the company resulting from the merger, shall be deemed the successor of the merged companies, and shall replace them by way of legal subrogation as regards their rights and their obligations, and that within the limits of what was agreed upon in the merger contract, without prejudice to the rights of the creditors.

Article (133)

The shares of the company resulting from the merger, or the shares given in consideration for the capital of the merged company, may be traded upon their mere issuance.

Article (134)

The merged companies and their shareholders, as well as the absorbing company or the company resulting from the merger, shall be exempted from all taxes and fees that become due by reason of the merger referred to.

Article (135)

Without prejudice to the text of Article (130), the merger shall be effected by a decision issued by the extraordinary general assembly of each of the two companies, the merged and the absorbing, or by the body of partners who own the majority of the capital, as the case may be.

The shareholders who objected to the merger decision in the assembly, or who did not attend the meeting for an acceptable excuse, may request exit (withdrawal) from the company and the recovery of the value of their shares, by a written request reaching the company within thirty days from the date of publication (registration) of the merger decision. The Executive Regulations shall set out the other situations and procedures for this request and the manner of deciding upon it.

The value of the shares and quotas shall be estimated by agreement, or by way of the judiciary, provided that regard is had in that to the current value of all the company's assets.

The undisputed value of the shares and quotas exited from must be paid to their owners before the completion of the merger procedures.

The judiciary shall rule for compensation to the interested parties if there is cause for it.

The amounts adjudged shall have a privilege (preferential right) over the rest of the assets of the merged company.

Article (135 bis)

The company may be divided into two or more companies, and each of the companies arising from the division shall have an independent juristic personality upon its mere entry (registration) in the Commercial Register.

In this case, with regard to the valuation of the in-kind quota (contribution in kind), the procedures, situations, and conditions prescribed in this Law and its Executive Regulations concerning the valuation of the in-kind quota shall be followed.

Article (135 bis A)

The companies resulting from the division may take any of the forms of companies subject to the provisions of this Law, except one-person companies, and that after fulfilling the legal procedures to complete that form, and without being bound by the legal form of the company subject to the division. The Executive Regulations of this Law shall set out the conditions of the division of companies and its procedures.

Article (135 bis B)

The division decision shall be issued by the extraordinary general assembly of the company, or by the body of partners, and that by a majority of three-quarters of the capital, as the case may be.

The decision issued for the division shall include the number of the shareholders or partners, their names, the share of each of them in the companies resulting from the division and subject to the provisions of this Law, the rights of each of them and their obligations, and the distribution of the assets and the obligations among them.

Article (135 bis C)

The companies arising from the division shall be the successor of the company subject to the division, and shall replace it by way of legal subrogation as regards its rights and its obligations, and that within the limits of what devolved to them from the company subject to the division in accordance with what the division decision included, and that in a manner not prejudicing the rights of the creditors.

The procedures stipulated in Article (135) of this Law shall apply to the shareholders and partners who did not approve the division decision.

The Executive Regulations of this Law shall determine the procedures for preserving the rights of the creditors and the holders of the bonds and financing sukuk (financing instruments) that the company issued.

Article (135 bis D)

Without prejudice to the provisions of the Capital Market Law issued by Law No. 95 of 1992, the shares of the companies resulting from the division may be traded upon their mere issuance, unless there are restrictions on the trading of these shares, wholly or partially.

2- Change of the Form of the Company

Article (136)

The legal form of limited partnerships by shares, or of limited-liability companies, may be changed by a decision issued by the extraordinary general assembly, or the body of partners, by a majority of three-quarters of the capital, as the case may be.

The change shall be effected with due regard to the incorporation procedures and requirements applicable to the company form into which the change is made, within the limits of what the Executive Regulations regulate in this respect.

The change of the company's form may not result in any prejudice to the rights of its creditors. The partners, the shareholders, or the quota-holders who objected to the change decision, or who did not attend the meeting in which the decision was issued, for an acceptable excuse, may request exit (withdrawal) from the company under the conditions and situations stipulated in Article (135). The companies whose legal form is changed, and the company into which the change is made and the partners therein, shall be exempted from all taxes and fees due by reason of the change of the company's form.

