

**Meydan Free Zone Companies Regulations  
No. (1) of 2009 as Restated in [ ] 2013**

**PART 1: PRELIMINARY**

**1.1 Title**

1.1.1 These Regulations are to be referred to as the Meydan Free Zone Companies Regulations No. (1) of 2009.

**1.2 Commencement**

1.2.1 These Regulations come into force on the date of their issuance by the Corporation and shall have retrospective effect from [*please add date which appears in the first version of these regulations* ]

**1.3 Purpose**

1.3.1 The purpose of these Regulations is to provide for regulatory framework under which companies can be registered and operated in the Zone.

**1.4 Amendment of these Regulations**

1.4.1 These Regulations may, from time to time, be amended by the Corporation.

**1.5 Administration of these Regulations**

1.5.1 The Corporation is responsible for administering these Regulations.

1.5.2 The Corporation may issue rules and regulations, standards, policies or decisions for purposes of implementing these Regulations.

**PART 2: INTERPRETATION & SCOPE**

**2.1 Interpretation**

2.1.1 Schedule 1 contains the interpretative provisions which apply to these Regulations.

## **2.2 Scope**

2.2.1 These Regulations apply to all Companies registered under it, branches of such Companies and Branches.

## **PART 3: REGISTRAR**

3.1 The Corporation shall appoint a Registrar with such powers and duties as conferred or imposed upon him by the Corporation.

## **PART 4 : INCORPORATION OF COMPANY**

### **4.1 Formation of a Company**

4.1.1 Any one or more persons and no more than fifty (50), by subscribing their names to a Memorandum of Association and otherwise complying with the requirements of these Regulations may apply to form a Company with limited liability.

4.1.2 The liability of such Company's Shareholders will be limited by the Memorandum of Association to the amount, if any, unpaid on the Shares held by them.

4.1.3 A Company shall be considered formed only if and when its name is entered in the Register of Companies.

4.1.4 A Company formed under these Regulations will have UAE nationality, but this does not necessarily lead to the Company being entitled to privileges reserved for UAE nationals.

### **4.2 Registration of a Company**

4.2.1. No Company shall be registered without the approval of the Corporation which approval, subject to these Regulations, shall be granted in its absolute discretion.

4.2.2 Subject to such other rules or regulations of the Corporation as may be issued from time to time, and to any waiver which the Corporation may exercise from time to time, an application for approval under Regulation 4.2.1 shall:

(a) be made to the Corporation in such form and manner, and supported by such documents, as the Corporation may require from time to time;

(b) include details of the first Directors;

(c) include the constitutive documents in case the founder (or one of them) of the proposed company in the Zone is a corporate entity;

(d) meet the Company share capital requirements as determined by the Corporation under Regulation 5.1.1;

(e) include payment of the relevant registration fee as determined by the Corporation; and

(f) include such other documents or information as the Corporation may in its absolute discretion require.

### **4.3 Certificate of Registration**

4.3.1 Upon approval of the application to form a Company, the Registrar will issue a certificate evidencing registration of the Company.

4.3.2 No defect in the formalities leading up to the incorporation of a Company shall affect the validity of its incorporation and the certificate of registration shall be conclusive evidence of the due incorporation of the Company and the date of its incorporation.

4.3.3 The Corporation may refuse to grant its consent for the registration of a Company and it shall not be bound to provide any reason for its refusal and its decision shall not be subject to any judicial or arbitral review.

4.3.4 From the date of the registration of a Company by the Registrar the subscribers to the Memorandum of Association, together with such other persons as may from time to time become Shareholders of the Company, shall be a body corporate by the name contained in the Memorandum of Association, capable forthwith of exercising all the functions of an incorporated Company, and having perpetual succession but with such limited liability on the part of the Shareholders to contribute to the assets of the Company in the event of its being wound up as is mentioned in these Regulation 4.1.2.

### **4.4 Requirement to be Licensed**

4.4.1 No Company may commence any business activity in the Zone without obtaining the applicable License.

### **4.5 Memorandum of Association**

4.5.1 The Memorandum of Association of every Company shall be in English or if written in any other language than English, accompanied by a certified English translation. Notwithstanding the above the Corporation may in its sole discretion permit, on an application made to it in this behalf and subject to conditions if any, a Company to have its Memorandum of Association in the Arabic language.

4.5.2 Unless otherwise approved by the Corporation in writing, the Memorandum of Association of a Company shall be in the standard form prescribed by the Corporation from time to time.

4.5.3 The Memorandum of Association of every Company shall be signed by each person who agrees to subscribe their names to the Memorandum of Association.

#### **4.6 Articles of Association of Association**

4.6.1 Subject to these Regulations, every Company shall be regulated by its Articles of Association.

4.6.2 The Company's Articles of Association shall be in English or if written in any other language than English, accompanied by a certified English translation. Notwithstanding the above the Corporation may in its sole discretion permit, on an application made to it in this behalf and subject to conditions if any, a Company to have its Articles of Association in the Arabic language.

4.6.3 Unless otherwise approved by the Corporation in writing, the Articles of Association of a Company shall be in the standard form prescribed from time to time by the Corporation.

4.6.4 The persons subscribing their names to the Memorandum of Association of a Company shall likewise subscribe their names to the Articles of Association.

#### **4.7 Procedure for alteration of Memorandum and Articles of Association**

4.7.1 A Company may, by a Special Resolution passed at a general meeting of Shareholders, amend the provisions of its Memorandum of Association or Articles of Association, however, the amendment shall only take effect if and when the same has been approved by the Registrar subject to such conditions and fee as may be prescribed by the Corporation for this purpose from time to time.

#### **4.8 Register of Companies**

4.8.1 The Corporation shall maintain the Register of Companies which will also contain particulars of Shareholders of the Company including but not limited to their Shareholding in the Company in such form as it may determine.

#### **4.9 Effect of Memorandum of Association and Articles of Association**

4.9.1 Subject to these Regulations, the Memorandum of Association and the Articles of Association when registered, shall bind the Company and the Shareholders thereof to the same extent as if they respectively had been signed by each Shareholder and contained

covenants on the part of each Shareholder to observe all the provisions of the Memorandum of Association and Articles of Association;

#### **4.10 Increasing Liability to Contribute**

4.10.1 Notwithstanding anything in the Memorandum of Association or Articles of Association of a Company, no Shareholder of the Company shall be bound by an alteration made in the Memorandum of Association or Articles of Association after the date on which he became a Shareholder, if and so far as the alteration requires that Shareholder to:

- (a) take or subscribe for more Shares than the number held by that Shareholder at the date on which the alteration is made; or
- (b) in any way increases the liability of such Shareholder as at that date to contribute to the issued share capital of the Company; or
- (c) otherwise to pay money to the Company provided that this Regulation 4.10.1 shall not apply where the Shareholder agrees in writing, either before or after the alteration is made, to be bound thereby.

#### **4.11 Copies of Memorandum of Association and Articles of Association**

4.11.1 The Corporation will, on being so requested by a Shareholder in writing in the form prescribed, send such Shareholder a copy including all alterations to the Memorandum of Association or Articles of Association of the Company subject to the payment by the Shareholder of the fee prescribed for this from time to time..

#### **4.12 Undesirable Names**

4.12.1 No Company shall be registered with a name which in the opinion of the Corporation is undesirable.

4.12.2 Without prejudice to the generality of Regulation 4.12.1 no Company shall, except with the express approval of the Corporation, be permitted to be registered with a name which:

- (a) is identical to the name by which another Company is registered or incorporated under these Regulations, or so nearly resembles that name as to be likely to deceive a third party dealing with it, unless that such other Company signifies its consent in such manner as the Corporation may require; or
- (b) contains words which in the opinion of the Corporation suggest or are likely to suggest the patronage of prominent local persons with no real connection, or connection with any government or its agencies whether in the Zone, the UAE. or elsewhere; or

(c) contains the word "Dubai", "Emirates", "U.A.E.", "Meydan", "municipal" or "chartered"; or

(d) any other name which the Corporation shall from time to time prescribe, in its sole opinion, as being "sensitive"; or

(e) the use of a word would constitute a violation of any Laws applicable to intellectual property rights; or

(f) specifies words or expressions for which approval is required from the Corporation for use by a Licensee in the Zone.

4.12.3 If, through inadvertence or otherwise, a Company on its first registration with a new name is registered with a name which in the opinion of the Corporation closely resembles the name by which a Company in existence is already registered or a name in respect of which the Laws applicable to intellectual property rights afford prior protection, the first mentioned Company shall, with the approval of the Corporation, change its name.

#### **4.13 Change of Name**

4.13.1 Subject to Regulations 4.12.1 and 4.12.2, a Company may by a Special Resolution change its name if the Corporation has, on application, approved in writing the proposed name.

4.13.2 When a Company has passed special resolution for a Company's change of name, it shall, within fourteen (14) days of the passing of special resolution, with Registrar's approval, give notice of the said resolution by advertisement in a newspaper prescribed by the Registrar.

