ANNEX A

LAW No. 21 of 1997 (as amended in 2004)

In the name of God the merciful, the compassionate

The Republic of Iraq

In the name of the people

Company Law No. 21 of 1997

Chapter I: Main Rules

Section One: The Aims, Bases, and Validity Scope of the Law

Article 1: The objectives of this law are to.

1. organize companies;

2. protect creditors from fraud;

3. protect shareholders from conflicts of interest and related abuses by company officials, majority owners, and others with practical control over the affairs of the company; and

4. promote the provision of full information to owners in connection with decisions affecting their investment and their company."

Article 2: Suspended.

Article 3: This law applies to mixed and private companies and to all investors. Its provisions shall apply to banks to the extent they do not conflict with Coalition Provisional Authority (CPA) Orders including CPA Order No. 40 promulgating the Banking Law, CPA Order No. 18 prescribing Measures to Ensure the Independence of the Central Bank of Iraq, the Central Bank of Iraq Law No. 64 of 1976, as amended, and regulations issued under the foregoing orders. This law shall apply to securities transactions, financial investment companies and insurance and re-insurance companies to the extent it does not conflict with legislation applicable to these transactions and entities or the jurisdiction of the competent state authorities for those sectors. Decisions of the Registrar of Companies (hereinafter "Registrar") hereunder shall be based upon this law and not upon considerations of economic planning or development policy. Decisions by the Registrar shall not in general foreclose a claim

for compensation arising from violation of the law by an injured third party against those responsible for the violation.

Section Two: The Company in General
Sub-Section One: The Company's Contract and Owners' Mutual Obligations

Article 4: First: The company is a contract binding two or more persons. Each person shall subscribe to the economic project by a quota of the capital or service in order to share the resulting profit or loss.

Second: With the exception of the provisions of Paragraph First of this article:

1. A company may be established by one natural person in accordance with the provisions of this law. Such a company will henceforth be referred to as a "sole owner enterprise."

2. A limited liability company may be formed with one owner in accordance with the provisions of this law.

Third: Owners of capital in a company may not exercise their voting or other authority in the company to cause it to do or consent to acts that:

1. harm or disadvantage the company to benefit themselves or those associated with them at the expense of other owners of the company; or

2. jeopardize the rights of creditors by causing withdrawal of capital or transfer of assets when insolvency is imminent or when prohibited by law.

Article 5: The company shall acquire the corporate status in accordance with the provisions of this law.

Sub-Section Two: Types of Companies

Article 6: First: The mixed or private joint-stock company shall be formed by not less than five persons, who will participate in it by owning shares through public subscription and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Second: The mixed or private limited liability company shall be formed by no more than 25 natural or juridical persons, who will subscribe to its shares and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Third: The joint liability company shall be formed by not less than two and not more than 25 persons, each owning a quota of its capital. They shall jointly assume personal and unlimited responsibility for all of its obligations.

Fourth: The sole owner enterprise is a company formed by one person, who owns the one quota in it and assumes personal and unlimited responsibility for all of its obligations.

Article 7: First: The mixed company shall be formed by the agreement between one or more persons from the state sector and one or more persons from outside this sector. The state sector's share in the mixed company's capital must not initially be less than 25 percent. A mixed company may also be formed by two or more persons from the mixed sector. When the state sector's share falls below 25%, the company shall be treated as a private company, as permitted in article 8, paragraph Second, point 2.

Second: The mixed sector company can be a joint-stock company or a limited liability company.

Article 8: First: The private sector company shall be formed by the agreement between two or more persons from outside the state sector with private capital.

Second: With the exception of the provisions of Paragraph First of this article, it is permissible to:

1. Form a sole owner enterprise of one natural person or a sole owner limited liability company of one juridical or natural person.

2. Include the state sector in the private joint-stock company or limited liability company with a share of less than 25 percent of the capital. Those excluded from this percentage are: Government insurance and reinsurance companies, the Labor and Social Security Department, and any other investment quarter which the cabinet may add under this sub-paragraph.

Third: The private sector company can be a joint-stock company, a limited liability company, a joint liability company, a sole owner enterprise, or a simple company.

Article 9: First: The Financial Investment Company is a company organized in Iraq whose main activity is to direct savings toward investment in Iraqi financial securities, including shares, bonds, treasury bills and fixed deposits.

Second: The Financial Investment Company is considered one of the intermediary financial establishments for the purposes of Iraqi Central Bank Law No. 64 of 1976. The bank is the sectoral quarter, which will be concerned with its activity and exercise the authority of its supervision and control, in accordance with an ordinance which will be issued for this purpose within 180 days from the date of the publication of this law in the Official Gazette.

Article 10: First: Suspended.

Second: Companies engaging in any of the following activities must become joint-stock companies:

1. Insurance and re-insurance.

2. Financial investment.

Article 11: Any economic project, which is not covered under the provisions of Article 10 of this law can take the form of one of the companies stipulated in this law.

Section Three: Membership in the Company

Article 12: First: A juridical or natural person, foreign or domestic, has the right to acquire membership in the companies stipulated in this law as founder, shareholder, or partner, unless such person is banned from such membership under the law, or due to a decision issued by a competent court or authorized governmental body.

Second: Suspended. Third: Suspended.

Chapter II: Establishment of the Company

Section One: Requirements of Establishment

Article 13: The founders shall prepare a contract for the company which is signed by them or their legal representative. The contract shall contain at a minimum:

First: The company's name and corporate form, with the word "mixed" added if it is a mixed sector company, and any other acceptable elements.

Second: The company's head office, which must be in Iraq.

Third: The purposes for which the company is established and the general nature of the business to be transacted.

Fourth: Suspended. Fifth: The company's capital divided in quotas and shares.

Sixth: The method of distributing profits and losses in the joint liability company.

Seventh: The number of elected members in the board of directors of the private joint-stock company.

Eighth: The names of the founders and their nationalities, professions, permanent addresses, and the number of shares they own as well as their percentage of the capital.

Article 14: The founder of a limited liability company when there are no other founders, or the founder of a sole owner enterprise shall prepare a statement, which shall serve the purpose of a company contract and shall be subject to the provisions that are applicable to the contract whenever they occur in this law.

Article 15: The founders of the company shall subscribe to the company's capital in accordance with their agreed to contributions.

Article 16: First: The founders shall deposit the amounts of the company's capital specified in Article 28, paragraph First of this law with one or more banks authorized to operate in Iraq. It is permissible for the company capital to include contributions in kind as stipulated in Article 29 of this law.

Second: Suspended.
Third:

1. The joint-stock company's members, who must not be more than 100, shall elect from among themselves a committee which shall be called the "Founders Committee." The committee, which will consist of not less than three and not more than seven members, will undertake the following duties and tasks:

a. Conclude a contract with specialized and experience for the purpose of conducting an economic and technical feasibility study of the business to be carried out by the company.

b. Follow up on the procedures for establishing the company and submit the contract of association and the subscription document to the Registrar of Companies including the names, signatures, addresses, and nationalities of the founders as well as other requirements.

c. Disburse expenditures until the procedures for the establishment of the company are completed.

d. Open a joint account in the name of the committee with one or more banks authorized to operate in Iraq.

e. Keep the records, including the decisions that have been made and the duties and tasks that have been fulfilled.

f. Obtain a license, if necessary, for the project and conclude the necessary contracts for its establishment, following the issuance of the decision approving its establishment.

g. Prepare the founders' report, specify the establishment expenditures, and call a meeting of the General Assembly.

2. The Founders Committee's duties shall end with the election of the board of directors.

3. The members of the Founders Committee shall be jointly answerable to the founders.

Section Two: Establishment Procedures

Article 17: The application for establishment shall be submitted to the Registrar with the following attachments:

First: The company's contract.

Second: The subscription document of the joint-stock company signed by the founders.

Third: A statement from the bank or banks proving that the capital required in Article 28 has been deposited.

Fourth: The technical and economic feasibility study on the joint-stock company.

Article 18: Suspended.
Article 19: The Registrar shall approve the application unless it finds it contrary to a specific provision of this law and shall issue the approval or disapproval of the establishment application within 10 days from the date of receiving it. Except for joint stock companies, the certificate shall be issued at the time of the approval and shall be the evidence of the company's establishment. If the Registrar disapproves an application, it shall issue a written decision stating the reasons for its disapproval. In the case of a joint stock company, the Registrar shall issue a written notice of its decision at the time of approval or disapproval. No certificate shall be issued without payment of the applicable fee.
Article 20: Suspended.

Article 21: First:

1. The Registrar shall publish the decision approving the establishment of the company in the special bulletin published under the provisions of Article 206 of this law, which henceforth will be referred to as "the Bulletin.".

2. In the case of the joint-stock company, the certificate of establishment shall be issued after the public subscription to its shares and within 15 days from the date on which the founders submit the data stipulated in Article 46 of this law.

Second: Suspended.

Article 22: The company acquires corporate status from the date of the issuance of its establishment certificate. This certificate is considered proof of this status.

Article 23: A company which is established in Iraq in accordance with the provisions of this law is considered an Iraqi company.

Article 24: If the Registrar rejects the application for the establishment of the company, it must state in writing the legal provisions violated and the facts underlying each violation. The applicant for the establishment has the right to contest the Registrar's rejection before the Minister of Trade within 30 days from the date of notification. The Minister of Trade must consider the rejection within 30 days from the date of its submission. If the Minister also rejects the application, the applicant has the right to appeal the Minister's decision before the competent court within 30 days.

Article 25: The founders may submit a new application for the establishment of the company once the reason for its rejection has been eliminated.

Chapter III: The Company's Funds
Section One: The Capital

Article 26: The company's capital shall be specified in Iraqi dinars.

Article 27: The capital shall be allocated to carry out the business specified in the company's contract and to fulfill its obligations. It is impermissible to dispose of the capital in any other way.

Article 28: First: The capital of a joint stock company shall not be less than two million (2,000,000) dinars. The capital of a limited liability company shall not be less than one million (1,000,000) dinars. The capital of all other companies shall not be less than fifty thousand (50,000) dinars.
Second: A joint stock company's, liabilities may not exceed 300 percent of its total capital and other equity rights .