Part Four - Liquidation of the Company

Article (137)

Every company shall be deemed to be in a state of liquidation after its dissolution, or the expiry of its term, or its extinction for any reason other than merger or division. The liquidation shall be carried out in accordance with the provisions of this Law and the company's statute or its contract.

Article (138)

During the liquidation period, the company shall retain the juristic personality to the extent necessary for the liquidation works.

During the liquidation period, the phrase "(under liquidation)" shall be added to the company's name. The organs of the company shall remain existing during the liquidation period, and their powers shall be limited to the works that do not fall within the competence of the liquidators.

Article (139)

The general assembly shall appoint one or more liquidators and determine their fees. The appointment of the liquidators shall be from among the shareholders, or the partners, or others.

In the event that a judgment is issued for the dissolution of the company or its nullity, the court shall set out the method of liquidation, and shall likewise appoint the liquidator and determine his fees.

The work of the liquidator shall not terminate by the death of the partners, or the declaration of their bankruptcy, or their insolvency, or the interdiction imposed upon them, even if he was appointed by them.

Article (140)

The name of the liquidator, and the partners' agreement concerning the method of liquidation, or the judgment issued therewith, shall be published in the Commercial Register and in the Companies Gazette, and the liquidator shall follow up the publication procedures.

Neither the appointment of the liquidator nor the method of liquidation may be invoked against third parties except from the date of publication in the Commercial Register.

Article (141)

The removal of the liquidator shall be in the manner in which he was appointed.

The court may, upon the request of one of the shareholders or partners, and for acceptable reasons, rule for the removal of the liquidator.

Every decision or judgment for the removal of the liquidator must include the appointment of whoever replaces him.

The removal of the liquidator shall be published in the Commercial Register and in the Companies Gazette, and it may not be invoked against third parties except from the date of publication in the Commercial Register.

Article (142)

The liquidator shall, immediately upon his appointment and in agreement with the board of directors or the managers, take inventory of what the company has of assets and what is upon it of obligations. A detailed list thereof, and financial statements, shall be drawn up, signed by the liquidator and the managers or the members of the board of directors.

The board of directors or the managers shall submit their accounts to the liquidator, and shall hand over to him the company's assets, its books, and its documents.

The liquidator shall keep a book for the entry of the works relating to the liquidation, and in keeping this book the provisions of the Commercial Books Law shall be followed.

Article (143)

The liquidator shall carry out all that is necessary for the preservation of the company's assets and its rights.

He shall collect the rights due to the company from third parties. Nevertheless, the partners may not be required to pay the remaining balance of their quotas, unless the liquidation works require that, and on condition of observing equality among them.

The liquidator shall deposit the amounts he collects in one of the banks for the account of the company under liquidation, within twenty-four hours from the time of collection.

Article (144)

The liquidator may not commence new works unless they are necessary for the completion of prior works. If the liquidator carries out new works not required by the liquidation, he shall be liable in respect of all his funds for these works; and if the liquidators are multiple, they shall be jointly and severally liable.

The liquidator may not sell the company's assets as a whole (en bloc) except by permission from the general assembly or the body of partners, as the case may be.

Article (145)

The liquidator shall carry out all the works required by the liquidation, and in particular:

1- The discharge of the debts owed by the company.

2- The sale of the company's property, whether movable or immovable, by public auction or by any other method, unless the document of appointment of the liquidator provides for carrying out the sale by a particular method.

3- Representing the company before the judiciary, and the acceptance of conciliation and arbitration.

Article (146)

If the liquidators are multiple, their dispositions shall not be valid unless they are made with their unanimous agreement, unless otherwise is stipulated in the document of their appointment; and this condition may not be invoked against third parties except from the date of its publication in the Commercial Register.