4.13.3 The Registrar shall, on receipt of a certified copy of the special resolution referred to in Regulation 4.13.1 and evidence of notice referred to in Regulation 4.13.2 together with such fees as may be prescribed from time to time:

(a) enter the new name on the Register of Companies in place of the former name; and

(b) enter on the Register of Companies the effective date of the change of name which shall be the date of entry of the new name on the said register; and

(c) issue a new registration certificate evidencing the change of name.

4.13.4 The change of name of a Company shall not affect any rights or obligations of the Company, or render defective any legal proceedings by or against it, and any legal

proceedings that might have been continued or commenced against it in its former name may be continued or commenced against it in its new name.

#### **4.14 Contracts by a Company**

4.14.1. Contracts on behalf of a Company may be made in writing or other form by any person acting under its authority, express or implied.

4.14.2 A contract made according to this Regulation shall be effectual in Law and shall bind the Company and its successors and all other parties thereto.

4.14.3 A contract made according to this Regulation may be varied or discharged in the same manner in which it is authorised by this Regulation to be made.

4.14.4 Where a contract purports to be made by a Company or by a person on its behalf before its registration, then subject to any agreement to the contrary, the contract shall have effect as a contract entered into by the person so acting for the Company and such person shall be personally liable on the contract accordingly unless the said contract is adopted subsequently by the Company. Upon such adoption the person purporting to act on Company's behalf will be discharged.

4.14.5 A bill of exchange or promissory note shall be deemed to have been made, accepted or endorsed on behalf of a Company if made, accepted or endorsed in the name of, or by or on behalf or on account of the Company by any person acting under its authority and if so endorsed the person signing the endorsement shall not be liable thereon.

#### **4.15 Execution of Instruments Abroad**

4.15.1 A Company may empower any person in writing, either generally or in respect of any specified matters, as its agent, to execute documents, agreements, deeds or others similar on its behalf in any place whether within or outside the Zone.

4.15.2 A document, agreement, deed or other similar instrument signed by such an agent on behalf of the Company shall bind the Company and have the same effect as if it had been executed by the Company itself.

#### **4.16 Authentication of Documents**

4.16.1 A Document or proceeding requiring authentication by a Company may be signed by a Director, secretary, if any, or other Officer of the Company authorised on its behalf.

### **PART 5:**

## **SHARE CAPITAL, SHARE TRANSFER AND DIVIDENDS**

### **5.1 Company Share Capital Requirements**

5.1.1 The minimum issued share capital of a Company shall be such sum as the Corporation may determine from time to time.

5.1.2 The share capital of a Company shall be of one class of Shares, with all Shares being of an equal value, and all Shares holding the same rights as to voting, dividends, redemptions and distributions.

5.1.3 Subject to the approval of the Corporation, share capital of a Company may be divided into several classes or otherwise subdivided into any other form of rights to, or interests in, shares, or in a form not carrying any voting rights.

5.1.4 Unless the Corporation shall otherwise specifically approve, all capital of a Company shall be subscribed in cash only.

### **5.2 Commissions etc**

5.2.1 Except as provided by these Regulations, or any rules or regulations the Corporation may issue in future, it shall only be lawful for a Company to pay reasonable commission (within any limits from time to time that may be established by the Corporation) to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in the Company.

### **5.3 Shares at Premium**

5.3.1 Shares may be issued at a premium (i.e. for a price greater than their nominal value).

5.3.2 Where a Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those Shares shall be transferred to a share premium account.

5.3.3 Subject to these Regulations, the Share premium account may be applied by the Company as it deems appropriate.

### **5.4 Power to Issue Shares**

5.4.1 Subject to these Regulations and without prejudice to any rights attached to any existing Shares, any Share may be issued with such rights or restrictions as provided for in a Company's Articles of Association or as agreed by the Shareholders in a Special Resolution.

### **5.5 Power of Company to Alter its Share capital**

5.5.1 Subject to provisions in these Regulations, a Company, if authorised by an Ordinary Resolution and by its Articles of Association, may increase its issued share capital by issuing new Shares of such amount as it thinks expedient.

5.5.2 A Company may not without the consent of the Registrar create a share capital denominated in a currency other than AED.

## **5.6 Reduction of Issued Share Capital**

5.6.1 A Company, if authorised by a Special Resolution may, subject to any order made by the Corporation under Regulation 4.2, and to its Memorandum of Association and Articles of Association, on such terms as it may decide, reduce its issued share capital in any way, and in particular, without prejudice to the generality of the foregoing power, by:

(a) either with or without extinguishing or reducing liability on any of its Shares cancel any paid up capital that is lost or underrepresented by available assets; or

(b) either with or without extinguishing or reducing liability of any of its Shares and either with or without reducing the number of such Shares pay off any capital that is in excess of the requirements of the Company.

5.6.2 No Company shall reduce the amount of its issued share capital by virtue of Regulation 5.6.1 unless on the date from which the reduction is to have effect a letter addressed to the Registrar shall be signed by all the Directors of the Company declaring either that on that date the Company is solvent or that all the creditors of the Company on that date have expressed in writing their concurrence in the reduction.

5.6.3 Where a Company reduces the amount of its issued share capital then within fourteen (14) days after the date from which the reduction has effect the Company shall file a Memorandum of Association, with a copy of the letter referred to in Regulation 5.6.2 annexed thereto, with the Corporation stating that this Regulation 5.6 has been duly complied with.

## **5.7 Transfer of Shares**

5.7.1 Subject to such other rules or regulations as may be made by the Corporation, the Shares or other interests of any Shareholder in a Company shall be personal estate, transferable in a manner provided by the Articles of Association of the Company and subject only to the restrictions provided therein.

5.7.2 Notwithstanding anything in the Articles of Association of a Company, it shall not be lawful for the Company to register a transfer of Shares in the Company unless a proper instrument of transfer has been delivered to the Company and the Share transfer shall have been accepted for registration by the Registrar.

5.7.3 Nothing in this Regulation shall prejudice any power of the Company to register as

Shareholder any person to whom the right to any Shares of the Company has been transmitted by operation of Law.

5.7.4 Any person becoming entitled by operation of law or otherwise to a Share or Shares in consequence of the death, incompetence or bankruptcy of any Shareholder may be registered in the Register of Shareholders as a Shareholder upon such evidence being produced as may reasonably be required by the Board. An application by any such person to be registered as a Shareholder for all purposes shall be deemed to be a transfer of shares of the deceased, incompetent or bankrupt Shareholder and the Directors shall treat it as such.

5.7.5 Subject to the provisions of the laws in place in the UAE and the Meydan Free Zone, any person who has become entitled to a Share or Shares in consequence of the death, incompetence or bankruptcy of any Shareholder may, instead of being registered himself, request in writing that some person to be named by him be registered as a transferee of such share or shares and such request shall be treated as if it were a transfer.

5.7.6 Subject to such other regulations as may be made by the Corporation, a pledge over the Shares or other interests of any Shareholder in a Company may be created pursuant to the provisions of the Laws.

## **5.8 No Bearer Shares**

5.8.1 It shall not be lawful for any Company to issue bearer shares.

## **5.9 Dividends and related matters**

5.9.1 A Company shall not declare or pay a dividend if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its share capital and share premium accounts.

## **PART 6 : MANAGEMENT AND ADMINISTRATION**

### **6.1 Registered Office of a Company**

6.1.1 Except as permitted otherwise by the Corporation, a Company shall at all times have a registered office in the Zone to which all communications and notices may be addressed.

### **6.2 Service to Company**

6.2.1 A document served in relation to any matter under these Regulations may be served on a Company by leaving it at the registered office of the Company in the Zone.

### **6.3 Proclamation of Name and Registered Office of Company**

6.3.1 Every Company shall have its name and registered office mentioned in legible characters in all business letters of the Company and in all notices and other official publications of the Company, and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Company, and in all invoices, receipts and letters of credit of the Company.

6.3.2 If default is made in complying with Regulation 6.3.1 the Company may be required to pay a penalty of a maximum of AED 15,000 to be paid to the Registrar.

### **6.4 Commencement of Business**

6.4.1 No Company shall commence or carry on business unless and until it has been authorised to do so by the Corporation.

6.4.2 If default is made in complying with Regulation 6.4.1 the Company may be required to pay a penalty of a maximum of AED 15,000 to be paid to the Registrar.

### **6.5 Power of the Corporation to Rectify Register of Companies**

6.5.1 The person aggrieved in the situations outlined in this Regulation, or any Shareholder of the Company, may apply to the Registrar for rectification of the Register of Companies maintained by the Corporation when:

- (a) the name of any person is, without sufficient cause, entered in or removed from the Register of Companies;
- (b) default is made or unnecessary delay takes place in entering on the Register the fact of any person having ceased to be a Shareholder; or
- (c) any other error or mistake concerning a Company is apparent on the Register of Companies.