Section Two: Division of Capital
Sub-Section One: Division of Capital in the Joint-Stock Company and the Limited Liability Companies

Article 29: First: The capital of the joint-stock company and the limited liability company shall be divided into shares of equal cash value. The shares shall be indivisible.

Second: In the joint-stock company and the limited liability company, the capital may include shares that are offered in exchange for tangible or intangible in-kind property contributions by one or more of the founders.

1. In the case of a joint stock company, property-in-kind shares shall be evaluated by a committee approved by the Registrar as to expertise and objectivity, and including experts in law, accounting and the company's line of business.

2. In the case of the mixed joint-stock company, the committee established pursuant to sub-paragraph 1 of this paragraph shall submit its report to the Registrar within 60 days from the date of its formation. The Registrar shall submit its report to the Financial Control Bureau for endorsement within 30 days from the date of its submission. In the case of non-approval, the Registrar shall return the report to the committee established pursuant to subparagraph 1 for further consideration.

3. In the case of the private joint-stock company, all founders shall agree on the value of property-in-kind shares as assessed in the

manner stipulated in sub-paragraph 1 of this paragraph. A joint-stock company's or limited liability company's contract must state the type of property-in-kind share and its value as approved by the rest of the founders, the name of the founder who offered the share, and the percentage of his contribution to the capital through this share. The founder offering the property-in-kind shall be accountable to any person for its assessed and accepted value. If it is proven that the assessed value is less than the actual value, he or she must pay the difference in cash to the company. The other founders may also be asked to cooperate in paying the difference.

4. In the case of the joint-stock company, the committee's report must be submitted to the constituent meeting of its general assembly, provided the founders deposit the aforementioned report with the quarter conducting the subscription so the subscribers can read it. And, if the assessment is higher, the subscriber of the property-in-kind share must pay the difference in cash. The other founders may also be asked to cooperate in paying this difference.

Article 30: The nominal value of the share shall be one dinar. It should not be issued higher or lower than that except as provided in Articles 54 through 56.

Article 31: Suspended.
Article 32: First: Suspended. Second: Suspended. Third: It is impermissible for the Investment Company to invest more than 5 percent of its capital in the shares of any company. It is also impermissible for it to own more than 10 percent of the capital of any company, while taking the previous percentage into consideration. Its cash liquidity must not, at any time, be less than 10 percent of the paid-up capital.

Article 33: The shareholder is answerable to the company's debts to the extent of the nominal value of the shares he owns.

Sub-section Two: Division of capital in the Joint Liability Company and the Sole Owner Enterprise

Article 34: The capital of the joint liability company is divided into quotas among the partners according to the company's contract. The sole owner enterprise consists of one quota.

Article 35: Whoever has a share in the joint liability company or the sole owner enterprise assumes personal and unlimited responsibility for the debts of the company. His responsibility is collective in the joint liability company.

Article 36: If the company becomes insolvent, every partner in it becomes insolvent.

Article 37: First: The creditors of a joint liability company may take legal action against the company or any partners who were members when the obligation occurred. The partners are obligated to honor the joint liability. It is impermissible to sequester the partner's funds before warning the company.

Second: The creditors of a sole owner enterprise may take legal action against it or the owner of the quota in it. His or her funds shall be considered as a guarantee for debts on the enterprise. It is permissible to seize his or her funds without warning the enterprise and in accordance with applicable legal procedures.

Section Three: Public Subscription in the Capital

Article 38: Public subscription shall take place in the capital of a joint-stock company only.

Article 39: First: The founders in the mixed joint-stock company shall subscribe by not less than 30 percent and not more than 55 percent of its nominal capital, and this should include the minimum 25 percent fixed for the state sector.

Second: At the establishment of the company, the founders in the private joint-stock company shall subscribe by not less than 20 percent in its nominal capital.

Third: The remaining shares shall be offered for public subscription within 30 days from the date of the approval of the establishment of the company in a statement issued by the founders and published in the bulletin and at least two daily papers, after obtaining the approval of the Registrar, which shall be granted within that time unless the Registrar finds the registration materials submitted would be materially misleading to investors. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets.
The statement shall include the following:

1. The text of the company's contract.

2. The number of shares offered for subscription, the value of each share, and the sum which must be paid toward each share.

3. The minimum and maximum number of shares one can subscribe for.

4. The place and period of subscription.

5. The expenses of the establishment of the company.

6. The contracts and agreements which the founders have undertaken in the interest of the company.

7. Any other information which the founders may want to add.

8. The report of the committee formed under Paragraph Second of Article 29 of this law in the case of the existence of a property-in-kind share.

Fourth: Founders shall not subscribe to the shares while they are being offered for public subscription, except after the end of 30 days from the beginning of the subscription or during the extended period stipulated in Article 42 of this law.

Article 40: The founders are jointly responsible for any damages caused to any subscriber due to an error or shortcoming in the subscription statement.

Article 41: First: The subscription shall take place in a bank authorized to operate in Iraq in a form bearing the name of the company and containing the following:

1. The request to subscribe to a specific number of shares.

2. The subscriber's approval of the company's contract.

3. The subscriber's name, address, profession, and nationality.

4. Any other information which the founders may want to add.

Second: The form shall be submitted to the party handling the subscription signed by the subscriber or his legal representative. The required payment shall be paid against a receipt.

Third: The subscriber shall be given a copy of the company's contract and its technical and economic feasibility study, subject to Section 47, paragraph Third of this law.

Article 42: The subscription period shall not be less than 30 days or more than 60 days. If the subscription period expires without the subscribed shares reaching 75 percent of the nominal capital, including the shares owned by the founders, it is permissible to extend it for a further period of not more than 60 days. The founders shall again publish the subscription statement and make the extension announcement.

Article 43: First: If the subscription does not reach 75 percent of the nominal capital at the end of the extension period, the founders must decrease the company's capital, so that the value of the subscribed shares will be equal to 75 percent of the decreased nominal capital, unless the founders cancel the establishment of the company. The founders shall inform the Registrar of such a decision.

Second: Suspended. Third: If it is decided to cancel the establishment of the company under the provisions of Paragraph First of this article, the founders shall notify the bank and jointly bear the expenses for establishing the company. The bank handling the subscription shall return the money paid by all subscribers in full upon notification and within a period of not more than 30 days.

Article 44: First: The bank shall be responsible for the soundness of the subscription process and undertake the following:

1. Close the subscription at the end of its period, announcing the closure in two daily papers, and also notify the Founders Committee.

2. Keep all the money received from the subscribers and not give any to the founders.

3. Return any surplus funds to the subscribers within 15 days from the distribution of the shares among the subscribers in accordance with Paragraph Second of this article.

Second: If it transpires after the closure of the subscription that the shares offered have been over-subscribed, the shares must be distributed among the subscribers according to the percentage of subscription allotted for each subscriber..

Article 45: First: Any person whose lawful rights would be infringed by violations of the subscription rules, the Registrar and the competent state authority for the securities market has the right to contest the soundness of the subscription process before the competent court and ask for its cancellation within 15 days from the closure of the subscription. The court must examine such cases urgently. The court's decision can be

the interest on them until all installments and their interest have been paid.

Article 49: If the shareholder does not pay the installment on his shares on the set date without a legitimate reason, the board of directors may take steps to sell those shares as follows:

First: The company shall notify the shareholder in two daily papers, the bulletin, and the Baghdad Stock Exchange Market, to pay the overdue installment within 30 days from the date of publication. The notification shall state the number of shares he owns and the amount of the installment which must be paid and its due date.

Second: If the shareholder does not pay the installment within the above respite, the company shall offer his shares for sale by public auction in the Baghdad Stock Exchange Market.

Third: The company shall announce the sale in the bulletin, one daily paper, and the Baghdad Stock Exchange Market, its date and place, and the number of shares offered for auction, provided the period between the announcement and the sale is not more than 15 days.

Fourth: The shareholder whose shares have been announced for sale can pay the debt up to one day before the auction date. In such a case the sale will be canceled and the shareholder will bear all the company's expenses on the sale procedures.
Fifth: The shares shall be sold at the highest price reached at the auction. The company shall deduct from this price its debts, including the installments, the interest, and the expenses, and return the remainder to the shareholder. But, if the price of the sold shares does not cover the debt, the company shall obtain the difference from the shareholder.

Sixth: The company's records on the sale shall be considered correct unless they are proven otherwise.

Article 50: The subscriber to the joint- stock company shall be given--after paying all due installments and producing the receipts as proof--a temporary certificate with a serial number signed by an authorized person in the company. The certificate shall state the name of the shareholder, the number of shares he owns, the amount paid toward their value, and the remaining installments and their due dates. The installments paid shall be ticked in this certificate.

Article 51: Every shareholder in a limited liability company and every subscriber who has fully paid the value of his shares in a joint-stock company shall be given a permanent certificate including the data

contained in the temporary certificate, plus a declaration that the shares have been paid. Any temporary certificate should be cancelled.

Article 52: The shareholder may pay one or more installments toward the value of his shares before their due date. In such a case, they will be considered as still due even if the same installments have not yet been paid by the other shareholders. No dividends will be paid for installments which are paid before their due date.

Article 53: In the case of the limited liability company, the joint liability company, and sole owner enterprise, the capital must be paid up before the issuance of the certificate of establishment.

Section Five: Increase and Decrease of Capital
Sub-Section One: Increase of Capital

Article 54: First: A company may increase its paid-up capital.

Second: In the joint-stock company and the limited liability company, the increase of capital must be in accordance with a general assembly decision to amend the contract and issue new shares.
Third: Suspended.
Fourth: The Registrar shall within fifteen days of a lawful request approve the increase. The Registrar shall be deemed to approve the increase, and to give notice of the approval, unless it rejects the request, giving the legal and factual basis for the determination in writing.

Article 55: The general assembly of the joint-stock company and the limited liability company may cover the increase in the capital by any of the following methods:

First: Issuing new shares whose value is paid in cash.

Second: Transferring funds from the accumulated surplus or the issuance allowance reserve into shares to be distributed among the shareholders in the ratio of their subscription to the capital.

Third: Withholding part of the company's profits as a reserve for expanding and developing the enterprise instead of distributing them as dividends. When this reserve is added to the capital and new shares equivalent to it are issued, the shares shall be distributed among shareholders in the ratio of their subscription to the capital.