Article (147)

The company shall be bound by every disposition which the liquidator makes in its name if it is among what the liquidation works require, even if it exceeds the restrictions imposed on the liquidator's authority, or [even if] the liquidator used the company's signature for his own private account - unless the one who contracted with the liquidator was in bad faith.

Article (148)

Every debt arising from the liquidation works shall be paid from the company's assets in priority over the other debts.

Article (149)

The liquidator's fees shall be determined in the document of his appointment; otherwise, the court shall determine them.

Article (150)

The liquidator must complete the liquidation within the period specified therefor in the document of his appointment. If this period is not specified, every partner or shareholder may bring the matter before the court to specify the period within which the liquidation must be completed.

The period specified for the liquidation may be extended by a decision of the general assembly or the body of partners, after perusal of a report from the liquidator, in which he states the reasons that prevented the completion of the liquidation within the period specified therefor. If the period of liquidation is specified by the court, it may not be extended except by permission from it.

Article (151)

Every six months, the liquidator shall submit to the general assembly or the body of partners a provisional account of the liquidation works.

He shall provide the information or data requested by the shareholders or the partners, to the extent that does not cause harm to the interests of the company, and does not result in the delay of the liquidation works.

Article (152)

The liquidator shall submit to the general assembly or the group of partners a final account of the liquidation works, and the liquidation works shall come to an end upon the ratification of the final account. The liquidator shall register the termination of the liquidation in the Commercial Register and in the Companies Gazette; and the termination of the liquidation may not be invoked against third parties except from the date of its registration in the Commercial Register. After the termination of the liquidation, the liquidator shall request the striking-off of the company's registration from the Commercial Register.

Article (153)

The company's books and documents shall be kept for a period of ten years from the date of the striking-off of the company from the Commercial Register, at the office of the Register within whose district the company's principal (head) center is located, unless the general assembly or the body of partners designates another place for the keeping of the books and documents.

Article (154)

The liquidator shall be liable to the company if he mismanaged its affairs during the period of liquidation.

The liquidator shall likewise be liable for compensation for the damage that befalls the shareholders, the partners, or third parties on account of his faults (errors).

Article (154 bis)

Translation note: The supplied Arabic text contains an unresolved repetition in the starting point for the three-year liquidator claim period. The wording below preserves that issue; it must not be used to calculate a limitation period without verifying the legislative text.

Claims (actions) brought by the shareholders or the partners against one another shall not be admissible after the lapse of five years from the date of the conclusion of the liquidation works; likewise, claims brought by third parties against the shareholders or the partners shall not be admissible after the lapse of the same period from the date of the publication (registration) of the conclusion of the liquidation in the Commercial Register.

Claims brought against the liquidator for his commission of a fault in the liquidation works shall not be admissible after the lapse of three years from the date of his commission of the fault, from the date of knowledge thereof, unless this fault arose from fraud (deceit) or misrepresentation (dolus), in which case the right to bring the claim in this situation shall not lapse except after the passage of fifteen years from the date of the conclusion of the liquidation works.

Book Five - Supervision, Inspection, and Penalties

1 - Supervision

Article (155)

The competent administrative authority shall undertake the oversight (monitoring) of the implementation of the provisions stipulated in this Law and its executive regulation.

The technical employees of at least the third grade at this authority and at the other authorities determined by the executive regulation, and who are selected by a decision issued by the competent Minister in agreement with the Minister of Justice, shall have the capacity of judicial officers (judicial-seizure capacity) in establishing (proving) the crimes that occur in violation of the provisions of this Law and its executive regulation.

For this purpose, they shall have the right to peruse (examine) the records, books, and documents at the company's premises or elsewhere; and the managers (directors) of the companies and those responsible for their administration must provide them with the data, extracts, and copies of documents that they request for this purpose.

The competent administrative authority may investigate (examine) any complaint submitted by the shareholders or by others among the persons having an interest (stakeholders) concerning the implementation of the provisions of the Law and its executive regulation.

Article (156)

The employees of the competent administrative authority referred to in the preceding Article shall have the right to attend the general assemblies of the companies upon a special permission from the head of this authority; they shall not have the right to express an opinion or to vote, and their task shall be confined to recording the facts of the meeting and expressing their observations in writing.