6.5.2 Where an application is made under this Regulation, the Registrar may either refuse the application or may rectify the Register of Companies. On an application under this Regulation the Registrar may decide any question relating to the title of any person who is a party to the application to have his name entered in or removed from the Register of Companies, whether the question arises between Shareholders or alleged Shareholders, or between Shareholders or alleged Shareholders on the one hand and the Company on the other hand, and generally may decide any question necessary or expedient to be decided for rectification of said register.

## **6.6 Register to be Evidence**

6.6.1 The Register of Companies shall be prima facie evidence of any matters by these Regulations directed or authorised to be inserted therein.

## **6.7 First Directors**

6.7.1 The persons who are mentioned as such in the Articles of Association of the Company shall be the first Directors of the Company who shall continue to hold office till the first general meeting of the Company under Regulation 6.8.1.

## **6.8 First Meeting of Shareholders to confirm Directors**

6.8.1 Unless the Memorandum of Association or Articles of Association of the Company provide otherwise, the first Directors as mentioned in Regulation 6.7.1 shall convene the first general meeting of the Company within three (3) months of its registration under Regulation 4.3.1

6.8.2 The first Directors mentioned in Regulation 6.7.1 shall be deemed to resign on the First Meeting and an election of Directors in terms Regulation 6.30.1 will be due. Provided if there is no new candidate for the office of Director and the first Directors mentioned in Regulation 6.7.1 wish to continue as Directors they shall then continue as Directors of the Company till the next annual general meeting of the Company.

6.8.2 At least seven (7) days' notice in writing of the First Meeting shall be given to each Shareholder of the Company unless the Shareholders unanimously agree to waive such notice; the notice shall specify the place, date and hour at which the meeting is intended to be held and, shall state that at the meeting the Shareholders present or represented by proxy will elect the Directors.

6.8.3 The quorum for a meeting called under this Regulation 6.8.1 shall be a majority of the Shareholders of the Company, present in person or by proxy.

6.8.4 A meeting called under Regulation 6.8.1 shall be deemed to be the annual general meeting, as stipulated in Regulation 6.9.1, for the year in which it is convened.

## **6.9 General Meetings**

6.9.1 A meeting of Shareholders of a Company shall be convened at least once in every calendar year. This meeting shall be referred to as the “annual general meeting”. The exception to this is where the Company only has one Shareholder, in which case a resolution signed by or on behalf of such Shareholder by his duly appointed

representative shall serve in place of any requirement to hold or determine any matter at a general meeting.

6.9.2 The Directors may, whenever they think fit, convene a general meeting. All meetings other than annual general meetings shall be called “special general meetings.”

6.9.3 Notice of all general meetings shall specify the place, the day and hour of the meeting, and, in case of special general meetings, the general nature of the business to be considered.

6.9.4 The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any persons entitled to receive notice shall not invalidate the proceedings of the meeting.

### **6.10 Failure to hold Annual General Meeting**

6.10.1 If default is made in calling or holding an annual general meeting in accordance with Regulation 6.9.1 the Directors shall use their best endeavours to call or hold the meeting at the earliest practicable date failing which the Company may be required to pay a penalty of a maximum of AED 15,000.

### **6.11 Un-discharged Bankrupt**

6.11.1 No un-discharged bankrupt in any country may act as Director of, or directly or indirectly take part in or be concerned in the management of, any Company except with the leave of the Registrar.

### **6.12 Convening of Special General Meeting on Requisition**

6.12.1 The Directors of a Company, notwithstanding anything in its Articles of Association, shall on the requisition of Shareholders of the Company, holding at the date of deposit of the requisition more than ten percent (10%) of such of the paid-up capital of the Company which, as at the date of the deposit, carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

6.12.2 The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

6.12.3 If the Directors do not, within twenty-one (21) days from the date of the deposit of the requisition proceed to convene a special general meeting the requisitionists, or any of them representing more than ten percent (10%) of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of one (1) month from the said date (twenty one (21) days).

6.12.4 In case of default by the Board to lay the financial statements before the Company as provided in Regulation 6.25.1 or on an adjourned meeting under Regulation 6.26.4, any one Shareholder shall be entitled to requisition a general meeting for this purpose.

6.12.5 Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such Directors as were in default.

### **6.13 Notice for Calling Meetings**

6.13.1 An annual general meeting and a special general meeting called for the passing of a special resolution may be called by not less than fourteen (14) and seven (7) days notice in writing respectively.

6.13.2 All other special general meetings shall be called by not less than seven (7) days notice in writing.

6.13.3 The notice given under Regulations 6.13.1 and 6.13.2 shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of the meeting, and, in the case of a special general meeting, the general nature of the business to be considered.

6.13.4 A meeting of a Company shall, notwithstanding that it is called by shorter notice than that specified in Regulations 6.13.1 and 6.13.2 be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the annual general meeting, by all the Shareholders entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95%) in nominal value of the Shares giving a right to attend and vote at the meeting.

### **6.14 Form of Meeting**

6.14.1. Unless the Articles of Association otherwise provide, a meeting of Directors or of a committee of Directors or of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously, and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

### **6.15 Power of the Corporation to Order a Meeting**

6.15.1 If for any reason it is impracticable to call a meeting of a Company in any manner in which meetings of that Company may be called, or to conduct the meeting of the Company in a manner prescribed by the Articles of Association or these Regulations, the Corporation may, either of its own motion or on the application of any Director of the Company or of any Shareholder of the Company who would be entitled to vote at the meeting, order a meeting of the Company to be called, held and conducted in such manner as the Corporation thinks fit, and where any such order is made may give such ancillary or consequential directions as it thinks expedient.

6.15.2 Any meeting called, held and conducted in accordance with an order under Regulation 6.15.1 shall for all purposes be deemed to be a meeting of the Company, duly called, held and conducted.

## **6.16 Voting at Meetings**

6.16.1 Subject to the provisions of this Regulation, the Articles of Association of the Company and to any rights or restrictions lawfully attached to any different classes of Shares if any, at any general meeting each Shareholder of the Company shall be entitled to one vote for each Share held by him; such votes may be given in person or by proxy.

6.16.2 Unless otherwise specified in these Regulations, at any general meeting of a Company any question proposed for consideration shall be decided on a simple majority of votes or by such majority as the Articles of Association of the Company may prescribe, and such majority shall be ascertained in accordance with this Regulation.

6.16.3 Subject to Regulation 6.16.5, it shall be lawful for any question proposed for consideration at a general meeting of a Company to be decided on a show of hands and in any such case, and subject to any rights or restrictions for the time being lawfully attached to any different classes of Shares if any, every Shareholder present in person or by proxy at such meetings shall be entitled to one vote and shall cast such vote by raising his hand.

6.16.4 At any general meeting of a Company a declaration by the chairman that a question proposed for consideration has, on a show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in a Book containing the minutes of the proceedings of the Company shall, subject to Regulation 6.16.5, be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour or against such question.

6.16.6 At any general meeting of a Company, it shall be lawful, in respect of any question proposed for the consideration of the Shareholders, whether before or on the declaration of the result of a show of hands as provided for in Regulation 6.16.3, for a poll to be demanded by any of the following persons:

(a) the chairman of such meetings; or

(b) at least two Shareholders present in person, or represented by proxy and entitled to vote; or

(c) any Shareholder or Shareholders present in person or represented by proxy and holding between them more than ten percent (10%) of the total voting rights of all the Shareholders having the right to vote at such meeting.

6.16.7 Where, in accordance with Regulation 6.16.5, a poll is demanded, and subject to any rights or restrictions for the time being lawfully attached to any different classes of Shares if any, every Shareholder present in person or by proxy at such meetings shall have one vote for each Share of which such person is the holder or for which such person holds a proxy and such votes shall be counted in such manner as the Articles of Association of the Company may provide or, in default of such provision, as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands.

6.16.8 A poll demanded, in accordance with Regulation 6.16.5, for the purpose of electing a chairman, or on a question of adjournment, shall be taken forthwith and a poll demanded on any other question shall be taken at such time at such meeting as the chairman may direct.

6.16.9 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which such show of hands takes place, or at which such poll is demanded, shall, unless the Articles of Association of the Company otherwise provide, be entitled to a second or casting vote.

6.16.10 Nothing contained in this Regulation shall be construed as prohibiting a Shareholder who is the holder of two or more Shares from appointing more than one proxy to represent him and vote on his behalf, whether on a show of hands or on a poll, at a general meeting of the Company or at a class meeting.

## **6.17 Resolution in Writing**

6.17.1 Subject to Regulation 6.17.4, anything which may be done by resolution of a Company in general meeting may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a Shareholder that is a corporation whether or not a Company within the meaning of these Regulations, on behalf of, all the Shareholders of the Company who at the date of the resolution would be entitled to attend the meeting and vote on the resolution.

