**Law No. (8) of 2021**

**Amending Some Provisions of Law No. (11) of 2015 Promulgating the Commercial Companies Law**

**We, Tamim Bin Hamad Al Thani, Emir of the State of Qatar,**

Having perused the Constitution; and

The Law No. (11) of 2015 Promulgating the Commercial Companies Law; and

The Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing; and

The Law No. (8) of 2020 on the Regulation of the Auditing Profession; and

The proposal of the Minister of Commerce and Industry; and

The Draft Law put forward by the Council of Ministers; and

After having consulted the Advisory Council (Shura Council),

**Have decreed the following:**

**Article (1)**

The expression “Minister of Economy and Commerce”, stated in the Law No. (11) of 2015 Promulgating the Commercial Companies Law, shall be replaced with “Minister of Commerce and Industry”; and

The expressions “Ministry of Economy and Commerce”, “Minister of Economy and Commerce” and “Chartered Accountant” shall be respectively replaced with the following: “Ministry of Commerce and Industry”, “Minister of Commerce and Industry” and “Auditor”, wherever mentioned in the Commercial Companies Law referred to above.

**Article (2)**

The following definitions shall be added to Article (1) of the referred to Commercial Companies Law:

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| --- | --- | --- |
| Depository | : | A company licensed by the Authority to carry out deposit and registration tasks for whatever relates to traded securities in Financial Markets. |
| Senior Executive Management | : | The Senior CEO irrespective of his title and the other Executive Managers who report directly to that individual. |
| Subsidiary | : | Without prejudice to the provisions stipulated in the Law on the Qatar Central Bank and the Regulation of Financial Institutions promulgated by Law No. (13) of 2012, a company is considered a subsidiary if it is directly or indirectly controlled by the parent company, through the parent company’s ownership of more than half of its capital, or its ownership of rights or the shares or interests in a manner that enable it to control its decisions, form its Board of Directors, or appoint its directors. |
| Minority shareholder | : | The category of shareholders who do not have the power to influence on the company's decisions. |

**Article (3)**

The texts of the Articles (18), (76/paragraph 1), (96/paragraph 1), (97), (103), (108), (109), (121), (122), (124/ paragraph 2), (128), (129/ paragraph 2), (133), (137/paragraph 3), (152), (159), (160), (184), (195), (206), (233), (258), (264), (288/6), (312), (323), (324/paragraph 1), (330/paragraph 1) of the Commercial companies Law referred to above, shall be replaced with the following:

**Article (18)**

“Except for companies subject to the supervision of the Qatar Central Bank, the Minister shall issue the rules regulating Governance in respect of Private Shareholding Companies. As for companies listed on the Financial Market, the Authority shall issue the relevant Governance rules.

In all cases, the company’s board of directors shall apply the Governance rules referred to, taking into account that the company’s incorporation documents shall not contain any issue contravening such rules.”

**Article (76/ Paragraph 1)**

“The founders shall subscribe to shares not less than (20%), and no more than (70%) of the company’s share capital. A founder shall not subscribe to shares issued for subscription during the incorporation phase. The founders shall, prior to inviting the public to subscribe, submit to the Department, a certificate from the bank proving that they have deposited, in the company’s account, the amounts equivalent to the shares to which they have subscribed as founding shareholders, and a draft offering prospectus prepared by the founders in accordance to the provisions of Article (77) of this Law.”

**Article (96/ Paragraph 1)**

“The general assembly shall appoint the members of the board of directors by secret ballot with the exception of the first board of directors which may be appointed by the founders. When voting for the election of the members of the board of directors, each share shall have one vote given by the shareholder to whomever he chooses from the nominees. A shareholder may divide his voting shares between more than one nominee. A share may not vote for more than one nominee. Voting for the election of members of the board of directors in companies listed on the Financial Market shall be subject to the Governance rules of the Authority.”

**Article (97)**

“A board member shall be:

1- Not less than twenty one (21) years of age and shall have full capacity.

2- Never have been punished by a criminal sentence; convicted of a crime involving moral turpitude and honesty or convicted of a crime stated in Articles (334 and 335) of this Law; or ruled bankrupt unless rehabilitated.

3- A shareholder and owner of a number of the company’s share capital set out in the articles of association which shall be deposited in a Depository or an accredited bank within sixty (60) days from the commencement of their membership. Such shares shall continue to be deposited and may not be traded, mortgaged, or subject to seizure until the term of membership expires and the budget of the last financial year during which the board member undertook his actions is approved.

The shares referred to in the above paragraph shall be allocated to guarantee the rights of the company, the shareholders, the creditors and third parties against the board members. If the member does not offer such guarantee, their membership will be void.