The executive regulation shall determine the situations and procedures for the attendance of the delegate of the administrative authority and the manners of rendering (delivering) the observations, and what is to be followed in their regard.

Article (156 bis)

The companies subject to the provisions of this Law shall be obligated to deliver to the Authority annually a copy of their financial statements after their approval (adoption) by the general assembly, together with a data form (model); and the executive regulation of this Law shall organize the means of delivering the financial statements to the Authority and the rules for preparing the form referred to and the data it comprises.

Article (157)

The shareholders shall have the right to peruse (examine) the company's records, and to obtain copies or extracts of its documents, under the conditions and situations determined by the executive regulation.

Every person having an interest may request, at the competent administrative authority, to peruse the documents, records, minutes, and reports relating to the company, and to obtain data therefrom certified by this authority. The request shall be refused if the disclosure of the requested data would be such as to cause damage to the company or to any other body, or a prejudice to a public interest. The executive regulation shall set forth the situations of this and shall determine the fees for perusal or for obtaining the data, provided that the fee does not exceed one hundred Egyptian pounds.

Article (157 bis)

The shareholders or partners owning a proportion of at least (10%) of the company's shares or quotas (equity interests) shall have the right to obtain the information and copies of the documents relating to the contracts of exchange (onerous contracts) or the transactions (deals) that the company concludes with the parties related to it; and if the company refuses that, they may submit a request to the Authority to obtain them, and the decision of the Authority to make them available shall be binding on the company and obligatory to implement.

2 - Inspection

Article (158)

The competent administrative authority, and the partners holding at least 20% of the capital in respect of banks, [and] at least 10% of the capital in respect of the other joint stock companies, may request the inspection of the company with regard to what is attributed to the members of the board of directors, or to the auditors, of grave violations in the performance of their duties as prescribed by the Law or the Statute (articles of association), whenever there exist among the grounds what renders the existence of these violations probable.

The request shall be submitted to the Minister of Economy, and by a decision of his a committee shall be formed to consider the request, in the membership of which an auditor (controller) from the Central Auditing Organization shall participate.

The request must include the evidence from which it is inferred that the applicants have serious grounds justifying the taking of this measure; and the shares owned by the partners must be deposited together with the request submitted by them, and must remain deposited until it (the request) is decided.

The committee, after hearing the statements of the applicants, the members of the board of directors, and the auditors in a secret (in-camera) session, may order the inspection of the company's business and books and may delegate for this purpose one or more experts, provided that it determines the amount that the partners requesting the inspection are required to deposit to the account of the expenses, whenever it sees a necessity calling for the taking of this measure before the convening of the general assembly; and the inspection shall not be carried out except after this amount has been deposited.

The permission for inspection may also include the perusal of any papers or records held by another company related to the company subject to inspection.

Article (159)

The members of the company's board of directors, its employees, and the auditors must give the person charged with the inspection access (allow him to peruse) all the books, documents, and papers relating to the company that they keep, or that they have the right to obtain, and must provide him with the necessary clarifications and information. Whoever abstains from answering what the person charged with the inspection requests in this regard shall be punished with the penalties stipulated in Article (163). The person charged with the inspection may interrogate (examine) any person connected with the company's affairs after the administering of the oath.

Article (160)

Every person charged with the inspection must deposit a detailed report on his mission with the secretariat of the committee within the term specified in the decision, or within one month at most from the deposit of the amount stipulated in item (4) of Article (158).

If it appears to the committee that what the applicants for the inspection attributed to the members of the board of directors or the auditors is not correct, it may order the publication of the report, in whole or in part, or the publication of its result in one of the daily newspapers and order the applicants to bear its costs, without prejudice to their liability for compensation if there is occasion for it.

If the committee ascertains the correctness of the violations attributed to the members of the board of directors or the auditors, it shall order the taking of the urgent measures, and the immediate convocation of the general assembly; the meeting of the assembly in this case shall be chaired by the head of the competent administrative authority, or one of the employees of this authority chosen by the committee.