6.17.2 A resolution in writing may be signed by, or, in the case of a Shareholder that is a corporation whether or not a Company within the meaning of these Regulations, on behalf of, all the Shareholders of a Company, in as many counterparts as may be necessary.

6.17.3 A resolution in writing made in accordance with this Regulation is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Shareholders of the Company, as the case may be and any reference in any enactment to a meeting at which a resolution is passed or to Shareholders voting in favour of a resolution shall be construed accordingly.

6.17.4 Regulations 6.17.1 to 6.17.3 shall not apply to:-

- (a) a resolution passed pursuant to Regulation 6.28.2 ; or
- (b) a resolution passed for the purpose of removing a Director before the expiration of his term of office under Regulation 6.35.

6.17.5 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of the Directors or signed by all Shareholders of a committee of Directors entitled to receive notice of a meeting of a committee is as valid as if it had been passed at a meeting of Directors or, as the case may be, Registrar duly called and constituted and any reference in any enactment to a meeting at which a resolution is passed or to Directors or a committee of Directors voting in favour of a resolution shall be construed accordingly. Such resolution may be in as many counterparts as are necessary.

6.17.6 For the purposes of this Regulation, the date of the resolution is the date when the resolution is signed by, or on behalf of, the last, as the case may be, Director to sign and any reference in any enactment to the date of passing of a resolution is, in relation to a resolution made in accordance with this Regulation, a reference to such date.

6.17.7 A resolution in writing made in accordance with this Regulation shall constitute minutes for the purposes of Regulations 6.21 and 6.22.

## **6.18 Representation of Corporation at Meetings**

6.18.1 A corporation, whether a Company within the meaning of these Regulations or not, may:-

- (a) if it is a Shareholder of another corporation, being a Company within the meaning of these Regulations, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting, of any class of Shareholders of the Company; and
- (b) if it is a creditor (including a holder of Debentures) of another corporation, being a Company within the meaning of these Regulations, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of these Regulations or of any rule or regulations made hereunder, or in pursuance of the provisions contained in any Debenture or trust deed, as the case may be.

6.18.2 A person authorised as aforesaid shall be entitled to exercise the same powers on behalf of the corporation which it represents as that corporation could exercise if it were an individual Shareholder, creditor or holder of Debentures of that other Company.

### **6.19 Circulation of Shareholders' Resolution, etc.**

6.19.1. Subject to this Regulation it shall be the duty of a Company, on the requisition in writing of such number of Shareholders as is hereinafter specified, at the expense of the requisitionists unless the Company otherwise resolves:-

(a) to give to Shareholders of the Company entitled to receive notice of the next Annual General Meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) to circulate to Shareholders entitled to have notice of any general meeting sent to them any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

6.19.2 The number of Shareholders necessary for a requisition under Regulation 6.19.1 shall be:-

(a) either any number of Shareholders representing more than ten percent 10% of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(b) not less than five (5) Shareholders.

6.19.3 Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder of the Company by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company: provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

### **6.20 Conditions for Notice of Resolution**

6.20.1 A Company shall not be bound under Regulation 6.19 to give notice of any resolution or to circulate any statement unless :

(a) a copy of the requisition signed by the requisitionists, or two or more copies which between them containing the signatures of all the requisitionists, is deposited at the registered office of the Company;

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

## **6.21 Minutes**

6.21.1 Every Company shall cause minutes of all proceedings of general meetings and of all proceedings of meetings of its Board to be entered in Books kept for that purpose and such minutes shall be signed by the person presiding over the proceedings.

6.21.2 Minutes prepared in accordance with Regulation 6.21.1 shall be kept by the secretary or other Officer of the Company at the registered office of the Company and shall be evidence of the proceedings and until the contrary is proved, the proceedings shall be deemed to have been duly held and convened and the business conducted thereat shall be deemed to be valid.

## **6.22 Inspection of Minute Books**

6.22.1 Minutes of general meetings of a Company shall be open for inspection by any Shareholder or Director of the Company without charge for not less than 3 (three) hours during business hours each day, subject to such reasonable restrictions as the Company may impose.

6.22.2 Any Shareholder or Director shall be entitled to be furnished, within seven (7) days after it has made a request to the Company, with a copy of any such minutes on the payment of a reasonable charge sufficient to meet the Company's expenses in giving effect thereto.

6.22.3 In the case of any such refusal or default, the competent court may by order, compel an immediate inspection of the minutes or direct that the copies required shall be sent to the persons properly requiring them.

## **6.23 Books of Account**

6.23.1. Every Company shall cause to be kept proper records of account with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the Company; and

(c) the assets and liabilities of the Company.

6.23.2 The records of account shall be kept at the registered office of the Company and shall at all times be open to inspection by the Directors

6.23.3 In the case of records of account not being made available for inspection by a Director, the Corporation may by order compel immediate inspection of such records.

6.23.4 If a Company defaults in complying with this Regulation, the Company may be required to pay a penalty of a maximum of AED 15,000.

## **6.24 Financial Statements**

6.24.1 The Board of a Company shall prepare for each Financial Year of the Company:

(a) a balance sheet as at the last day of the year; and

(b) a profit and loss account.

Such balance sheet and profit and loss account shall form part of the Company's financial statements.

6.24.2 Subject to Regulation 6.25.4, in case of a failure to comply with this section every person who was a Director of the Company immediately before the end of the period for delivery of the accounts and report for the Financial Year in question is guilty of an offence and may be liable to pay a penalty of a maximum of AED 15,000.

## **6.25 Board to place Financial Statements before General Meeting**

6.25.1 The Directors of every Company shall, for each Financial Year, lay before the Company in general meeting:

(a) financial statements for such period which shall include:

(i) a statement of the results of operations for such period (i.e. a profit and loss account);

(ii) a statement of retained earnings or deficit;

(ii) a balance sheet at the end of such period;

(iv) a statement of changes in financial position for such period;

(v) notes to the financial statements and the notes thereto shall be in accordance with Regulation 6.25.2; and

(vi) such further information as required by these Regulations, any applicable rules, regulations, standards and policies and the Company's own Memorandum of Association and Articles of Association.

(b) the report of the auditors as set out in Regulation 6.29.2 in respect of the financial statements described in Regulation 6.25.1 (a).

6.25.2 The notes mentioned in Regulation 6.25.1.(a)(v) shall include a description of the generally accepted accounting principles used in the preparation of the financial statements, which principles shall be such accepted accounting principles as may be appointed by the Corporation under Regulation 6.25.5, and are in accepted use in the Zone, and where the generally accepted accounting principles used are other than those of the Zone, the notes shall identify the generally accepted accounting principles so used.

6.25.3 Financial statements shall, before being laid before a general meeting of a Company, be signed on the balance sheet page by two of the Directors of the Company.

6.25.4 Notwithstanding Regulation 6.25.1 if at a general meeting at which financial statements should be laid, the statements have not been so laid it shall be lawful for the chairman to adjourn the meeting for a period of up to ninety (90) days or such longer period as the Shareholders may agree.

6.25.5 The Corporation may appoint generally accepted accounting principles promulgated by an accounting standard setting body which may be either International Accounting Standards (IAS), or such other standards as the Corporation may determine from time to time.

#### **6.26 Right to Receive Copies of Financial Statements, including Balance Sheet, etc.**

6.26.1 A copy of the financial statements of a Company, including every document required by these Regulations or the Articles of Association of the Company shall be made available to every Shareholder of the Company five (5) days before the general meeting in which the said documents are proposed to be discussed. Provided that this Regulation shall not require the making available of the financial statements and other documents to:-

- (a) any person not entitled to receive notices of general meetings;
- (b) more than one of the joint holders of any Shares; and
- (c) any person whose address is not known to the Company.

#### **6.27 Waiver to Laying of Accounts and Appointment of Auditor**

6.27.1 Notwithstanding anything contained in these Regulations or the Articles of Association of a Company, if all Shareholders of a Company agree that in respect of a particular Financial Year or other interval no financial statements or auditor's report thereon need be laid before a general meeting or that no auditor shall be appointed to the close of the next annual general meeting then there shall, subject to any requirement to

the contrary under any other rules or regulations issued by the Corporation, be no obligation to lay financial statements for such period or to appoint an auditor until the close of the next annual general meeting, as the case may be.

6.27.2 For the purposes of Regulation 6.27.1 all the Shareholders of a Company shall be deemed to have agreed at a general meeting if either:-

(a) all the Shareholders are present in person at the meeting and agree; or

(b) if some of the Shareholders are not present in person at the meeting then if the Shareholders present in person at the meeting agree and there are produced at the meeting statements in writing signed by the Shareholders not present in person stating that they agree.

### **6.28 Appointing Auditor**

6.28.1 The Shareholders of a Company at the First Meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting, and, if the Shareholders fail to do so, the Board shall forthwith make such appointment or appointments.