One-third of the members of the board of directors of the Public Shareholding Company must be independent, and the majority of the members shall be part-time to manage the company or have wages. The articles of association of the company may include one or more post of the board dedicated to represent the minority shareholders of the company, and another post to represent the employees.

The Governance Rules issued by the Authority or the Qatar Central Bank, as the case may be, shall determine the cases where board members shall not qualify as independent.

The independent board members and the members representing the employees in the company shall be exempt from the provision of being a shareholder or owner of a number of the company’s shares stipulated for in Paragraph (3) of this Article.

If a member of the board of directors loses any of these conditions, they lose their membership status from the date in which they cease to meet the condition.”

**Article (103)**

“The chairman of the board of directors is the company’s head who represents the company before third parties and the courts. The chairman shall carry out the board’s resolutions and comply with its recommendations. The chairman may delegate some of his authorities to other members of the board of directors or to a member of the Senior Executive Management. The chairman, in delegating some his authorities must specify the related time period and subject.

The vice chairman shall fill in for the chairman during his absence.”

**Article (108)**

“The chairman and members of the board of directors and members of the Senior Executive Management shall not engage in any business that shall compete with the company or trade for himself or for their own account or for the account of a third party in one of the divisions of the activities performed by the company; unless upon approval obtained from the general assembly; otherwise the company may request compensation or consider the transactions having been made for the company’s account.”

**Article (109)**

“1- The chairman and members of the board of directors and members of the Senior Executive Management must disclose to the board about any interest they have, whether direct or indirect, in the transactions and dealings carried out for the company’s account. The disclosure must include the type, value and details of such dealings and transactions and the nature and extent of the interest, in addition to a statement about the beneficiaries.

2- In cases where the total value of the transactions and dealings stipulated in the preceding paragraph is equal to or exceeding ten (10%) of the market value of the company or the value of the company’s net assets according to the last financial statements made available to the public, whichever is lower, unless a lower threshold is prescribed in the articles of association of the company, prior approval must be obtained from the general assembly after such transactions and dealings being reviewed by an auditor. The auditor’s report shall be submitted to the general assembly and shall include the type and details of such transactions and dealings and its value, in addition to the nature and extent of interest therein, the stakeholder, and a statement on whether such interest was in accordance to the market price and was strictly on a trade-basis. Such approval shall be yearly renewed, in case such transactions and dealings are carried out on a regular basis.

3- Any stakeholder stated in paragraph (1) of this Article shall be prohibited to attend the general assembly meetings or the board of directors meetings in which the subject related to any of them is discussed or when a voting is to be made thereon.

4- In the event of violation of the provisions of this Article by any of the persons stated in paragraph (1) of the same Article, he shall be dismissed from his position or function in the company and shall not have the right to run as a candidate for the membership of the board of directors of any other company or to hold any position or assume any function in the company’s Senior Executive Management, for a one-year time period from the date of issuing the dismissal decision.

5- Without prejudice to the rights of *bona fide* parties, in the event of violation of the provisions of this Article, the shareholders may bring an action to the competent court to request the nullification of the dealings or transactions and to claim compensation determined by the court to be imposed on the violator for non-disclosure. The shareholders may also claim compensation as a consequence of a mismanagement or a violation by the board members of their obligations, regardless of the nullification of the dealings or transactions in case the related terms of such dealings or transactions were unfair or cause harm to the shareholders’ interest. In all cases, the violator shall be required to pay to the company any profits or benefits he has generated for his own account.

6- Shareholders acquiring not less than (5%) of the company’s share capital may access the files and documents related to the dealings or transactions subject to the provisions of this Article, and may obtain copies or extracts thereof. The board of directors shall enable them to access such files and documents or obtain copies or extracts thereof, as the case may be.

7- Companies listed on the Financial Market shall disclose to the Authority about the transactions and dealings referred to in paragraph (2) of this Article, and about the related details and the nature and extent of the interest generated for the benefit of the persons mentioned in paragraph (1) of this Article, in conformity with the applicable procedures adopted by the Authority.”

**Article (121)**

“The board of directors shall invite by electronic means all shareholders to attend the general assembly meeting, on the website of the Financial Market and the company’s website, if any; and by making an announcement in a daily local newspaper issued in the Arabic language, or by any other mean of communication.

The announcement shall be made at least twenty one (21) days prior to the date specified for the general assembly meeting. The announcement must include the provisions of Article (128) of this Law, and an adequate summary of the agenda of the assembly and all data and documents referred to in the previous Article, in addition to the auditors’ report.

A copy of the announcement shall be sent to the Department at the same time that it is sent to the newspapers.”