The company - in this case - shall bear the costs and expenses of the inspection, and it shall have [the right] to have recourse against the person who caused the violation for the value of these costs and expenses, in addition to the compensations.

The general assembly may decide to dismiss the members of the board of directors and to bring the liability action against them; and its decision shall be valid whenever it is approved by the partners holding half of the capital, after there has been excluded therefrom the share of the one whose dismissal is under consideration among the members of this board. The assembly may likewise decide to change the auditors, and to bring the liability action against them.

The dismissed members of the board of directors may not be re-elected before the lapse of five years from the date of issuance of the decision concerning their dismissal.

Article (160 bis)

By a decision of the competent Minister, one or more committees shall be established to consider the grievances (complaints) against the administrative decisions issued by the Authority in application of the provisions of this Law and its executive regulation. The committee shall be formed under the chairmanship of one of the vice-presidents of the Council of State (Majlis al-Dawla) and the membership of two members of the Council of State of at least the grade of counselor (mustashar), selected by the Special Council for Administrative Affairs of the Council of State, and two other members, one of them from persons of expertise and the other from among the occupants of top-management-level positions at the Authority, both selected by the competent Minister.

The grievances shall be submitted to the committee within fifteen days from the date of notification of the aggrieved person, or of his knowledge, of the decision grieved against; and the committee shall have the right to communicate with the persons concerned and the relevant administrative authorities and to request the submission of the clarifications and documents that it deems necessary for the deciding of the grievance, and it may seek the assistance of whomever it sees fit to seek assistance from among persons of expertise from the various administrative authorities.

The committee shall issue its decision within sixty days from the date of submission of the grievance, and its decision in this regard shall be final and binding on the Authority.

The committee shall have a technical secretariat whose formation and rules of work shall be issued by a decision of the competent Minister.

The executive regulation of this Law shall set forth the procedures of notification, of grievance, and of deciding thereon, and the organization of the committee's work and the place of its convening.

3 - Penalties

Article (161)

Without prejudice to the right to claim compensation where appropriate, there shall be null and void every disposition, dealing, or decision that is issued in violation of the mandatory (peremptory) rules in this Law, or that is issued by the boards of directors of the joint stock companies or their general assemblies constituted in violation of its provisions, and that in a manner not prejudicing the right of a bona fide third party; and the competent court may set a period not exceeding six months to correct the nullity if that is possible.

In the case of a multiplicity of those to whom the cause of the nullity is attributable, they shall be jointly (in solidum) liable among themselves.

The persons concerned may not bring the action of nullity after the lapse of three years from the date of their knowledge of the violating decision, unless this decision arose from fraud or misrepresentation, in which case the right to bring the action in this situation shall not lapse except by the passage of fifteen years from the date of issuance of the decision.

Article (162)

Without prejudice to the more severe penalties stipulated in other laws, there shall be punished with imprisonment for a period of not less than two years and with a fine of not less than two thousand pounds and not exceeding ten thousand pounds - which the violator shall bear personally - or with one of these two penalties:

1- Whoever deliberately establishes (states), in the prospectuses for the issuance of shares or bonds (debentures), false data or data contrary to the provisions of this Law or its executive regulation, and everyone who signs those prospectuses in implementation of these provisions.

2- Every founder who includes in the contract of a limited liability company false acknowledgments (declarations) relating to the distribution of the quotas of the capital among the partners or to the payment of their full value, with his knowledge thereof.

3- Everyone of the partners who, by way of misrepresentation (fraud), values (assesses) in-kind quotas at more than their real value.

4- Every founder or manager who directed the invitation to the public to subscribe in securities, of whatever kinds, for the account of a limited liability company, and everyone who offered these papers (securities) for subscription for the account of the company.

5- Every member of a board of directors who distributed profits or interest (returns) in violation of the provisions of this Law or the company's statute, and every auditor who certified this distribution.