Fourth: In cases where the shares will be offered in exchange for cash, such decision must specify the number of shares to be issued and the price at which they will be offered for sale or the means of establishing

that price. Shares may be offered at a price equal to or greater than their nominal value in accordance with the general assembly's decision and priced in light of the company's performance and, where applicable, the prices of its shares in the Baghdad Stock Exchange market. The proceeds reflecting the difference between the issue price and nominal price, which is considered issuance allowance, shall be recorded in the account of the issuance allowance reserve, after deducting all issuance expenses. This reserve may not be distributed as profits. In the case of the joint-stock company, the company shall submit to the Registrar a decision by its general assembly to increase the capital, backed by an economic study giving the justifications for this increase and the fields in which it will be expended, as well as any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of article 47 of this law, unless the Registrar finds it materially misleading. In this case, it shall refer a matter within its jurisdiction to the competent state authority for the securities market.

Article 56: First: In the joint-stock company, the new shares must be placed for public subscription within 30 days from the date on which the company is notified of the Registrar's approval of the increase in the capital. The subscription shall remain open for a period of not less than 30 days and not more than 60 days, which may be renewable once for a similar period, provided the value of the shares is paid during subscription. The increase in the capital is achieved by the number of shares subscribed and paid up on the closure of the subscription. Otherwise, and in so far as it does not conflict with the nature of the increase in the capital, the original provisions on subscription shall be applied on the new shares, including the provisions of Articles 44 and 47 of this law.

Second: In the limited liability company, the value of the new shares must be paid within 30 days from the issuance of the general assembly's decision to increase the capital. The increase is achieved by the number of shares whose value is paid up at the end of the period.

Third: Every shareholder has the priority to buy shares at the subscription price proportional to the number of the shares he owns. Shareholders shall be allowed to exercise this right within a period of 15 days from the date they are invited to do so. The invitation must state the beginning and end of the subscription period and the nominal value of the shares. If some shares are not subscribed after the period stipulated in paragraph First of this Article, the board of directors may place the shares for sale in the Baghdad Stock Exchange market in the manner it deems suitable.

Fourth. In the case of banks increasing capital by a sale of shares for cash, the company may issue shares without public subscription and/or

without offering existing shareholders the right to participate, provided the following conditions are met:

1. The issuance is approved by a majority of the votes of the subscribed shares whose due installments have been paid; and
2. The Central Bank of Iraq concurs that the sale is for fair value, in view of all the circumstances, and is fair to shareholders not entitled to participate, in view of the benefit to the company as whole.

Article 57: In the case of the joint liability company and sole owner enterprise, the increase of the capital occurs in accordance with a decision by the general assembly to amend the contract, provided the increase is paid within 30 days from the date of the issuance of the decision.

Sub-section Two: Decrease of Capital

Article 58: A company may decrease its capital if it exceeds its needs or incurs losses. A decrease in capital that is part of an arrangement to achieve a net increase in capital through additional investments shall not be subject to the requirements in Article 59, paragraph Third, and Articles 60-63.

Article 59: First: In the case of the joint stock company and the limited liability company, the capital is decreased by canceling shares which are equivalent in value to the sum to be deducted from the capital. The cancellation shall be in the ratio of each member's subscription in the company, to the nearest correct share.

Second: The decision to decrease the capital shall be made by the company's general assembly which shall state the reasons for the decrease.

Third: After making the decision on the decrease, the following steps shall be taken:

1. The chairman of the board of directors in the joint-stock company and the managing director in the limited liability company shall refer the decision on the decrease to the Registrar coupled with a certified statement by the chief accountant including the company's debts and the names and addresses of the creditors, as well as an economic and technical study on the reasons for the decrease.

2. Suspended.

3. If the Registrar finds the decrease lawful, it shall announce the approval in the bulletin and two daily papers. It shall also give every creditor to or claimant on the company the right to object to the decision on the decrease within 30 days from the date of the publication of the announcement.

Article 60: First: If an objection is made during the legal respite by a creditor to or a claimant on the company, the Registrar must seek an amicable settlement of the objection in the manner he deems suitable within 30 days from the end of the objection period.

Second: If the Registrar is unable to settle the objection, he must refer it with all the pertinent documents and papers to the competent court within 15 days from the end of the amicable settlement period. The examination of such objections is an urgent matter.

Article 61: First: If the court reaches a settlement on the objections, or if it is satisfied that the assurances given by the company are adequate, it shall issue its decision supporting the decision on the decrease. But, if a settlement is not reached on the objections and the assurances given by the company are not adequate, the court shall decide on canceling the decrease or approving only a partial decrease that does not adversely affect the rights of the objectors. Its decision shall be final.

Second: Irrespective of the decision made by the court, the company must deposit a copy of the decision with the Registrar within 15 days of its issuance.

Article 62: If there is no objection to the decision on the decrease, or the decision has been signed and settled before the Registrar or the court, the company's contract shall be considered amended by law. A copy of the amendment shall be sent to the Registrar for registration and publication in the bulletin and one daily paper.

Article 63: In the case of the joint liability company and the sole owner enterprise, any decrease of the capital must take place through a decision by the general assembly to amend the contract. .

Section Six: Disposal of Shares and Quotas
Sub-section One: Transfer of Ownership

Article 64: In the case of the joint-stock company and the limited liability company, the shareholder may transfer ownership of his shares to another

shareholder or outsiders, while bearing in mind the following considerations:

First: Founders of joint-stock companies may not transfer ownership of their shares except in the following situations:

1. The lapse of at least one year since the establishment of the company.

2. The distribution of dividends that are not less than five percent of the paid up nominal capital.

Second: Suspended.
Third: The shareholder from the private sector cannot transfer ownership of his or her shares:

1. If they are mortgaged, seized, or sequestered under a court decision.

2. If their certificate is lost and a replacement has not been issued.

3. If the shares to be transferred owe debts to the company.

4. If the transferee is prohibited to own shares in the company under a law or a decision issued by a competent quarter.

Article 65: Shareholders in a limited liability company prefer to sell their shares to outsiders. If a shareholder wishes to sell his or her shares, he or she must follow the following steps:

First: The seller must notify the other shareholders through the managing director of his desire to sell his or her shares. He or she must mention the number of shares, the number of their certificate, and the price he wants or that has been offered by a buyer supported by evidence.

Second: If after 30 days of notification, none of the other shareholders have come forth to buy the shares, or have offered a price lower than the required one, the buyer shall be free to sell his or her shares to others at a price higher than the one offered by the shareholders. If he sells the shares at the lower price offered by the shareholders, the sale shall be considered null and void.

Third: If several shareholders want to buy the shares at the same price, the shares shall be divided among them in the ratio of their subscription, to the nearest correct share.

Article 66: First: The sale of shares in a joint-stock company or a limited liability company shall take place at a meeting between the seller and the buyer, or their legal representatives, in the presence of the representative of the managing director. A contract shall be made mentioning the names of the seller and the buyer and their addresses, the number of the certificate of the shares, the date of the transaction, the price, a statement from the seller that he received the price, and a pledge by the buyer that he approves of the company's contract. The transaction contract shall be recorded in the company's special register for transferred shares along with the signatures of the contractors and the representative of the company. Any transaction that is concluded outside the board shall be considered null and void and shall not be recorded in the company's register.

Second: Ownership of shares in the joint-stock companies trading in the Baghdad Stock Exchange market shall be transferred in accordance with the market's by-laws and the guidelines issued on its basis.

Article 67: If an Iraqi shareholder in a joint-stock company or a limited liability company dies, the ownership of the shares shall revert to his or her heirs in accordance with the ratios specified by the Shari'a law. In cases in which the shareholder is a citizen of another country, the shares shall revert to the shareholder's heirs in accordance with the applicable law of that country. In each case, the following shall be taken into consideration:

First: If the heir is prohibited to own shares in the companies or has received more than the maximum limit of shares allowable under the law, he or she must take steps to transfer their ownership within 90 days from the date they become transferable. If he or she fails, the board of directors in the joint-stock company and managing director in the limited liability company shall announce their sale through public auction.

Second: If the distribution of shares among the heirs will result in an increase in the number of partners in the limited liability company over the number set by the law, the shares shall be considered a joint ownership by the heirs in accordance with the ratios specified under applicable inheritance law and considered as one person. In such a case, one of the heirs will represent the rest before the company. They shall be asked to choose this representative within 60 days from the date of the registration of the shares in the company's ledger.

Article 68: Any transfer of ownership of shares other than through the sale method must be recorded in the company's register on the basis of a decision issued by the competent court.

Article 69: First: In the joint liability company, the partner may transfer ownership of his share of the capital to another partner. It is impermissible to transfer ownership to outsiders without the unanimous approval of the general assembly. In all cases, this is done by amending the company's contract.

Second: In the sole owner enterprise, the owner can transfer ownership to another person by amending the company's statement. If it is to be transferred to more than one person, or if only a part of the ownership is to be transferred, this can be done only by changing the enterprise into another type of company, such as those stipulated in this law.

Article 70: First: If a partner in a joint liability company dies, the partnership shall continue through his heirs. But, if the heir, or his legal representative if he is underage, or the other partners in the company object to that; or if that is prevented by any legal obstacle, the company shall continue among the remaining partners. The heir shall get only the share of his inheritor. This share shall be determined on the basis of its value on the day of the death and shall be paid in cash. The heir shall not have any rights on the company afterward except those resulting from operations prior to the death. In all cases, the company's contract must be changed to a sole owner enterprise, if only one partner remains.

Second: If the owner of the single quota in the sole owner enterprise dies and he has several heirs wishing to join the enterprise and there is no legal objection to that, the enterprise must be changed to any of the types of companies stipulated in this law.

Third: If a partner becomes insolvent or if his assets in the joint liability company are sequestered, the company shall continue among the remaining partners and the share of the insolvent and sequestered partner shall be liquidated. His share shall be assessed on the basis of its value on the day the insolvency or sequestration ruling is issued. He shall not have any rights on the company, other than those resulting from operations prior to the insolvency or sequestration. In all cases, the company's contract must be changed in accordance with its new condition or transformed into a sole owner enterprise, if there is one owner left.

Sub-Section Two: Mortgage and Sequestration of Shares and Quotas

Article 71: First: It is permissible to mortgage shares owned by the private sector in a joint-stock company or a limited liability company, provided the mortgage contract is recorded in the company's special register. The mortgage will only be deleted from the register after the mortgagee acknowledges its release, or after the competent court has issued its decision on it.