6.28.2 The Shareholders of a Company at each annual general meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting, and, if an appointment is not so made, the auditor already in office shall continue in office until a successor is appointed.

6.28.3 The Shareholders, by a special resolution cast at a general meeting of which notice specifying the intention to pass such resolution was given, may remove any auditor before the expiration of his term of office, and shall by a majority of the votes cast at that meeting appoint another auditor in its stead for the remainder of its term.

6.28.4 The remuneration of an auditor appointed by the Shareholders shall be fixed by the Shareholders or by the Board, if they are authorised to do so by the Shareholders, and the remuneration of an auditor appointed by the Board shall be fixed by it.

6.28.5 No person shall be appointed as auditor of a Company who is an Officer or employee of that Company or of an affiliated Company or who is a partner, employer or employee of any such Officer or employee.

### **6.29 Audit**

6.29.1 The auditor shall audit any financial statements pursuant to Regulation 6.25.5 as will enable the auditor to report to Shareholders. The report of the auditor shall identify the generally accepted auditing standards used and the auditor's opinion of this appropriateness and of the general nature, extent and effect of the same.

6.29.2 Based on the results of the audit under Regulation 6.29.1, the auditor shall make a report to the Shareholders.

6.29.3 No action shall lie against an auditor in the performance of any function as an auditor contemplated by these Regulations except in the instance of:-

- (a) the Company who engaged the auditor to perform such function; or
- (b) any other person expressly authorised by the auditor to rely on his work.

### **6.30 Election of Directors**

6.30.1 The affairs of the Company shall be managed by one or more Directors. The number of Directors shall be stipulated in the Articles of Association of the Company who shall be individuals elected by Ordinary Resolution at each annual general meeting of the Company.

6.30.2 If the election of Directors does not take place as stipulated in Regulation 6.30.1 it shall be lawful for the Company to continue its business and for the existing Directors to continue in office.

6.30.3 A general meeting of a Company may by Ordinary Resolution authorise the Directors of the Company to elect or appoint on their behalf an individual or individuals to act as Directors up to a maximum determined by the Shareholders by Ordinary Resolution in a general meeting to those elected at the general meeting, but which shall not be more than four (4).

6.30.4 Any individual may be appointed as an alternate Director by or in accordance with an Ordinary Resolution of the Shareholders or by a Director in such manner as may be provided in the Articles of Association, and the individual so appointed shall have all the rights and powers of the Director for whom he is appointed in the alternative, except that he shall not be entitled to attend and vote at any meeting of the Directors otherwise than in the absence of such Director.

6.30.5 An alternate Director shall only be a Director for the purposes of these Regulations and shall only be subject to the provisions of these Regulations insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative.

6.30.6 So long as a quorum of Directors remains in office, unless the Articles of Association of a Company otherwise provide, any vacancy occurring in the Board may be filled by such Directors as remain in office. If no quorum remains the vacancy shall be filled at a general meeting of Shareholders.

### **6.31 Representation by another Director**

6.31.1 Subject to these Regulations and any express provision to the contrary in the Articles of Association of the Company, a Director of the Company may appoint another Director of the Company to represent him and to vote on his behalf at any meeting of the Directors of the Company provided that a Director so appointed:-

(a) shall not be entitled to vote at any such meeting on behalf of the Director who appointed him if the Director who appointed him is himself present at that meeting; and

(b) may, subject to Regulation 6.31.1 vote at any such meeting on his own behalf as well as on behalf of the Director who appointed him.

6.31.2 An appointment made under Regulation 6.31.1:

(a) shall not have effect unless notice thereof is given in writing to the secretary or manager of the Company by the Director making the appointment; and

(b) may be either general or in respect of a particular meeting or meetings specified in the notice of appointment; and

(c) may be revoked at any time by notice in writing given to the secretary or manager of the Company by the Director making the appointment.

### **6.32 Director's right to be heard at General Meetings**

6.32.1 The Directors of a Company shall upon written request deposited at the registered office of the Company be entitled to receive notice of, and to attend and be heard at, any or all general meetings.

6.32.2 A notice given under Regulation 6.32.1 shall be valid if in the circumstances, such notice is reasonable.

### **6.33. The Secretary**

6.33.1 The Board may appoint a secretary to the Company who may also be a Director of the Company.

6.33.2 In the absence of appointment of a secretary, or where he is incapable of acting for any reason, his functions may be conducted by any Officer of the Company authorised generally or specially in that regard by the Directors.

### **6.34 Company Registers.**

6.34.1 Every Company shall keep at its registered office the Company Registers.

6.34.2 The Company shall, within the period of fourteen (14) days from the occurrence of:-

(a) any change among its Directors or in its Officers; or

(b) any change in the Shareholders,

enter in relevant Company Register the particulars of the change.

6.34.3 The Company Registers shall, during the business hours be open for inspection by Shareholders and Directors.

6.34.4 In the case of a refusal or default, the Registrar may, by order, compel an immediate inspection of the Company Registers.

6.34.5 The Register of Directors and Officers shall contain the following particulars with respect to each Director and Officer:-

(a) in the case of an individual, his name, passport number and address; and

(b) in the case of a Company, its name, registered office.

6.34.6 The Register of Shareholders shall contain the following particulars with respect to each Shareholder:-

(a) in the case of an individual, his name, passport number and address; and

(b) in the case of a Company, its name, registered office; and

(c) the number of Shares held by each Shareholder.

6.34.7 Each Company shall file with the Registrar details of any change in the persons or the particulars of the persons who are Directors, Officers or Shareholders of the Company within fourteen (14) days of such change taking place.

### **6.35 Removal of Directors**

6.35.1 Subject to its Articles of Association, the Shareholders of a Company may, at a special general meeting called for that purpose, remove by Ordinary Resolution a Director, provided that notice of any such meeting shall be served on the Director concerned not less than fourteen (14) days before the meeting and such Director shall be entitled to be heard at such meeting and provided further that nothing in this Regulation shall have effect to deprive any person of any compensation or damages which may be payable to him in respect of the termination of his appointment as a Director or of any other appointment with the Company.

6.35.2 A vacancy created by the removal of a Director at a special general meeting may be filled at that meeting by the election of another Director in his place or in the absence of any such election by the other Directors.

### **6.36 Prohibition of Loans to Directors without Consent of Shareholders**

6.36.1 Without the consent of any Shareholder or Shareholders holding in the aggregate not less than seventy five per cent (75 %) of the total voting rights of all the Shareholders having the right to vote at any meeting of the Shareholders it shall not be lawful for a Company to make a loan to any person who is its Director or a Director of its holding Company, or to enter into any guarantee and/or indemnity or provide any security in connection with a loan made to such person as aforesaid by any other person provided that nothing in this Regulation shall apply either:

(a) subject to Regulation 6.36.2 to anything done to provide any such person as aforesaid with funds to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him properly to perform his duties as an Officer of the Company; and

(b) in the case of a Company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the Company in the ordinary course of that business.

6.36.2 Where the approval of the Company is not given as required by any such condition, the Directors authorising the making of the loan, or the entering into the guarantee and/or immunity, credit transaction or the provision of the security, shall be jointly and severally liable to indemnify the Company against any loss arising therefrom.

6.36.3 A loan shall be deemed to be a loan to a Director if it is made to:-

(a) the spouse or children of a Director; or

(b) a Company (other than a Company which is a holding Company or subsidiary of the Company making the loan) which a Director, his spouse or children own or control directly or indirectly more than twenty per cent (20%) of the capital or loan debt.

6.36.4 For the purposes of this Regulation a loan shall not be deemed to have been made in the ordinary course of business of a Company if it has not been made on normal commercial terms in respect of interest rates, repayment terms and security.

### **6.37 Officers' Duty of Care**

6.37.1 Every Officer of a Company in exercising his powers and discharging his duties shall:-

- (a) act honestly and in good faith with a view to the best interests of the Company;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (c) not make a secret profit and must seek to avoid putting themselves in a position where their interests conflict with those of the Company; and
- (d) exercise their powers only for the purpose for which they were given.

6.37.2 Every Officer of a Company shall comply with these Regulations and the Articles of Association of the Company and with the terms of any service contract entered into between the Company and the Officer.

6.37.3 Without in any way limiting the generality of Regulation 6.37.1 an Officer of the Company shall be deemed not to be acting honestly and in good faith if:

- (a) he fails on request to make known to the auditors of the Company full details of:
  - (i) any emolument, pension or other benefit that he has received or it is agreed that he should receive from the Company or any of the Company's subsidiaries; or
  - (ii) any loan he has received or is to receive from the Company or any of its subsidiaries;
- (b) he fails to disclose at the first opportunity at a meeting of Directors or by writing to the Directors:
  - (i) his interest in any material contract or proposed material contract with the Company or any of its subsidiaries; or
  - (ii) his material interest in any person that is a party to a material contract or proposed material contract with the Company or any of its subsidiaries; or
  - (iii) in any other matter for decision by a Director.