6- Every auditor and everyone who works in his office who deliberately made (placed) a false report on the result of his review, or deliberately concealed material facts, or deliberately omitted these facts in the report submitted to the general assembly in accordance with the provisions of this Law.

7- Every public employee who divulged a secret that came to him by virtue of his work, or deliberately established (stated) in his reports incorrect facts, or deliberately omitted in these reports facts affecting its result.

8- Everyone who forged in the company's records, or deliberately established (stated) therein incorrect facts, or prepared or presented to the general assembly reports that comprised false or incorrect data of a nature to influence the decisions of the assembly.

Article (163)

Without prejudice to the more severe penalties stipulated in other laws, there shall be punished with a fine of not less than two thousand pounds and not exceeding ten thousand pounds, which the violator shall bear personally:

1- Whoever disposes of founders' quotas (founding shares) or shares in violation of the rules prescribed in this Law.

2- Whoever is appointed as a member of the board of directors of a joint stock company, or as a managing (delegated) member for its administration, or continues to enjoy its membership, or is appointed as an auditor therein, in violation of the prohibition provisions prescribed in this Law, and every member delegated for the administration in a company in which one of these violations occurs.

3- Every member of a board of directors who fails to submit the shares that are allocated to guarantee his administration in the manner prescribed in this Law within sixty days from the date of his being notified of the appointment decision. Likewise, everyone who fails to submit the acknowledgments (declarations) he is obligated to submit, or gives false data, or deliberately omits data among the data that the board of directors is obligated to prepare the report concerning; and likewise, every member of a board of directors who establishes (states) in the company's reports incorrect data, or deliberately omits its data.

4- Whoever violates the provisions prescribed concerning the proportion of Egyptians in the boards of directors of the companies, or their proportion among the workers (employees) or the wages.

5- Whoever violates any provision of the mandatory (peremptory) provisions in this Law.

6- Whoever deliberately abstains from enabling the auditors or the employees of the competent administrative authority who are delegated to peruse (examine) the books and papers that they have the right to peruse in accordance with the provisions of the Law.

7- Whoever, among the members of the board of directors, deliberately causes the obstruction (disruption) of the convocation of the general assembly.

Article (164)

In the case of recidivism (repetition), or of abstention from removing the violation in respect of which a final judgment of conviction has been issued, the fines stipulated in the two preceding Articles shall be doubled in their minimum and maximum limits.

Article (164 bis)

The competent Minister may reconcile (settle) with the accused in the crimes stipulated in Article (163) of this Law at any stage of the criminal action (proceedings), against the payment of an amount of not less than twice the value of the minimum limit of the prescribed fine and according to the gravity of the violation; and reconciliation shall entail the extinction of the criminal action with respect to the crime concerning which the reconciliation was effected, and the Public Prosecution shall order the suspension of the execution of the penalty if the reconciliation occurred during the execution of the penalty, even if that is after the judgment has become final (irrevocable).

Book Six - Branches and Representative Offices of Foreign Companies in Egypt

1 - Branches of Foreign Companies and What Is Deemed in Their Standing

Article (165)

The provisions of this Book shall apply to the foreign companies that do not take in Egypt a center for their administration or the center of their principal activity, and that have in Egypt a center for the carrying on of business (works), whether this center is a branch, an industrial house (establishment), an administration office, or otherwise.

The agencies through which these companies conduct their business (administration) in Egypt shall have the ruling (status) of the branches, houses, or offices referred to, and that in any of the following cases:

(a) If the foreign companies conduct their business (administration) through them themselves, or entrust their administration to their employees (servants).

(b) If the agent has the authority to conclude contracts on behalf of the company.

(c) If under the hand of the agent there are goods or products of the company that he disposes of in accordance with the orders of the company and in implementation of its contracts.

Commercial agents shall not be considered - other than in the preceding cases - branches of the foreign companies.

Article (166)

The foreign companies that have a center for the carrying on of business in Egypt must follow the prescribed commercial-registration procedures, and they must notify the authorities determined by the executive regulation of the data, and submit the papers determined by that regulation.