Second: It is impermissible to mortgage quotas in the capital of a joint liability company, sole owner enterprise, or a simple company.

Article 72: First: It is permissible to sequester the shares owned by the private sector in a joint-stock company or limited liability company as a security against a debt on their owner, provided the sequestration decision issued by a competent quarter is recorded in the company's special register. The sequestration will only be deleted from the register after a decision by a competent quarter.

Second: It is impermissible to seize the quotas in the capital of a joint liability company, simple company or a sole owner enterprise except against a privileged debt. It is permissible to seize its dividends.

Section Seven: Profits and Losses

Article 73: The company's net profit shall be distributed after making all the legal deductions as follows:

First: At least five percent as compulsory reserve until it reaches 50 percent of the paid-up capital. It is permissible under a decision by the general assembly to continue deducting for the compulsory reserves even if it exceeds 100 percent of the paid-up capital.

Second: The remainder of the profit or part of it shall be distributed among the members according to their quotas or shares.

Article 74: First: The reserve shall be used for the purposes of expanding and developing the company's business, and improving the conditions of its workers, participating in projects relevant to the company's activity, and contributing to the protection of the environment and social welfare programs. Dividends shall not be distributed from the reserve.

Second: The reserve shall be used to meet the company's debts, provided they do not exceed 50 percent of the reserve. Any increase over that limit shall be subject to the approval of the Registrar. .

Article 75: The losses of the joint liability company shall be divided according to the ratios stipulated in its contract which are similar to the ratios for the distribution of profits.

Article 76: First: If the company's losses amount to 50 percent of its capital or more, it must notify the Registrar within 60 days from the day the losses are established in the balance sheet.

Second: If the losses amount to 75 percent of the capital or more, the company must take one of the following steps:

1. decrease or increase the capital of the company or

2. recommend liquidation of the company.

Section Eight: Credit Bonds

Article 77: The joint-stock company can seek a loan by issuing nominal bonds in accordance with the provisions of this law and inviting the public to buy these bonds. The subscriber shall be issued bonds against the sums of money he loans to the company. He has the right to charge an interest, which shall be paid to him at fixed periods. The value of the bonds shall be re-paid from the company's funds. These bonds will be of one nominal value. They will also be exchangeable, but not divisible. Each bond issue will have separate serial numbers and shall be stamped with the company's seal.

Article 78: It is impermissible to issue credit bonds before meeting the following conditions:

First: The company's capital must be fully paid.

Second: The total amount of the bond issue must not exceed the company's capital.

Third: The general assembly's approval of the issuance on the recommendation of the board of directors must be obtained in advance.

Article 79: The company shall submit to the Registrar the general assembly's decision on the issuance of the credit bonds backed by an economic study stating the reasons for the issue, the fields in which the credit will be expended, and any other essential data. It shall be furnished to purchasers, subject to the liability in the second paragraph of Article 47 of this Law, unless the Registrar finds it materially misleading. In the latter case, it shall refer a matter within its jurisdiction to the competent state authority for the securities markets.

Article 80: The invitation to subscription to the credit bonds shall be published in the bulletin and two daily papers and shall include the following details, which shall also be noted in the credit bond upon its issuance:

First: The company's name and capital.

Second: The date of the general assembly's decision approving the issuance of the credit bonds.

Third: Information on the company's financial condition and results of operations, including earnings.

Fourth: The rate of interest and its due dates.

Fifth: The value of the issue, its maturity date, and nominal value of each bond.

Sixth: Method and duration of subscription and method of payment.

Seventh: Maturity dates of the nominal bonds.

Eighth: Purpose of the loan.
Ninth: Guarantees of re-payment.
Tenth: Credit bonds previously issued by the company.

Eleventh: Any other details and information.

Article 81: The bank undertaking the subscription process for the credit bonds must close the subscription at the end of its period, or once all bonds have been subscribed and announced in two daily papers. It shall then immediately provide the Registrar with the full information on the subscription process, including the names of subscribers; the number of bonds subscribed by each of them; their addresses, professions, and nationalities; the sums paid; and the value of the bonds.

Article 82: First: The subscriber to the credit bonds has the right to contest before the competent court the soundness of the subscription process and ask for cancellation of the payment if the company did not comply with the procedures for the issuance of bonds or the subscription to them, or if it invited subscription seven days before the closing date. The court must consider the appeal urgently. Its decision can be appealed before the court of appeal, which shall sit as a court of cassation, and its decision in this capacity shall be final.

Second: If the court decision is to cancel the subscription to the credit bonds, the bank must, as soon as it is notified of the cancellation, return the money to the subscribers in full within a period of not more than 30 days.

Article 83: The company shall sell the outstanding bonds in the Baghdad Stock Exchange Market at less than the nominal value.

Article 84: The debtor company must re-pay the value of the credit bonds in accordance with the conditions set during or before the issuance. It is impermissible to delay the maturity date.

Chapter IV: The Company's Management

Section One: The General Assembly
Sub-Section One: The Formation of the General Assembly and its Meetings

Article 85: The general assembly shall consist of all the members of the company.

Article 86: The general assembly in the joint-stock company shall meet at least once a year. In the other companies, it shall meet at least once every six months.

Article 87: The invitation to a meeting of the general assembly shall be issued by one of the following bodies or persons:

First: The founder of the company for the purpose of holding the constituent meeting within 30 days from issuance of the company's certificate of establishment.

Second: The chairman of the board of directors of the joint- stock company under a decision by the board, and the managing director in other companies; or at the request of company members who own not less than 10 percent of its paid-up capital.

Third: The Registrar on its own initiative or at the request of the accounts controller.

Article 88: First: In the case of the joint-stock company, the invitation to attend a meeting of the general assembly must be announced in the bulletin, two daily papers, and the Baghdad Stock Exchange Market. The invitation in the case of the other companies shall be sent out in registered letters through the members' postal addresses or by informing them through the company's administrative office. The invitation shall fix the place and date of the meeting. The period between the date of the invitation and the day of the meeting must not be less than 15 days.

Second: If the founders or the chairman of the board of directors in the joint-stock company or the managing director in the other companies fail to address the invitation to a meeting of the general assembly at the legally scheduled date, the Registrar shall address them directly to the members—in the case of the joint-stock companies-- by announcing that

in the bulletin, two daily papers, and the Baghdad Stock Exchange Market and fixing the place and date of the meeting.

Third: It shall be unlawful to manipulate notice of a meeting or dissemination of information concerning it in order to bias the outcome of its decisions.

Article 89: Every invitation to a meeting of the general assembly must include the agenda of the meeting. It is impermissible to overlook the agenda during the meeting unless it is proposed by the representatives of at least 10 percent of the company's capital and approved by the majority of the voices represented in the meeting and the unanimity of all the members in the joint liability company. The provisions stipulated in Paragraph Second of Article 92 of this law are excepted.

Article 90: The meetings may be held at the company's head office or any other place in Iraq if necessary, provided inconvenience to the owners is minimized.

Article 91: First: The member may, under a certified power of attorney, appoint a proxy to attend, speak, and vote on his behalf in the meetings of the general assembly. He can also appoint another member for this purpose.

Second: The Registrar shall issue guidelines specifying the form to be used for the power of attorney, its contents, and the method of its preparation.

Third: In the case of the joint-stock company:

1. Suspended.
2. The representational power of attorney must be deposited at the company's administrative office at least three days before the meeting. The company's administrative office shall check them to make sure that they are correct. The power of attorney will remain valid for any other meeting to which the first is adjourned.

Article 92: First: The meeting of the general assembly shall be held with the attendance of the members owning the majority of subscribed shares whose installments have been paid, in the case of the joint-stock company; the majority of paid-up shares in the limited liability company; and the majority of quotas in the joint liability company. If a quorum is not reached, the meeting shall be postponed to the same day on the following week and in the same place. A quorum is considered attained in the second meeting if 25% of the number of such shares or quotas is represented. The company may apply to the Registrar for waiver of the

25% minimum if, in view of the agenda and other circumstances, the minimum requirement would disserve the interests of the owners generally. The company's contract may require more stringent conditions for a quorum.

Second: If the agenda calls for amending the company's contract, increasing or decreasing its capital, dismissing the chairman or a member of its board of directors; or deciding on its merger, transformation, sale of more than half its assets in a transaction outside its ordinary business, a transaction under paragraph Fourth of Article 56,or liquidation, the quorum required for the first meeting must be attained.

Article 93: In the case of the joint-stock company, the meeting of the general assembly must be attended by the representative of the Registrar. It must also be attended by most members of the board. If representatives of the Registrar or board members fail to attend after being notified, the meeting can be held in their absence within half an hour after the scheduled time of the meeting. The representative of the Registrar will withdraw after confirming that a quorum is present unless his or her continued presence is requested by a shareholder.

Article 94: First: Prior to the beginning of the meeting, the name of the participant in the meeting shall be recorded along with the number of the shares he or she owns or represents, provided he or she produces the certificate of the shares or the power of attorney if he or she represents a shareholder in the company. Share certificates submitted to a depository for book-entry transfer need not be presented, provided adequate evidence of ownership is furnished under the rules of the depository approved by the competent sectoral quarter for the securities market. The participant shall put his or her signature against the name of the shareholder he or she represents.

Second: A member of the board of directors shall be entrusted with recording the names of the participants in the meeting. The board shall be responsible for what is recorded in the minutes.

Third: The participant shall be given a card to enable him to join the meeting. The card shall state number of votes he is allowed to cast.

Article 95: First: The meeting shall be headed by the chairman of the board of directors or the chairman of the Founding Committee in the case of the joint-stock companies--and the managing director in the other companies-- until the president of the general assembly is elected.

Second: The chairman of the meeting shall choose from among the participants a reporter to record the minutes and a controller to establish the quorum and collect the votes.

Third: The quorum must be established within 30 minutes from the start of the meeting. If the chairman of the meeting finds that the quorum has been attained, he shall declare the meeting open and call for electing the president of the general assembly.

Fourth: The elected president shall assume his responsibilities immediately after being elected. He will immediately call for a discussion of items in the order in which they are listed in the agenda.