6.37.4 For the purposes of this Regulation:-

- (a) a general notice to the Directors of a Company by an Officer of the Company declaring that he is an Officer of or has a material interest in a person and is to be regarded as interested in any contract with that person is a sufficient declaration of interest in relation to any such contract;
- (b) a Director is deemed to have an interest in a contract or proposed contract or other matter if that interest is likely to influence the voting behavior of that Director;

(c) the word "material" in relation to a contract or proposed contract shall be construed as relating to the materiality of that contract or proposed contract in relation to the business of the Company to which disclosure must be made;

(d) an interest occurring by reason of the ownership or direct or indirect control of not less than ten per cent (10%) of the capital of a person shall not be deemed material.

6.37.5 An Officer is not liable under Regulation 6.37.1 if he relies in good faith upon:

(a) financial statements of the Company represented to him by another Officer of the Company; or

(b) a report by a legal adviser, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.

6.37.6 Nothing in this Regulation shall be taken to prejudice any provision of the Articles of Association of a Company restricting Officers of a Company from having any interest in contracts with the Company.

### **6.38 Exemption, Indemnification and Liability of Officers, etc**

6.38.1 Subject to Regulation 6.37 a Company may in its Articles of Association or in any contract or arrangement between the Company and any Officer, or any person employed by the Company as auditor, exempt such Officer or person from, or indemnify him in respect of any negligence, default, breach of duty or breach of trust of which the Officer or person may be guilty in relation to the Company or any subsidiary thereof.

6.38.2 Any provision, whether contained in the Articles of Association of a Company or in any contract or arrangement between the Company and any Officer, or any person employed by the Company as auditor, exempting such Officer or person from, or indemnifying him against any liability which by virtue of any rule of Law would otherwise attach to him in respect of any fraud or dishonesty of which it may be guilty in relation to the Company shall be void provided that:

(a) nothing in this Regulation shall operate to deprive any person of any exemption or right to be indemnified in respect of anything done or to be done by him while any such provision was in force; and

(b) notwithstanding anything in this Regulation a Company may, in pursuance of any such provision as aforesaid indemnify any such Officer or auditor against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which it is acquitted or when relief is granted to him by a court of competent jurisdiction.

### **6.39. Officers' Insurance**

6.39.1 A Company may purchase and maintain insurance for the benefit of any Officer of the Company against any liability incurred by him under Regulation 6.37 in his capacity as an Officer of the Company or indemnifying such an Officer in respect of any loss arising or liability attaching to him by virtue of any rule or Law in respect of any negligence, default, breach of duty or breach of trust of which the Officer may be guilty in relation to the Company or any subsidiary thereof and nothing in these Regulations shall make void or voidable any such policy.

### **6.40 Liability of Auditor or Officer**

6.40.1 Where an auditor or an Officer is found liable to any person for damages arising out of the performance of any function as such auditor or Officer as contemplated by these regulations, then the following provisions of this Regulation shall apply.

6.40.2 An auditor or Officer may be liable jointly and severally only if it is proved that he knowingly engaged in fraud or dishonesty.

6.40.3 In any case other than that contemplated by Regulation 6.40.2, the liability of the auditor or Officer, as the case may be, shall be determined as follows:

(a) the Court shall determine the percentage of responsibility of the plaintiff, of each of the defendants, and of each of the other persons alleged by the parties to have caused or contributed to the loss of the plaintiff. In considering the percentages of responsibility, the Court shall consider both the nature of the conduct of each person and the nature and extent of the causal relationship between the conduct and the loss claimed by the plaintiff;

(b) the liability of the auditor or Officer, as the case may be, shall be equal to the total loss suffered by the plaintiff multiplied by the auditor's or Officer's, as the case may be, percentage of responsibility as determined under Regulation 6.40.3 hereof.

6.40.4 No auditor or Officer whose liability is determined under Regulation 6.40.3 hereof shall have any liability in respect of any judgment entered against any other party to the action.

6.40.5 Except where agreed in writing between the parties, where the liability of an auditor or Officer has been determined in accordance with Regulation 6.40.3 no other person shall have any right to recover from such auditor or Officer any portion of any judgment entered against such other person in respect of the action.

6.40.6 If a Director has a personal interest (direct or indirect) in any matter to be discussed at a board meeting, he must formally declare to the other Directors in a board meeting that he has such an interest. A Director shall be prevented from voting and

counting in the quorum on any matter in which he has an interest and it has been declared in accordance with this Regulation.

#### **6.41 Directors' Service Contracts**

6.41.1 The terms of any service or employment contract for a Director that is for a fixed term in excess of one (1) year must be approved by an Ordinary Resolution of the Shareholders in general meeting.

6.41.2 Any service or employment contract that provides for notice periods of more than three (3) months must be disclosed in the annual report of the Directors.

### **PART 7:**

## **AMALGAMATIONS**

### **7.1 Amalgamation of Companies**

7.1.1 Two (2) or more companies which are incorporated in the Zone, may, subject to the consent of the Registrar given in its absolute discretion and pursuant to the provisions of these Regulations amalgamate and continue as one Company and, if a License to carry on a trade or business activity in the Zone has been granted to one or more of these companies, the Regulations governing such License shall continue in effect for the surviving Company, subject to the Registrar's consent.

7.1.2 One or more companies and one or more bodies incorporated outside of the Zone (each such body hereinafter in this Regulation referred to as a "outside Company") may apply to the Registrar for consent to amalgamate and continue as a Company registered in the Zone to which the provisions of these Regulations and any other regulations of the Zone shall apply.

7.1.3 An application for consent under Regulation 7.1.2 shall be in such form, and be accompanied by an application fee and such documents, as the Registrar may determine, including documentary proof, satisfactory to the Registrar, that the outside Company has obtained all necessary authorisations required under the Laws of the country in which it was incorporated to enable it to make the application.

7.1.4 One or more companies and one or more outside Company may apply to the Registrar for consent to amalgamate and continue as a Company (in this Regulation and in Regulations 7.1.5 (i) and (ii) referred to as "the surviving Company") to which the provisions of the laws of the jurisdiction of incorporation of the surviving corporation shall apply.

7.1.5 An application for consent under these Regulation shall be in such form, and shall be accompanied by an application fee and supported by such Documents as the Registrar may determine and such documents shall include:-

(a) a certified copy of a resolution of the Shareholders of each amalgamating Company (in these Regulations referred to as an "amalgamating Company") passed in a general meeting provided that in the case of a Company having only one Shareholder, one Shareholder present in person or by proxy constitutes the necessary quorum; or

(b) if so authorised by the Articles of Association, a certified copy of a resolution of the Board of Directors of each amalgamating Company approving the amalgamation and naming the country or jurisdiction outside the Zone of the surviving corporation; and

(c) a declaration signed by an Officer of each amalgamating Company declaring that there are reasonable grounds for believing that:-

(i) the amalgamating Company is, and the surviving Company will be, able to pay its liabilities as they become due; and

(ii) the realisable value of the surviving Company's assets will not be less than the aggregate of its liabilities and issued capital of all classes; and

(iii) either no creditor will be prejudiced by the amalgamation or adequate notice has been given to all known creditors of such Company and no creditor objects to the amalgamation otherwise than on grounds that are frivolous or vexatious; and

(d) Documentary proof, satisfactory to the Corporation, that each amalgamating Company (being an outside company) has obtained all necessary authorisations required under the laws of the country or jurisdiction in which it was incorporated to enable it to make the application.

7.1.6 Where the Registrar refuses to grant consent under this Part 7, he shall not be bound to assign any reason therefor, and his decision shall not be subject to appeal or review in any court.

## **PART 8:**

### **INVESTIGATION BY THE CORPORATION**

#### **8.1 Investigation of the Affairs of a Company**

8.1.1 The Corporation may at any time of its own volition or on the application of that proportion of the Shareholders of a Company, as in its sole opinion warrants the application, based on their shareholding, appoint one or more inspectors to investigate the affairs of the Company and to report thereon in such manner as the Corporation may direct.

8.1.2 The application by the Shareholders of a Company shall be supported by such evidence as the Corporation may require for the purpose of showing that the applicants

have good reason for, and are not actuated by malicious motives in requiring the investigation and the Corporation may, before appointing an inspector require the applicant to give security for payment of the costs of the inquiry.

8.1.3 All Officers and agents of the Company shall produce to the inspector all Books and documents in their custody or power.

8.1.4 An inspector may examine the Officers and agents of the Company in relation to its business.

8.1.5 On the conclusion of the investigation the inspector shall report his opinion to the Corporation, and a copy of the report shall be forwarded by the Corporation to the Company and a further copy may in the Corporation's discretion, at the request of the applicants for the investigation, be delivered to them.

8.1.6 All expenses of and incidental to the investigation shall be defrayed by the applicants, unless the Corporation directs that they be paid by the Company.