It is required that the branches of the foreign companies have an auditor, under the conditions and situations set forth by the executive regulation.

Article (167)

The foreign companies that have a center for the carrying on of business in Egypt may not appoint as manager (director) of the branch, the industrial house, the administration office, or otherwise, persons in respect of whom the conditions set out in Articles 89, 177, 178, 179, [and] 180 of this Law are not fulfilled.

Article (168)

The contracts or dispositions that the local manager (director) of the branch of the foreign company, or the person of like status, concludes shall take effect upon (bind) that company, so long as that contract or disposition was within the limits of the usual works for conducting the affairs of the branch.

There shall not benefit from this ruling anyone who actually knew, or was able to know by reason of his position vis-a-vis the company or his relationship with it, that the local manager has no competence to carry out such a disposition or contract.

Article (169)

The executive regulation shall determine the situations of the submission, by the branches of the foreign companies or the [entities] of like status, of their balance sheets (budgets) to the competent administrative authority, and the papers and documents that must be attached to the financial statements.

Article (170)

The branches of the foreign companies and the [entities] of like status shall be bound by the provisions concerning the workers (employees) set out in Articles 174, 175, [and] 176 of this Law.

The workers at these branches shall have a share in the profits in the manner determined by the executive regulation in accordance with the text of Article 41 of this Law.

Article (171)

The executive regulation shall determine the situations of the announcement (advertising), by the branches of the foreign companies and the [entities] of like status, of the name of the foreign company and all the other data relating thereto.

Article (172)

The executive regulation shall set forth the provisions that apply to the branches of the foreign companies and the [entities] of like status in the case of the liquidation of the foreign companies, or the cessation of the branch's exercise of its activity in Egypt.

2 - Representative Offices and What Is Deemed in Their Standing

Article (173)

The foreign companies may establish in Egypt representation, liaison (contact), or services offices, or technical or scientific offices and others, whose objective is confined to the study of the markets and the possibilities of production, without practicing any commercial activity, including the activity of the commercial agents. A special register shall be created for the registration of these offices at the competent administrative authority, and the registration in the register, as well as the striking-off therefrom, shall be [effected] in accordance with the conditions and situations determined by the executive regulation.

The executive regulation shall likewise determine the registration fees, in a manner not exceeding one thousand pounds, as well as the aspects of oversight (control) that the competent administrative authority exercises over those offices.

Book Seven - Concluding (Final) Provisions

1 - Provisions Special to the Company's Workers (Employees)

Article (174)

The number of the Egyptians employed in Egypt among the workers at the companies subject to the provisions of this Law must not be less than 90% of the total of the workers thereat, and what they receive of wages must not be less than 80% of the total of the wages of the workers that the company pays.

Article (175)

The number of the technical and administrative workers who are Egyptians in the joint stock companies that operate in Egypt must not be less than 75% of the total of the workers thereat, and the total of what they receive of wages and salaries must not be less than 70% of the total of the wages and salaries that the company pays to the said categories of workers.

The provision of the first paragraph shall apply to partnerships limited by shares, limited liability companies, and single-person companies if their capital exceeds fifty thousand pounds.

Article (176)

By way of exception from the provisions of the two preceding Articles, the competent Minister may permit the employment of foreign workers, or foreign consultants or specialists, in the case of the impossibility of finding Egyptians, and that for the period he determines; these [persons] shall not enter into the calculation of the prescribed proportions.

The competent Minister, or the person he authorizes, shall decide upon the requests submitted by the persons concerned in the cases in which the exception is desired, within two months from the date of their submission; and the absence of a reply to the request shall be regarded as tantamount to acceptance of the exception for a period of one year or for the period specified in the request, whichever is shorter.

2 - Restrictions Special to State Workers (Employees) and Members of the Representative Body (Parliament)

Article (177)

No person may combine any work (office) in the Government, the public sector, or any public body with the membership of the board of directors in one of the joint stock companies, or participation in its founding, or occupying himself in an incidental capacity with any work or with consultancy therein, whether that be for a wage or without a wage, unless he is a representative of these bodies.