Article 96: First: The meeting's discussions, proposals, and decisions, including the conflicting opinions shall be recorded in the special minutes book. The minutes shall be signed by the president of the general assembly, the reporter, the controller, and the representative of the Registrar if present. It shall be stamped with the company's stamp and a copy shall be sent to the Registrar.

Second: The general assembly's decisions shall be recorded in a special record book, stamped with the company's seal, and signed by the president of the general assembly.

Third: Any member of the general assembly has the right to contest the soundness of the meeting's procedures-from the date of the issuance of the invitations to the meeting to the date of the issuance of the decisions--before the Registrar within three days after the end of the meeting. The Registrar must consider the context within seven days from the date of its submission. He has the power to cancel those procedures, if they conflict with the law, and compel the company to repeat the procedures. His decision in this respect is final.

Article 97: First: In the joint-stock company and the limited liability company, every shareholder shall have a number of votes equal to the number of shares he owns.

Second: In the joint liability company, the votes are calculated on the basis of each partner's quota in the capital.

Article 98: First: The voting shall be open except on matters relating to the election or dismissal of the chairman or a member of board of directors, in the case of the joint-stock company, and the dismissal of the managing director in the case of other companies; or when requested by several members who own not less than 10 percent of the shares or

quotas and are represented in the meeting, regardless of the subject to be voted on. In such a case the voting will be secret.

Second: Unless the company's contract requires a higher proportion, decisions on amending the contract of the company, increasing or decreasing its capital, selling more than half its assets in a transaction outside its ordinary business, approving a transaction under paragraph Fourth of Article 56, merging the company, transforming it, or liquidating it must be based on: The majority of the votes of the subscribed shares whose due installments have been paid, in the case of the joint-stock company; the majority of the votes of the paid-up shares at the time of calling the meeting, in the case of the limited liability company; and the unanimous vote of the quotas, in the case of the joint liability company. In the case of a tie vote in the limited liability company, and the impossibility of obtaining a unanimous vote in the joint liability company, it is permissible to resort to the competent court to settle the matter. Decisions on other matters, shall be made on the basis of the majority of the votes of shares or quotas represented in the meeting, unless the company's contract requires a higher proportion.

Article 99: The general assembly's decisions shall be sent to the Registrar within four days from their adoption. The certified copy issued by the Registrar shall be an acceptable document to any quarter.

Article 100: Holders of five percent of the shares of the company can object to the general assembly's decisions before the Registrar within seven days from their adoption. The Registrar shall issue his decision 15 days from the submission of the objection. His decision can be contested before the competent district court within seven days from the date of notification. The court must examine such objections urgently, and its decision on them shall be final.

Article 101: In the sole owner enterprise, or a limited liability company having one owner, the owner replaces the general assembly and the provisions stipulated in this law, other than those pertaining to meetings, apply to him, her or it.

Sub-Section Two: The Jurisdictions and Powers of the General Assembly

Article 102: The general assembly is the highest authority in the company. It decides on all matters that serve its interest; and, it is empowered to do the following:

First: Discuss and approve the founders' report on procedures pertaining to the establishment of the company at the constituent meeting.

Second: Decide on the election of the representatives of shareholders from outside the state sector -in the board of directors of the mixed company, and the representatives of all shareholders in the board of directors of the private joint stock company, as well as on their dismissal.

Third: Discuss the reports of the board of directors of the joint-stock company, the managing director of the other companies, and the accounts controller, as well as any other reports reaching it from competent quarters and make the necessary decisions on them.

Fourth: Discuss the company's final accounts and approve them.

Fifth: Discuss and approve the proposed annual plan and the budget for the following year in other than joint-stock companies.

Sixth: Appoint the accounts controller and specify his remuneration in the case of private companies.

Seventh: Discuss proposals pertaining to loans, mortgage, and securities and make decisions on them in the case of the limited liability company and joint liability company.

Eighth: Approve the percentage of profit to be distributed among the members and specify the percentage of compulsory reserve and any other reserves it deems appropriate.

Ninth: Fix the remuneration of the chairman and members of the board of directors in the mixed and private joint-stock companies commensurate with their efforts in fulfilling their tasks and achieving company plans and profits.

Tenth: Approve employment rules in the mixed joint-stock company as worked out by the board of directors.

Section Two: The Board of Directors in the Joint-Stock Company

Sub-Section One: Formation of the Board of Directors

Article 103: First: The board of directors in the mixed joint- stock company shall consist of seven original members who are chosen as follows:

1. Two members representing the state sector who are appointed under a decision by the competent minister or his deputy in the sector to which the company belongs, unless at the time of the selection, the state sector's share in the mixed company's capital

exceeds 50%. In such a case, the competent minister or his deputy in the sector to which the company belongs shall appoint three members representing the state sector.

2. Five members representing shareholders from outside the state sector elected by the company's general assembly, unless at the time of the selection, the state sector's share in the mixed company's capital exceeds 50%. In such a case, the company's general assembly shall elect four members representing shareholders from outside the state sector.3. Suspended.

Second: The board of directors in the mixed joint-stock company shall have seven reserve members, who will be selected in the manner and ratio used in the case of the original members.

Article 104: First: The board of directors in the private joint-stock company shall consist of not less than five and not more than nine original members to be elected by the company's general assembly.

Second: The board of directors in the private joint-stock company shall have reserve members, who will be chosen in the manner and ratios used in the case of the original members.

Article 105: Suspended.
Article 106: First: The member of the board of directors must:

1. Enjoy legal qualification.

2. Not be banned from managing companies under the law or any decision issued by a legal quarter.

3. Be owner of not less than 1,000 shares, if he represents the private sector. If his shares drop below this level, he must make up the difference within 30 days from the date of becoming member of the board of directors. Otherwise, he will be deemed as having lost the board membership at the end of the above respite.

Second: If a member of the board of directors loses any of the conditions stipulated in Paragraph First of this article, he shall lose his membership in the board as of the date of losing that condition. Any decision made during his attendance shall be considered null and void, if his vote has influenced the decision.

Third: The period of membership in the board of directors is three years from the date of the first board meeting. This period is renewable.

Article 107: First: If the elected shareholder declines to accept membership in the board of directors, he should inform the board within seven days from his election to the board, if he was present during the election meeting; and, from the date of being notified, if he was absent.

Second: If a member of the board of directors resigns, his resignation must be in writing. The resignation will be considered valid only from the date of its acceptance by the board.

Article 108: First: If a vacancy occurs in the membership representing the state sector in the board of directors, the council shall invite a reserve member--in the order of the reserve list in the sector--to fill the vacancy and attend the board meeting.

Second: If a vacancy occurs in the membership representing the private sector in the board of directors, the chairman shall invite the reserve member with the majority of votes to attend. And, if several reserve members have an equal number of shares, the chairman shall choose one of them.

Third: If several vacancies occur in the membership representing the private sector in the board of directors and the reserve members are not enough to fill all the vacancies, the chairman of the board shall call a meeting of the general assembly in order to elect original members to fill any vacancies in the board of directors, after including the reserve members; and, to also elect reserve members in their place within 60 days from the occurrence of the vacancies.

Fourth: If the board of directors in a private joint-stock company loses half of its members at once, it shall be considered as dissolved. In such a case, a meeting of the general assembly shall be convened within 30 days from this loss to elect a new board.

Article 109: If a member of the board of directors fails to attend meetings, the steps outlined in Paragraphs First and Second in Article 108 of this law shall be applied, depending on the circumstances. A reserve member shall replace the original member during his absence.

Article 110: First: A person cannot be a member in the boards of directors of more than six companies at the same time. But, he can also assume the chairmanship of one or two other boards at the same time.

Second: The chairman or member of a board of directors of a company cannot become a chairman or member in the board of directors of another company that engages in similar business, unless he has been authorized by the general assembly of his company.

Sub-Section Two: The Meeting of the Board of Directors

Article 111: The board of directors shall meet within seven days of its formation. It shall elect from among its members by secret ballot its chairman and his deputy, who will replace him in his absence, for a one-year term, which is renewable.

Article 112: First: The board of directors shall meet at least once every two months at the invitation of its chairman or at the request of any of its other members.

Second: The board meetings shall be held at the company's head office or any other place in Iraq that is chosen by the chairman, if it is not possible to hold the meeting at the head office.

Article 113: The quorum shall be counted 30 minutes after the board has convened. It shall meet with the attendance of the majority of its members.

Article 114: First: Board decisions shall be made on the basis of the absolute majority of the members present. In the case of a tie, the side supported by the board chairman shall prevail.
Second: Suspended.

Article 115: If the chairman of the board or his deputy fails to attend three consecutive meetings without a legitimate reason, or if he fails to attend successive meetings for a period of more than six months without a legitimate reason, he shall be considered as having resigned.

Article 116: First: The minutes of the board meeting shall sum up the subjects discussed, the proposals made, and the opposite opinions expressed. The minutes shall be signed by the members.

Second: The board's decisions shall be entered in the records book and signed by the chairman.

Third: Certified copies of the board's decisions from the records book are valid documents to present to any quarter, provided the Registrar keeps his copies of these decisions.

Sub-Section Three: The Jurisdictions and Powers of the Board of Directors

Article 117: The board of directors shall handle the necessary administrative, financial, planning, organizational, and technical duties for running the company's business, other than those that fall within the jurisdiction of the general assembly. It shall, in particular, assume the following jurisdictions:

First: Appoint the managing director, specify his wages, remunerations, jurisdictions, and powers, supervise and guide his work, and also decide on his dismissal.

Second: Carry out the general assembly's decisions and follow up on their implementation.

Third: Prepare the final accounts of the previous year within the first six months of each year, write up a report on them and on the results of implementing the annual plan, and submit them all to the general assembly for discussion and approval. These shall include:

1. The general budget.

2. The profit and loss account.

3. Any other statements requested by the competent quarters.

Fourth: Discuss and approve an annual plan for the company's activity in the following year. This plan must be prepared by the managing director during the last six months of the year in light of the company's aim. The plan shall include a full report on the company's activity and a draft budget outlining:

1. Cash reserves.

2. Sales.

3. Purchases.

4. Manpower.

5. Capital investments.

6. Production.

Fifth: Follow up on the implementation of the annual plan and submit periodic reports to the accounts controller and an annual report to the general assembly on the results of the implementation.