8.1.7 A copy of a report made under this Regulation shall be admissible in any legal proceedings as evidence of the opinion of the inspector in relation to any matter contained in the report.

## **8.2 Oppressive conduct**

8.2.1 Any Shareholder of a Company who complains that the affairs of the Company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the Shareholders, including himself, or where a report has been made to the Corporation under Regulation 8.1, the Shareholder may make an application to the Corporation by petition for an order under this Regulation 8.2.

8.2.2 If on any such petition the Corporation is of the opinion:

(a) that the Company's affairs are being conducted or have been conducted as aforesaid; and

(b) that to wind-up the Company would unfairly prejudice that part of the Shareholders, but otherwise the facts would justify the making of a winding-up order on the ground that it was just and equitable that the Company should be wound up,

the Corporation may, with a view to bringing to an end the matters complained of, make such order as it thinks fit, whether for regulating the conduct of the Company's affairs in the future, or for the purchase of the Shares of any Shareholders of the Company by other Shareholders of the Company or by the Company and, in the case of a purchase by the Company, for the reduction accordingly of the Company's capital, or otherwise.

8.2.3 Where an order under this Regulation 8.2 makes an alteration in or addition to any

Company's Memorandum of Association or Articles of Association, then, notwithstanding anything in any other rules or regulations but subject to the provisions of the order, the Company concerned shall not have power without the leave of the Corporation to make further alteration in or addition to the Memorandum of Association or Articles of Association as so altered or added to accordingly.

## **PART 9:**

### **FOREIGN COMPANIES**

#### **9.1 Prohibition to conduct business activity**

9.1.1 An overseas Company shall not engage in or carry on or purport to carry on any trade or business activity in the Zone, except under and in accordance with the Licensing Regulations and the terms of any License issued pursuant to such Licensing Regulations.

9.1.2 For the purposes of this Section, "engage in or carry on or purport to carry on any trade or business activity in the Zone" includes the engaging in or carrying on any trade or business outside the Zone from a place of business in the Zone.

9.1.3 A person who contravenes this Regulation shall be subject to such sanctions as may be specified in the relevant Licensing Regulations.

#### **9.2 Application for branch offices by foreign companies**

9.2.1 Subject to the provisions of any relevant Licensing Regulations, a foreign Company wishing to establish a Branch in the Zone shall apply to the Corporation for prior approval to establish a branch in the Zone.

9.2.2 Subject to such other regulation of the Corporation as may be adopted from time to time and to any waiver which the Corporation may exercise from time to time, an application for approval to establish a Branch in the Zone shall:-

(a) be made to the Corporation in such form and manner as the Corporation may require from time to time; and

(b) be accompanied by the following documents, verified in such manner as the Corporation may require:

(i) a copy of the constituent Documents of the foreign Company; and

(ii) if so required by the Registrar, a copy of the audited accounts of the foreign Company for the preceding one (1) year, save where the applicant foreign Company has been in existence for less than one (1) year in which case a copy of the most recent audited accounts; and

(iii) a copy of a resolution of the board of directors of the foreign Company to establish a Branch in the Zone; and

(iv) a power of attorney from the foreign Company in favour of the principal representative of the Branch; and

(v) such other documents or information as the Corporation may in its absolute discretion require from time to time; and

(vi) be accompanied by such fees as may be prescribed from time to time by the Corporation.

### **9.3 Decision on application to open branch office**

9.3.1 The Registrar may on an application duly made in accordance with Regulation 9.2 after being provided with (or after having waived) all such information, documents and reports as required under that Regulation, grant or refuse the application.

9.3.2 Where the Registrar grants an application to the applicant under Regulation 9.3.1, it shall issue to the applicant a certificate of registration of the Branch in the Zone and such certificate shall be admissible in evidence in proceedings under these Regulations without further proof and shall be prima facie evidence of the facts certified or specified therein.

9.3.3 Where the Registrar refuses to grant an application to establish a Branch it shall give written notice of that fact to the applicant but shall not be bound to provide any reason for its refusal.

### **9.4 Branch with Undesirable Name**

9.4.1 No Branch shall be registered with a name which in the opinion of the Registrar is undesirable.

### **9.5 Principal Representatives**

9.5.1 Every Branch shall appoint and maintain a principal representative in the Zone and shall give notice in writing to the Registrar of such particulars of its principal representative as the Registrar may determine.

9.5.2 If any particulars of a principal representative required by Regulation 9.5.1 to be notified to the Registrar are altered the Branch shall give in writing to the Registrar particulars of the alteration.

## **9.6 Register of Branches**

9.6.1 The Registrar shall keep a register of Branches in such form as it shall determine but which shall show:-

- (a) the name of the Branch and, if different, the foreign Company; and
- (b) the principal place in the Zone from which the Branch engages in or carries on any trade or business in the Zone and the address of its registered office outside the Zone; and
- (c) the date and place of incorporation of its parent foreign Company; and
- (d) a copy of its certificate of registration.

## **9.7 Operations of Branches**

9.7.1 Every Branch shall keep at the principal place in the Zone from which the foreign Company engages in or carries on any trade or business in the Zone such records of its acts and financial affairs as will show adequately the trade or business it is engaging in or carrying on or has engaged in or carried on in the Zone.

9.7.2 The Corporation shall have the same power to appoint an inspector to investigate the affairs of a Branch and to empower such an inspection and require the co-operation of third parties with such an inspector, and to require the production of Documents and records and the taking of copies thereof.

9.7.3 Every Branch shall have the following particulars on all letters sent from a place of business in the Zone in connection with its business:-

- (a) its full name as appears on the License obtained from the Corporation to operate in the Zone;
- (b) the place of incorporation of its parent overseas Company; and
- (c) the principal place and address in the Zone from which the Branch engages in or carries on any trade or business in the Zone.

9.7.4 For the purposes of these Regulations, any process or notice required to be served on a foreign Company shall be sufficiently served if served on any person named in the list of persons delivered to the Corporation or if left at a place of business notified to the Corporation.

## **PART 10:**

### **WINDING-UP**

## **10.1 Modes of Winding-Up**

10.1.1 The winding-up of a Company shall be made in accordance with the Commercial Companies Law except that references to court will be replaced by references to the Corporation and all references to the commercial register shall be to the Register of Companies maintained by the Corporation.

## **PART 11:**

### **GENERAL**

#### **11.1 Ultra Vires**

11.1.1 No act of a Company shall be invalid by reason only of the fact that the Company was without capacity or power to perform the act.

#### **11.2 Form of Registers**

11.2.1 Any Book or document required by these or any other regulations, whether public or private, to be kept and maintained by the Corporation or a Company may be kept by recording the matters in question in bound Books, held in electronic form or in any other permanent manner

11.2.2 Copies of minutes referred to in Regulation 6.21 and financial statements referred to in Regulation 6.24 shall be preserved in the registered office of the Company for a period of not less than six (6) years from the date when they were first required.

#### **11.3 Inspection of Books by Corporation**

11.3.1 The Corporation and any person acting on its behalf shall be exempt from the payment of any fee or charges for inspecting, or copying the register or any Books or document of a Company when lawfully entitled so to do.

#### **11.4 Officer or Manager to Assist if Offence Suspected**

11.4.1 Where, on an application to the Corporation, it appears to the Corporation that a breach under these Regulations may have been committed, and that evidence relating to the commission of such breach may be found in any Books or document of or under the control of the Company, a direction in writing may be made by the Corporation requiring the secretary or manager to the Company or such other Officer or person as may be named in the direction to produce the said Books or documents or any of them to a person named in the direction at a place and time so named.

11.4.2 When a direction has been made under Regulation 11.4.1, the person named in the direction, to whom the said Books or documents are to be produced, shall inspect and

may take copies thereof for the purpose of investigating and obtaining evidence of any breach of these Regulations.

11.4.3 A person to whom Books and documents are produced pursuant to Regulation 11.4.1 shall on completion of his investigation forward a report of the results thereof to the Corporation together with all copies of Documents made by him pursuant to Regulation 11.4.2.

## **11.5 Indemnity**

11.5.1 No suit or action shall lie against the Corporation or any person acting on its behalf in respect of anything done or omitted to be done in its official capacity in good faith without negligence.

## **11.6 Indemnified in Respect of Foreign Suits**

11.6.1 The Corporation shall not be required to prosecute, defend or take part in any proceedings outside the jurisdiction of the Zone unless it is indemnified by or on behalf of the person who wishes the Corporation to act against any judgment, order or costs that may be awarded against him by deed guarantee or deposit, as it may require. Entities set up in the Zone, shall whenever requested by the Corporation, provide such indemnities as may be deemed necessary by the Corporation in the form satisfactory to it.

## **11.7 Applications to Court**

11.7.1. The Corporation shall, at its absolute discretion, be entitled, at any time, to refer any matter or question that it deems appropriate to a court or arbitral body of its choice.