By way of exception from the provision of the preceding paragraph and from the other prohibiting provisions in the special laws, a person may be licensed to participate in the founding of one of the joint stock companies or in consultancy works therein, and that by a special permission from the competent Minister to whom the person is subordinate; likewise, he may undertake the other works referred to in the preceding paragraph, provided that this does not result in his assuming the chairmanship of the board of directors or the performance of the works of the managing (delegated) member, and that by a special permission from the President of the Council of Ministers.

In all cases, the permission shall not be issued except after examination of the matter and ascertainment of the absence of connection of the person's office (function) with the company's work or influence therein, and provided that the license does not conflict with the duties of the office and the good performance thereof.

Article (178)

There may not - without a special permission from the President of the Council of Ministers - for the Minister, or for any of the workers occupying top-management positions, before the lapse of three years from his leaving the Ministry or the office, work as a manager (director) or a member of a board of directors, or occupy himself in a permanent capacity with any technical, administrative, or consultative work, in a joint stock company for which the Government secures special advantages by way of the subsidies or the guarantee, or which is linked with the Government or the local-government units by a contract of monopoly (concession), or a contract of the public works, or a contract of concession (iltizam) of a public utility, or a contract for the exploitation of a source of mineral or natural wealth.

There shall be considered null and void every act (work) that violates the provision of this Article, and the violator shall be required to pay the remunerations (bonuses) and salaries that he received from the company to the State treasury.

Article (179)

A member of the People's Assembly or the Shura Council may not be appointed to the board of directors of a joint stock company during his membership, unless he is one of its founders, or is the owner of at least ten percent of the shares of the company's capital, or had previously occupied the membership of its board of directors before his election.

There shall be null and void every act that violates the provision of this Article, and the violator shall be required to pay what he may have received from the company to the State treasury.

Article (180)

A member of one of the local popular councils, in his personal capacity or in his capacity as a deputy (agent) for others, may not work as a manager or a member of a board of directors, or occupy himself, even in an incidental capacity, with any work or with consultancy, in a joint stock company that exploits one of the public utilities located within the district of competence of the council of which he is a member, or that is linked with the popular or local council by a contract of monopoly (concession), or a contract of the public works.

There shall be null and void every act that violates the provision of this Article, and the violator shall be required to pay what he may have received from the company to the State treasury.

3 - Miscellaneous Provisions and Transitional Provisions

Article (181)

The Government must have at least two representatives on the board of directors of the joint stock company for which a minimum of profits is secured (guaranteed).

The appointment of these representatives shall be issued by a decision of the President of the Council of Ministers upon the proposal of the competent Minister.

Article (182)

Context note: This is a transitional provision tied to commencement of the Law, not an annual or newly recurring filing deadline.

The joint stock companies, the partnerships limited by shares, and the limited liability companies shall amend their statutes or their contracts of foundation in a manner that accords with the provisions of this Law and its executive regulation and the model statutes and contracts established in this regard, and that within a period of a maximum of one year from the date of the coming into force of this Law.

The amendment shall be [effected] in accordance with the procedures stipulated in this Law and its executive regulation, and the competent administrative authority shall undertake to present these amendments to the committee stipulated in Article (18) for the taking of what it deems [appropriate] in their regard.

The executive regulation shall determine the procedures for implementing these situations, and no fees shall be due on the occasion of the amendments referred to.

Article (183)

[Repealed.] (repealed by Article 2 of the Issuance [Provisions] of Law No. 230 of 1989 concerning the issuance of the Investment Law)

Article (184)

Context note: This is a transitional period tied to commencement of the Law.

The branches of the foreign companies and the [entities] of like status, and the representation, liaison, or other offices, must bring their situations into conformity in accordance with the provisions of this Law within three months from the date of the coming into force thereof.

Discuss your company’s compliance requirements

Contact Consortio Law Firm at info@consortiolawfirm.com to discuss how these provisions apply to your company.