Sixth: Prepare statistical studies with the view to developing the company's business.

Seventh: Make the decisions on loans, mortgages, and securities.

Eighth. The board of directors shall establish committees of its members to make recommendations as to (a) selection of the company's external, independent auditors (audit committee); and (b) compensation form and amount for the board and the managing director (compensation committee). Members of these committees shall not be officers or employees of the company nor holders of 10% or more of the company's shares, nor related to any of these by blood, marriage or personal or economic interest in a degree likely to materially bias their judgment. Any departure from the recommendation of such a committee, and the reasons for it, shall be announced at the shareholders meeting and recorded in its minutes. The audit committee shall meet privately with the company's external auditors and have special responsibility for ensuring the accuracy and reliability of their work. It shall ensure that a record is kept in the course of the year of all material related-party transactions, within the meaning of international accounting standards, for discussion with the company's external auditors.

Article 118: First: Any decision made by the board of directors must be signed by its chairman and stamped with the company's seal.

Second: The decisions of the board of directors must be carried out as soon as they are issued in accordance with the provisions of the law.

Third: The majority members of the board of directors in a mixed joint-stock company have the right to object to the cabinet against any measures or guidelines that are not consistent or harmonious with the provisions of the law.

Fourth: The chairman of the board of directors is responsible for following up on the implementation of the board's decisions.

Article 119: First. It is impermissible for the chairman or a member of the board to have direct or indirect interests in deals that are concluded with the company, except after obtaining the permission of the general assembly with full disclosure of the nature and extent of such interests. The chairman or board member shall be liable to the company for any

damage to it arising from violation of this article. Compliance with this Article shall not exclude liability under Article 4, paragraph Third.

Second. It is impermissible for the chairman or a member of the board to vote upon or participate in a matter in which he or she has direct or indirect interests without disclosing the nature and extent thereof to disinterested members and receiving the permission of a majority of them. If no members are disinterested, all may act. In either case, however, the details of the matter shall be recorded in the minutes of the board and made available to the general assembly and the company's external auditors.

Article 120: The chairman and members of the board of directors shall do their best to serve the interests of the company as they would serve their own personal interests, and run the company in a sound and legal manner. They are responsible before the general assembly for any work they undertake in this capacity.

Section Three: The Managing Director
Sub-Section One: The Appointment and Dismissal of the Managing Director:

Article 121: First: Each company shall have a managing director, who can be from within the company or an outsider who is specialized and experienced in the company's activity. The managing director shall be appointed and his jurisdictions, powers, wage, and remunerations shall be fixed by the board of directors in the joint- stock company, and the general assembly in the other companies.

Second: It is impermissible to combine the post of chairman or deputy chairman of the board of directors of a joint-stock company with the post of managing director in it. It is also impermissible for a person to serve as managing director in more than one joint- stock company.

Article 122: The managing director is dismissed under a decision by the quarter that appointed him, while citing the reasons for the dismissal.

Article 123: First: The managing director shall undertake all the necessary tasks for the management of the company and its activity within the jurisdictions and powers assigned to him by the quarter that appointed him and according to its directives.

Second: Taking into consideration the provisions of Paragraph First in this article, the managing director in the limited liability company, the joint liability company, or the sole owner enterprise shall enjoy the jurisdictions of the board of directors in the joint-stock company, as

stipulated in Paragraphs Second, Third, Fourth, Fifth, and Sixth of Article 117 of this law.

Article 124: In the exercise of his jurisdictions and powers, the managing director is subject to the provisions of Articles 119 and 120 of this Law. In addition, the compensation of the five most highly compensated employees of the company, in whatever form received, shall be disclosed in writing to the general assembly.

Chapter V: Control of Companies
Section One: The Aim of Control and its Requirements

Article 125: Control is aimed at guaranteeing that the company is applying the provisions of its contract and the law.

Article 126: The board of directors in the joint-stock company, and the managing director in the other companies, shall prepare in the first month of each year a list containing the following data:
First: The name of the company; the address of its head office; and the addresses of its branches, if they exit.

Second: The amount of capital and the quotas and shares making up this capital.

Third: The installments which were paid from the value of the shares in the joint stock company; the shares which were paid during the year; and the shares which were not paid, but are due for payment.

Fourth: The total number of shares whose owners have no right to hold.

Fifth: The names, nationalities, professions, and shares or quotas held by the following:

1. The members of the company and the members who have gained membership or whose membership has expired since the preparation of the last annual list, or since the registration of the company, when preparing the first annual list.

2. The chairman and members of the board of directors and the managing director in the joint-stock company, and the managing director in the other companies.

Article 127: First: A copy of the invitation to the general assembly meeting held to discuss the final accounts shall be sent to the Registrar. The following shall be attached to the invitation:

1. The annual list;
2. The final accounts for the previous year and the accounts controller's report on them;and
3. The managing director's report on the company's progress in implementing its plan for the previous year.

Second: In the case of the joint-stock company, the invitation shall be sent to the Registrar , along with the statements and reports mentioned in sub-paragraphs 1 and 2 of paragraph First in this Article as well as the board of directors' report on the company's progress in implementing its plan for the previous year. As for members, they have the right to obtain copies of the annual report and the other statements and reports.

Article 128: The Registrar has the right to obtain any statements, clarifications or documents from the company in order to implement its duties under the law.

Article 129: The joint-stock company, the limited liability company, and the joint liability company shall each prepare a register for its members, which shall be kept in its head office. The register shall contain the following information:

First: The names, nationalities, professions, and addresses of the members, the number of quotes or shares they own, and the dates of their ownership.

Second: The shares owned by each member, the sum paid for each share in the joint-stock company or limited liability company.

Third: The expiration of membership and the reasons.

Article 130: If a person's name has been erroneously entered in or deleted from the members' register, or if there has been an undue failure or delay in entering those who qualify for membership or deleting those whose membership has expired, that person or member has the right to demand the rectification of the records. And, if the company declines, he has the right to ask the Registrar to oblige the company to make the rectification, without also prejudicing his right to demand compensation from the company for any damages.

Article 131: All that is included in the members' register is considered correct unless proved otherwise.

Article 132: First: A company member has the right of access to the members' register. If he is prevented from doing so, he has the right to

ask the Registrar to oblige the company to permit him to have such access.

Second: In the joint-stock company, the limited liability company, and joint liability company, records must be made accessible to members for 10 days prior to the meeting of the general assembly and also while the assembly in session.

Section Two: Financial Control

Article 133: First: The accounts of the mixed company shall be subject to control and audit by the Financial Control Bureau. As for the accounts of the private company, they shall be subject to control and audit by auditors appointed by the company's general assembly. Accounts should be consolidated with those of related companies in accordance with international accounting standards unless specifically modified by standards in force in Iraq.

Second: The accounts controller shall submit a report to the company on the accounts within 30 days from the accomplishment of these accounts.

Article 134: The board of directors' report on the final accounts in the case of the joint-stock company, and managing director's report in the case of the other companies shall include detailed statements on the company's activities, especially on the following:

First: The significant contracts concluded by the company during the previous year and the businesses in which owners of 10% or more of the company's shares, the members of the board or the managing director had interests, including interests of their families, entities under their control and any other interest that would render the transaction a related-party transaction under international accounting standards insofar as permissible to apply these in Iraq.

Second: The results of operations (including earnings) and distribution of net profit.

Third: The reserve balance and its uses.

Fourth: The sums received by current and previous members of the board of directors and the managing director in the form of wages or awards in cash or in kind, which they enjoy

Fifth: The sums which have been spent on publicity, travel, entertainment, and donations.

Article 135: The general assembly shall hold a meeting to discuss and approve the final accounts within 60 days from the date the audit is complete.

Article 136: The accounts controller shall give his opinion on the final accounts of the joint-stock company before its general assembly. The same can be done in the other companies. In all cases, the controller must give his opinion on the following:

First: The soundness of the company's accounts, the correctness of the statements in the final accounts, the access allowed to the data on the company's activity, and the board of directors' report.

Second: The extent of the company's application of modern accounting procedures, especially those dealing with book-keeping, accountancy, and stocktaking of company assets and liabilities.

Third: The extent to which the final accounts express the true financial status of the company and the results of its business at the end of the year.

Fourth: The extent to which the accounts comply with the provisions of this law and the company's contract.

Fifth: Violations of the provisions of this law or the company's contract which have adversely affected the company's business and financial status, including a statement indicating if the violations still existed at the time of auditing the final accounts.

Article 137: The accounts controller shall be questioned about the truth of the statements contained in his report in his capacity as the company's agent for controlling and auditing its accounts.

Article 138: The final accounts shall be signed by the chairman of the board of directors and the managing director in the case of the joint-stock companies and by the managing director in the case of the other companies. Each signatory shall be responsible for the truth of the statements contained in these accounts.

Article 139: Copies of the final accounts, the annual plan, and the reports on them as well as the general assembly's decisions on them shall be sent to the Registrar.

Section Three: Inspection

Article 140: The company shall be subject to inspection by one or several professional inspectors, who will be chosen by the Registrar, in the case

of a justifiable claim made by any of the following quarters that the company has violated the provisions of this law, its contract, or the decisions of its general assembly:

First: Suspended.

Second: Members of the company who hold at least 10 percent of the value of subscribed quotas or shares.

Third: A member of the board of directors in the joint-stock company and the managing director in the other companies.

Article 141: The Registrar has the right to appoint an inspector when necessary without asking the permission of any quarter. If the company believes that the Registrar has exercised its powers under this section for improper purposes, it may apply to the competent court to prove this and obtain an order restraining any improper action.

Article 142: First: The Registrar shall specify the inspector's task and scope of work in detail and the kind of report to be prepared on the subject.

Second: The appointed inspector shall submit his or her report on the inspection to the Registrar, who shall send copies of the report to the company and the person making the claim referred to in Article 140.

Article 143: The company's general assembly can appoint its own inspector to inspect the company's work. It shall also specify his task, the scope of his work, and the type of report he must submit, provided a copy of the report is sent to the Registrar.

Article 144: Company employees must allow the inspector to have access to all of their books, documents, and records. The inspector may also interview the employees and those connected with the company on the case which is being investigated.

Article 145: If the inspector's report shows that a member of the board of directors, the managing director, or any other company official is questionable on something, now or in the past, the Registrar must inform the responsible authorities so that appropriate action can be taken.