11.7.2 Any application to such a court or body under these Regulations shall be made in the manner prescribed by the relevant court or body (as the case may be).

11.7.3 Without prejudice to Regulation 11.7.1, an application may in the first place be heard when the relevant court may direct that the proceedings shall be served on such persons, if any, as it shall think fit and that the application shall be supported by such evidence as the court shall require.

## **11.8 Power to Enforce**

11.8.1 The Corporation will have requisite powers to enforce all its orders made by it under these Regulations or any other rules or regulations.

11.8.2 In case of any default by the Company or its Shareholders, Directors, Officers or liquidator to comply with these Regulations or any rules, implementing regulations, standards and/or policies made under these Regulations

or the terms of any conditions of the Company's license, sale and purchase agreement or lease agreement or any other terms and conditions or orders issued by the Corporation, the Corporation may in addition to all other rights and privileges hereunder including the cancellation of the License, impose a penalty on the Company and/or Shareholders, Directors, Officers or liquidator which may extend to of once thousand Dirhams (AED 1,000) per day during the period of such non compliance.

## **11.9 Rules and Regulations**

11.9.1 Without prejudice to the specific powers in certain regulations of these Regulations to prescribe matters or issue rules or regulations and notwithstanding the absence of such powers in certain other regulations of these Regulations, the Corporation may make rules and regulations, standards and policies from time to time to prescribe any matter to be prescribed under these Regulations or for the better carrying out of these Regulations including by amending or supplementing these Regulations and in particular to fix or amend fees and fines for any function or offence performed under these Regulations.

11.9.2 Each Company shall be required to comply with these Regulations, rules or regulations, standards or policies, any agreement(s) (by whatever name called) entered between the Company and the Zone and with the terms of the License issued to the Companies to carry on business activities in the Zone.

11.9.3 The Corporation reserves the right to relax or waive, either in whole or in part and either unconditionally or subject to such conditions as it deems appropriate, any or all of a fee or penalty, any or all of the requirements specified in these Regulations or rules, implementing regulations, standards and/or policies issued, including any regulations or rules, implementing regulations, standards and/or policies issued procedures for registering, licensing, transfer of Shares, and deregistration of entities set up in the Zone.

## **11.10 Seal**

11.10.1 If a seal is adopted by the Company the Directors shall provide for the safe custody of the seal, and every instrument to which the seal shall be affixed shall be signed by one or more persons so authorized from time to time by the Directors. If so authorized by resolution of Directors, a facsimile of the seal and of the signatures of any authorized signatory as is herein provided may be reproduced by printing or other means on any instrument and shall have the same force and validity as if the seal had been affixed to such instrument and the same had been signed as hereinbefore described.

## **11.11 Un-discharged Bankrupt**

11.11.1 No un-discharged bankrupt in any country may act as Director of, or directly or indirectly take part in or be concerned in the management of, any Company except with the leave of the Registrar.



## **SCHEDULE I**

(Regulation 2.1)

1.1 In these Regulations unless the context otherwise requires:-

**"AED"** means the lawful currency of the UAE;

**"Corporation"** means the Meydan City Corporation established in the Emirate of Dubai pursuant to Law No.5;

**"Board"** means the Board of Directors of a Company;

**"Books"** includes minutes, financial statements, accounts, deeds, writings and Documents;

**"Branch"** means the branch of an Foreign Company or a branch of any other entity formed outside the Zone pursuant to the laws and regulations applicable in its place of incorporation or formation;

**"Articles of Association"** means the articles of association of a Company as lawfully amended from time to time;

**"Commercial Companies Law"** means the UAE Law No. (8) of 1984 as amended or replaced from time to time;

**"Corporation"** means the Meydan City Corporation established under Article 3 of the Law No. 5;

**"Company"** means a Company registered under these Regulations;

**"Company Registers"** means the Register of Directors and Officers and the Register of Shareholders jointly;

**"Debenture"** includes Debenture stock, bonds and any other securities of a Company whether constituting a charge on the assets of the Company or not;

**"Director"** includes an alternate director and any person occupying the position of Director on the Board of a Company, by whatever name called;

**"Electronic Record"** means a record generated, communicated, received or stored by electronic, magnetic, optical or other means in an information system or for transmission from one information system to another;

**"Electronic Signature"** means any letters, characters, numbers or other symbols in

digital form attached to or logically associated with an Electronic Record, and executed or adopted with the intention of authenticating or approving the Electronic Record;

**"Financial Year"** means, in respect of a Company, each successive period of twelve months commencing immediately after the end of the previous Financial Year provided that:

(a) the first Financial Year of a Company shall commence on the date of its incorporation and shall be for a period of not less than six, nor more than eighteen months as determined by the Company and as notified to the Corporation in the form prescribed within three months of the date of incorporation of the Company; and

(b) a Company may, by notice to the Corporation in the form prescribed, specify a new Financial Year provided that in no case may the Financial Year of a Company exceed eighteen months or be shorter than six months.

**"First Meeting"** means the meeting required to be held under Regulation 6.8.1;

**"Law"** means, unless otherwise specified, the applicable laws of the UAE from time to time;

**"Law No. 5"** means Emirate of Dubai Law No. 5 of 2009 issued on 24 February 2009 and relating to the setting up of the Zone;

**"Licence"** means a licence issued pursuant to the Licensing Regulations;

**"Licensee"** has the meaning given to it in the Licensing Regulations;

**"Licensing Regulations"** means those regulations promulgated by the Corporation in respect of any trade or business to be engaged in or carried on in the Zone, namely the Meydan Free Zone Licensing Regulations No. (1) of 2009 as amended from time to time;

**"Memorandum of Association"** means the memorandum of association of a Company, as originally delivered in writing to the Corporation or as lawfully altered from time to time;

**"Officer"** in relation to a body corporate, includes Director, manager and if one has been appointed, the secretary;

**"Ordinary Resolution"** means a resolution passed by a simple majority of Shareholders owning more than half of the share capital of the Company voting in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the resolution as an Ordinary Resolution has been duly given;

**"Foreign Company"** means any body corporate duly incorporated outside the Zone pursuant to the laws and regulations applicable in the place of incorporation;

**"Register of Companies"** means the register of companies maintained by the Corporation under Regulation 4.8;

**"Register of Directors and Officers"** means the register of Directors and Officers maintained by the Company under Regulation 6.34;

**"Register of Shareholders"** means the register of Shareholders maintained by a Company under Regulation 6.34;

**"Registrar"** means the person appointed as such under Regulation 3.1;

**"Share"** means a share in the issued share capital of a Company;

**"Shareholder"** means the subscribers to the Memorandum of Association of a Company who are deemed to have agreed to become Shareholders of the Company and on its registration with the Corporation shall be entered as Shareholders in the Register of Companies and every other person who agrees to become a Shareholder of a Company, and whose name is entered as such in the said register;

**"Special Resolution"** means a resolution passed by a majority of Shareholders owing not less than three-fourths of the share capital of the Company voting in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given;

**"UAE"** means the United Arab Emirates; and

**"Zone"** means the Meydan Free Zone established in the Emirate of Dubai pursuant to Law No.5 and as constituted from time to time.

1.2 For the avoidance of doubt the provisions of the Commercial Companies Law are specifically excluded unless expressly provided otherwise in these Regulations

1.3 Wherever in these Regulations an obligation or duty is placed on a Company or a Company is authorised to do any act, then unless it is otherwise provided such obligation, duty or act may be carried out by the Directors of the Company.

1.4 In these Regulations a "Director" or "Shareholder" may be a national of the UAE or a non UAE national.

1.5 In these Regulations any "Shareholder" may be any body corporate, with or without limited liability, any partnership (whether in the name of such partnership and whether or

not a limited partnership or a limited liability partnership) or a natural person in each case whether nationals of the U.A.E. or non-U.A.E. nationals.

1.6 In these Regulations, unless the context otherwise requires, the singular number shall include the plural and vice versa and the masculine gender shall include the feminine and the neuter and vice versa.

1.7 The Regulation headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation of these Regulations.

1.8 References in these Regulations to time periods are to be construed in accordance with the Gregorian calendar.

1.9 Reference to a “documents” or “document” means information stored in any form of writing, code or visual depiction and the manner in which such information is stored is irrelevant for the purpose of deeming the information to constitute a "document" and a "document" includes summons, notice, order or other legal process and registers;

1.10 Where the contexts permits reference to “rules and regulations” is deemed to include reference to standards, policies or decisions issued by the Corporation under these Regulations.

1.11 References in these Regulations to any requirement for any Document to be written, in writing, to be presented in writing or for the giving of any notice are to be construed as satisfied by an Electronic Record and any references in these Regulations to any requirement for a signature on any Document or notice are to be construed as satisfied by an Electronic Signature which may be proved in any manner.

1.12 In the event of any discrepancy between the English version of these Regulations and any other version this English version shall prevail.