Article 146: The Registrar shall carry out the appropriate steps to steer and guide the company in light of the proposals contained in the inspector's report.

Chapter VI: Termination of the Company

Section One: Reasons for Termination

Article 147: A company is terminated in accordance with the provisions of this law for the following reasons:

First: Failure to start its activity without any legitimate reason despite the lapse of one year since its establishment.

Second: Suspension of its activity for more than one year without any legitimate reason.

Third: Completion of the project for which it was established or the impossibility of completing it.

Fourth: Merger with another company or transformation into another type of company under the provisions of this law.

Fifth: Loss of 75 percent of its nominal capital and its failure to take the steps stipulated in sub-paragraph 1 of Paragraph Second of Article 76 of this law within 60 days from the time the loss is established in the budget.

Sixth: The general assembly's decision to liquidate it.

Section Two: Merger of Companies

Article 148: It is permissible to merge one company into another company or several companies in order to form one company.

Article 149: For the merger to be valid:

First: Suspended.
Second: It should not lead to:

1. The joint-stock company losing its corporate status in favor of a limited liability company or joint liability company.

2. The limited liability company losing its corporate status to a joint liability company.

3. The joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise losing its corporate status in favor of a simple company.

Third: It should not increase the members of the merged company above the limits set under the law for different types of companies.

Fourth: Suspended.
Article 150: For the purposes of the merger, the following measures shall be taken:

First: An economic and technical study shall be made of the joint-stock companies to be merged, including the aims, reasons, conditions of the merger, and any other studies. The studies shall be submitted to the general assembly of each company.

Second: The merge decision shall be made by the general assembly of each company separately. The decision shall specify the name and type of the merger company as well as its capital, members, and activity. The decisions and the studies shall be sent to the Registrar within 10 days from their adoption.

Third: If, within 15 days of receiving them, the Registrar has not found that the decisions are inconsistent with the law, it will promptly issue its permission and inform the companies concerned of this decision; the companies will then cause it to be published in the Bulletin and one daily paper.

Fourth: Suspended.

Fifth: Suspended.

Sixth: The companies receiving the Registrar's permission for their merger will call their general assemblies to a joint meeting within 60 days from the date of the publication of the merger decision in order to amend the contracts of the existing companies or draw up a new contract for the merger company, depending on the circumstances. The contract shall be sent to the Registrar within 10 days for endorsement and publication in the bulletin and one daily paper.

Article 151: The merger shall be considered effective as of the last publication date of the amended or new contract, depending on the circumstances. On this date, the corporate status of the companies merging into the new company shall be terminated. The Registrar's endorsement of the contract is tantamount to a license of establishment

Article 152: All the rights and commitments of the merger shall be transferred to the company with which it was merged, or the company resulting from the merger.

Section Three: Transformation of a Company

Article 153: A company can be transformed to any of the types stipulated in this law, with the following exceptions:

First: It is impermissible to transform a joint-stock company into a limited liability company, a joint liability company, or sole owner enterprise; or the limited liability company into a joint liability company.

Second: It is impermissible to transform the limited liability company or the joint liability company into a sole owner enterprise, except when they are short of one member.

Third: It is impermissible to transform the joint-stock company, the limited liability company, the joint liability company, or the sole owner enterprise into a simple company.

Article 154: First: The company shall prepare an economic and technical study containing the aims and reasons for the transformation and submit them to the general assembly.

Second: The transformation shall take place under a decision to be issued by the company's general assembly which will also amend the contract consistent with the new status. The decision, coupled with the study and the amended contract, shall be sent to the Registrar within 10 days of its issuance.

Third: The transformation to a joint stock company can take place by including new members, issuing new shares for public subscription, and applying the original subscription provisions to the new shares, including the provisions of Articles 44 and 47 of this law.

Article 155: First: If, within 15 days of receiving it, the Registrar does not find that the transformation decision and the amended contracts are inconsistent with the law, it shall Second: Suspended. Third: Suspended. promptly endorse the transformation decision and the amended contract. It shall also notify the company of the permission ; the company shall publish the permission in the Bulletin and a daily paper.

Article 156: The transformation shall be considered valid as of the last date of publication of the transformation decision and the amended contract.

Article 157: In the case of the transformation of a joint liability company or a sole owner enterprise into a joint stock company or a limited liability company, the responsibility of the members for its obligations before the transformation shall be an unlimited personal responsibility. The

obligations shall be a joint liability responsibility in the case of the members of the joint liability company.

Article 158: First:

1. If the general assembly decides to liquidate the company, or if any of the reasons stipulated in paragraphs First, Second, Third, and Fifth of Article 147 of this Law materialize and the general assembly recommends liquidation of the company, the company must appoint one liquidator--or more--and specify his jurisdictions and remuneration and send the decision or recommendation to the Registrar.

2. The liquidator shall be considered the representative of the company within the limits of his jurisdictions during the liquidation period.

Second: Suspended.

Article 159: The liquidation decision or recommendation shall be backed by reasons and sent to the Registrar within 14 days of its adoption. The latter has the right to request additional information or discuss matters with the company's general assembly to ascertain the reasons.

Article 160: If the Registrar has verified that the reasons for the liquidation are not fraudulent or unlawful, it shall issue the company's liquidation decision and appoint a liquidator within 10 days of the verification. The Registrar shall communicate this information to the company; the company shall then cause the information to be published in the Bulletin and one daily newspaper.

Article 161: Suspended.

Article162: Suspended.

Article 163: Once notified of the liquidation decision, the company must stop making any changes in its membership or assuming any new obligations. But, it will continue to operate in so far as fulfilling its obligations under the liquidation process.

Article 164: First: The company shall retain its corporate status during the liquidation period, provided it states that it is under liquidation whenever its name is mentioned.

Second: The company's general assembly shall continue to function throughout the liquidation period, its board of directors, if it still exists, shall be considered dissolved, and the managing director's duty shall stop from the date of receiving the liquidation decision.

Article 165: The liquidation does not acquit the company founders, members, or management staff of any responsibility resulting from the exercise of their functions in the company.

Article 166: Any interested party has the right to confirm before a competent . court any financial obligation that the company has taken upon itself within the last six months prior to the issuance of the liquidation decision.

Article 167: If the company's general assembly does not appoint a liquidator within 30 days from its notification of the liquidation decision, or if the liquidation decision has been issued by the Registrar in accordance with Paragraph Second of Article 158 of this law, the Registrar has the right to appoint the liquidator and specify his jurisdictions and remunerations, which must be borne by the company.

Article 168: As soon as he is appointed, the liquidator shall seize all the company's assets, including records, documents, and papers, make an inventory, and write a full report on the company's condition including its debts and rights as well as other parties' rights on it, and send a copy to the Registrar.

Article 169: Suspended.

Article 170: The liquidator shall, within 10 days of his appointment, call the company's creditors and whoever has claims on it through an advertisement in two local papers to meet with him at a fixed date and place in order to settle the debts and claims on the company, without impinging on the right of any party to take legal proceedings.

Article 171: The liquidator shall submit a report to the Registrar on the progress of the liquidation process every three months at least. The Registrar may call the liquidator for deliberations on any legal matter relating to the liquidation process.

Article 172: If the quarter which appointed the liquidator finds that he is failing in his assignment, it has the right to dismiss him and appoint another one. It also has the right to appoint another liquidator or more at any stage of the liquidation process, if it thinks that the liquidation process demands that, provided the dismissal or appointment decision is published in the bulletin and one daily newspaper.

Article 173: The liquidator shall call the company's general assembly to meet during the first two months of each fiscal year in order to discuss and approve the previous year's annual budget and accounts, the accounts controller's report, the annual report on the progress of work, and the appointment of an accounts controller for the new year. He may also call the assembly at any time, if the liquidation process demands that.

Article 174: The liquidator shall settle the company's debts in the following order, after deducting the liquidation expenses:

First: The sums that are due to the company employees.
Second: The sum that is due to the state.

Third: Any other sums that are due under existing laws, in the order of priority.

Article 175: First: Submission of the request for liquidation, and the liquidation decision itself, are considered a declaration of the debtor's insolvency with regard to safeguarding the rights of creditors.

Second: Any transfer, concession, or disposal of the funds of the company, which is under liquidation, shall be considered null and void, if it is an attempt to favor some creditors at the expense of others by way of fraud.

Third: All mortgage contracts or contracts which constitute a lien on the company's property and assets that have been concluded only three months prior to the beginning of the liquidation process, shall be considered null and void, unless it is proven that the company will again be solvent after the liquidation process. In such a case, the provision on the nullity of those contracts shall only apply to anything extra to the sums paid to the company for the said contracts during its establishment or afterward, and the legal interest on them.

Fourth: Any sequestration of company funds after the initiation of the liquidation process shall not be valid except under a decision by the competent court, except for sequestrations that are carried in the interest of the state, the state sector, or employees in order to pay their wages.

Article 176: As soon as the liquidation process is accomplished, the liquidator shall prepare the final report and final accounts backed by the report of the accounts controller. He shall then call a meeting of the general assembly to discuss and approve them. He shall send a copy of the meeting's minutes and decisions, coupled with the final report, the final accounts, and the accounts controller's report to the Registrar.

Article 177: First: The Registrar shall issue his decision to delete the company's name from his records and publish the decision in the bulletin and one daily newspaper within 10 days, under one of these two conditions:

1. If it has been established that the liquidation has been completed in accordance with the law.

2. If the liquidation process has continued for more than five years after the issuance of the liquidation decision and that the Registrar has become certain that it will be impossible to finalize it.

Second: The company's corporate status shall be considered expired as of the issuance of the decision to delete its name.

Article 178: First. The liquidator shall distribute the rest of the company's funds among its members in accordance with their shares and quotas within 30 days from being notified of the decision on the deletion of the company's name. But, he may disburse some of these to the members even during the liquidation phase, provided that this will not affect the company's obligations.

Second. Distributions to foreign investors in the company shall conform to CPA Order Number 39, section 12(2).

Article 179: It is impermissible to claim a debt or right on the company after the issuance of the decision on the deletion of its name. If a creditor shows up with a claim and the liquidator has no knowledge of it, the creditor may ask the company members to honor it according to the ratio of their quotas and shares in the capital within three years from the date of the deletion. Any claim after this period shall not be considered.

Article 180: The liquidator shall keep the company's records for five years from the date of the deletion of its name.

Chapter VII: The Simple Company

Article: 181: The simple company shall consist of several partners, who are not less than two and not more than five and who have contributed shares to the capital. In such a company, one or more may contribute services, and others funds.

Article 182: The simple company's contract must be notarized by the public notary. A copy of the contract must be deposited with the Registrar, otherwise the contract will be considered null and void.

Article 183: The simple company shall acquire a corporate status as of the date of the deposition of a copy of its contract with the Registrar.

Article 184: The contract shall specify the share of each partner in the simple company's capital. Otherwise, the shares shall be considered equal. If the share is service, then its nature must be stated in the contract.

Article 185: First: If the contract specifies the partners' share in the profit only, then this shall be considered as their share in the loss also. And, if it specifies it in the loss only, this shall be considered as their share in the profit also. But, if the contract does not specify the share in the profit or loss, the share of each partner shall be in the ratio of his subscribed share in the company's capital.

Second: If the contract does not specify the share of the partner who contributes with service, his share in the profit or loss shall be assessed on the basis of the company's profit in that service. If, in addition the service, he contributed funds, he will have a share of profit for the service and a share for the funds.

Article 186: First: If it is agreed that one of the partners will not have a share in the profit or loss, the company's contract shall be considered null and void.

Second: It is possible to agree on excluding the partner, who has contributed with service only, from the loss, provided it has not been agreed to pay him a wage for his service.

Article 187: The company's contract shall specify the method of management and the appointment of the managing partner. It shall also specify his powers, otherwise the contract shall be considered null and void.

Article 188: The managing partner shall assume the management of the company within these powers under the guidance of the quarter that appointed him.

Article 189: The managing partner will do his best to take care of the company's interests the way he takes care of his own interests.

Article 190: The simple company can be terminated for any of the reasons stipulated in Paragraphs First, Second, Third, or Fourth of Article

147 of this law. It can also be terminated for any of the following reasons:
First: A unanimous decision by the partners to dissolve it.

Second: The withdrawal of either partner from a company consisting of two partners.

Third: The issuance of a final decision by a competent court.

Article 191: The partners may ask for a court decision to exclude a partner, whose behavior could be a cause for dissolving the company, provided the company can continue to exist with the remaining partners.

Article 192: If a partner withdraws, he has the right to transfer his share of the capital to another person with the approval of the remaining partners. If they do not approve, they must accept the value of the withdrawing partner's share as decided by the court.

Article 193: In the case of the death, insolvency, or interdiction of a partner, the provisions stipulated in Article 70 of this law shall be applied, depending on the circumstances.

Article 194: The simple company shall be liquidated in accordance with the provisions of its contract. If there are no such provisions, it shall be liquidated in the manner agreed upon unanimously by the partners. Otherwise, it shall be liquidated in accordance with a decision by the court.

Article 195: The powers of the managing partner are terminated with the dissolution of the company. However, the corporate status of the company shall remain as long as necessary and until the liquidation is accomplished.

Article 196: First: When necessary, the liquidation will be carried out by all the partners or by one or more liquidators appointed by the majority of the partners. If they cannot agree on appointing a liquidator, the court shall undertake his appointment.

Second: In the cases where the company is considered null and avoid, the court shall automatically, or at the request of the interested party, appoint a liquidator and specify the method of liquidation.

Third: The managing partner shall be considered the liquidator before others until a liquidator is appointed.

Article 197: First: The liquidator has no right to initiate any new work in the company except what is essential to complete previous work.

Second: The liquidator may sell the company's movable and immovable property directly or through an auction, unless he is restricted by his appointment order. He has no right to sell the company's property except to the extent that it is necessary to honor its debts, with the approval of the partners.

Article 198: First: After paying the creditors and deducting the sums needed to honor other undisputed debts or cover expenses and loans, which any partner may have undertaken in the name of the company, the remaining funds shall be divided among the partners.

Second: Each partner shall get a share equivalent to the value of the quota he contributed to the capital as stated in the contract, or equivalent to the value of this quota at the time of its payment if it is not stated in the contract, unless the partner has contributed services only. The remainder shall be divided among the partners according to each one's share in the profit. If the company's net funds are not sufficient to cover the shares of the partners, the loss shall be divided among them.

Article 199: The division of the simple company's funds shall be in accordance with the procedures that are followed in dividing common property.

Chapter VIII: Miscellaneous Rules
Section One: General Rules

Article 200: The company's registered address shall be deemed the official address for correspondence and notification. The company must notify the Registrar about any change in the address within seven days of the change.

Article 201: The company must state its full name and capital, with all its descriptions, in the head office, the branches if there are any, and the other businesses. These must also be printed on the letterheads, certificates, documents, and any statements that are issued by it. All these should be in Arabic. However, it is permissible to use a foreign language as an addition.

Article 202: The company shall have a special seal with which to stamp its , businesses, correspondence, documents, certificates, and any other statements it issues. The stamp can only be used by an authorized person.

Article 203: The company's contract is not considered valid until it has

been endorsed by the Registrar in accordance with Article 19, except as otherwise provided in this law. .

Article 204: It is permissible to object to the decisions of the Registrar before the Minister of Trade within 30 days from the date of notification. The Minister's decision may be appealed as provided in article 24 of this law.

Article 205: If the company members are less than what is stipulated in the law for its type, the number must be completed within 60 days from the occurrence of the shortage. If this period expires and the Registrar does not grant a respite, the company must be transformed into a type that is permitted by the law.

Article 206: The Registrar shall issue a special bulletin for the companies in which he will publish, at their expense, everything that pertains to their affairs in accordance with the provisions of this law.

Article 207: The Ministry of Trade, in cooperation with the Ministry of Finance, the Financial Control Bureau, and the Planning Board, shall issue guidelines for the accounting system to be adopted by the companies and everything that pertains to their final accounts.

Article 208: First. The minister of trade shall issue guidelines to facilitating the implementation of this law.

Second. The Agency Registration Law No. 4 of 1999 shall be inapplicable to the registration of a company, and a company is not required to retain a commercial agent to register, though it may choose to do so. Furthermore, no certification of tax compliance or of the absence of tax delinquency shall be required for the registration of a company. The Minister of Trade is hereby authorized to issue instructions to coordinate the activities of the Registrar of Companies and the Chamber of Commerce regarding the registration and approval of commercial trade names, notwithstanding anything to the contrary in The Law on Establishment of Chambers of Commerce No. 43 of 1989.

Article 209: The fees for the paperwork pertaining to this law shall be charged in accordance with the chart attached to this law. The Ministry of Trade may amend the chart in accordance with changes in costs and to align the fees with processing costs .

Section Two: Temporary Rules

Article 210: Within 90 days from the enforcement of this law, the economic projects stipulated in Article 10 of this law must take the form

of a company. The competent sectoral quarters shall supply the Registrar with their lists of the registered economic projects that are subject to this law in the period between the publication of the law and its enforcement.

Article 211: First: The branches and offices of foreign companies and establishments shall be subject to the provisions of CPA Order No. 39 and regulations and administrative instructions issued thereunder.

Second: The penalties stipulated in Articles 216, 217, 218, and 219 shall apply to these branches, offices, and their officials for any proven offense.

Article 212: The provisions on bankruptcy due to insolvency wherever they occur in this law shall apply until the promulgation of the law on insolvency.

Section Three: Penal Rules

Article 213: First: Any economic project that does not take the form of a company shall be punishable by a fine of 1,000 dinars for every day of delay after the grace period stipulated in Article 210 of this law.
Second: The punishment stipulated in paragraph First of this Article shall apply to every company branch or office that must be re-registered or liquidated, for every day of delay after the periods stipulated in regulations and administrative instructions issued under CPA Order No. 39Article 214: If three months of daily fines elapse without the parties mentioned in Article 210 of this law taking the necessary steps to change or rectify their conditions, the Registrar shall approach the competent sectoral quarter in order to take the appropriate measures against the defaulting party, while continuing to levy the daily fine on it.

Article 215: First: Anyone carrying out a business in the name of a joint-stock company, limited liability company, joint liability company, or sole owner enterprise without obtaining registration of its establishment shall be subject to a fine of not more than 3,000,000 dinars, while taking into consideration the severity of the violations and the provisions of paragraph First of Article 210 of this law.

Second: Anyone carrying out a business in the name of a branch or an office for a foreign company or economic establishment without obtaining the registration required shall be subject to the penalties provided in paragraph First of this Article unless otherwise provided in applicable legislation.

Article 216: Any company that does not prepare the records stipulated under this law shall be subject to a fine of not more than 10,000,000 dinars, depending on the severity of the violation.

Article 217: Any company failing to submit the required statements and information to a competent official quarter at the times fixed under the provisions of this law shall be subject to punishment of a fine of not more than 300,000 dinars for every day of delay, depending on the severity of the violation.

Article 218: Any company official who purposely gives inaccurate statements or information to an official quarter on the company's business, results of operations, financial condition, member shares and quotas, and distribution of dividends shall be subject to punishment of imprisonment for a period of not more than one year, or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.

Article 219: Any company official who bars a competent quarter from seeing the company's records and documents shall be subject to punishment of imprisonment for a period of not more than six months or a fine of not more than 12,000,000 dinars, or both, depending on the severity of the violation.

Section Four: Final Rules

Article 220: First: Company Law No. 36 of 1983 is hereby canceled. The regulations and guidelines issued under that law that do not conflict with the provisions of this law shall remain valid until they are replaced or canceled.

Second: Any provision contrary to the provisions of this law is invalid.

Article 221: This law shall be enforced within 90 days from the date of its publication in the Official Gazette.

Annex

Fee Chart

First: As provided in regulations to be issued by the Minister of Trade, the Registrar of Companies shall charge a fee of 200,000 dinars for the registration of a joint stock company, and a fee of 20,000 dinars shall be payable for all other forms of company.

Second: As provided in regulations to be issued by the Minister of Trade, the Registrar shall charge a fixed fee of 200,000 dinars for the registration of branch for a foreign company or economic establishment.

Third: The Minister or Trade shall publish regulations or schedules of such other fees as he or she may deem appropriate for other services provided by the Registrar of Companies.