**Article (122)**

“The board of directors shall, annually, put at the disposal of the shareholders a detailed statement for their information, at least one (1) week prior to the general assembly meeting which is convened to discuss the balance sheet of the company and the board of directors’ report. The detailed statement shall include the following data:

1- All sums obtained by the chairman of the board of directors of the company as well as each of the members of the board of directors, during the financial year, the attendance fees of meetings of the board of directors, expenses allowance and any other sums whatsoever.

2- The non-monetary and monetary benefit that the chairman and each of the members of the board of directors receive in the financial year.

3- The remuneration that the board of directors proposes to be paid to the members of the board of directors.

4- The sums allocated to each of the current members of the board of directors.

5- The transactions and dealings in which the chairman and any of the members of the board of directors and members of the Senior Executive Management have an interest that conflicts with interests of the company and which require disclosure or prior approval in conformity with the provisions of Article (109) of this Law, in addition to the details of such transactions and dealings.

6- The sums actually spent on any form of advertisement in addition to details of each sum.

7- The donations in addition to specifying the bodies to which donations are granted, reasons and details of such donations.

8- The expense allowances for any member of the company’s Senior Executive Management.

In relation to banks and other financial institutions, such statement shall be accompanied with a report from the auditor stating that any monetary loans, credit or guarantees that any of them has granted to its chairman or members of the board of directors during the financial year were made without breaching the provisions of Article (110) of this law.

The detailed statement referred to shall be signed by the chairman and one of the members. The chairman and the members of the board of directors shall be liable for implementing the provisions of this Article and for the accuracy of the data mentioned in all the documents to be prepared.”

**Article (124/ Paragraph 2)**

“The board of directors shall also invite the general assembly to convene whenever requested by a shareholder or shareholders holding at least (10%) of the capital, within fifteen (15) days from the date of receipt of the request. Otherwise, the Department shall approve the request of directing such invitation at the expense of the company within fifteen (15) days from receiving the request. The agenda in these two cases shall be limited to the subject of the request.”

**Article (128)**

“1- Every shareholder shall have the right to attend general assembly meetings and shall have a number of votes that equals their number of shares. Resolutions shall be passed by an absolute majority of shares represented at the meeting.

2- Minors and those lacking capacity shall be represented by their legal representatives.

3- Attendance by proxy at general assembly meetings is permitted provided that the proxy is a shareholder and that the proxy is specific and in writing. A shareholder may not authorise a member of the board of directors to attend the general assembly meetings on his behalf.

In all cases, the number of shares possessed by the proxy in that capacity shall not exceed (5%) of the share capital of the company.”

**Article (129/ Paragraph 2)**

“If a number of shareholders representing at least (5%) of the company’s share capital request including certain items on the agenda, the board of directors must include these items, otherwise, the assembly shall have the right to decide discussing such matters at the meeting.”

**Article (133)**

“Voting at the general assembly shall be in accordance with that prescribed by the articles of association of the company.

The shareholder may take part in the deliberations of the general assembly, and vote electronically, according to the controls established by the Ministry, and in coordination with the Authority.

Voting shall be by secret ballot if the resolution relates to the election of members of the board of directors, removing them, filing a liability claim against them or if this is requested by the chairman of the board of directors or a number of shareholders representing at least a tenth of the votes present at the meeting. Members of the board of directors may not participate in voting on resolutions of the general assembly relating to discharging their liability.

Resolutions passed by the general assembly according to provisions of the law and articles of association of the company, shall be binding on all shareholders, whether they are present at the meeting at which the resolutions are passed or absent, and whether they approve or disapprove them. The board of directors must execute such resolutions immediately once passed by the general assembly.”

**Article (137/ Paragraph 3)**

“However, this assembly may not amend the articles of association of the company so that it would increase the burdens of shareholders, or change the company’s nationality, or transfer its headquarters established in the country to another country. Any resolution to the contrary shall be deemed void.”

**Article (152)**

“The company’s capital shall be divided into equal shares, the nominal value of each shall not be less than one (1) Riyal and shall not exceed a hundred (100) Riyals. The issuing expenses may not exceed (1%) of the share’s nominal value.

The company’s articles of association may provide for the determination of some privileges for a class of shares. This applies to voting, profits, the outcome of the liquidation, or otherwise, provided that the shares of the same class are equal in rights, advantages and restrictions.

The rights, privileges, or restrictions relating to a class of shares may not be modified except by a decision of the extraordinary general assembly, and with the approval of two thirds of the class of shares holders to which the amendment relates.

The rules and conditions related to preferred shares and those related to converting them into ordinary shares and their consumption by the company shall be issued upon a decision of the Minister.”

**Article (159)**

“The company shall keep a special record called the “Shareholders Register” which shall include the names, nationalities and origins of the shareholders, what each shareholder holds, and the amount paid of the value of the share. The Department and the Authority may inspect such details and obtain a copy thereof.

The company, once its shares are listed on the financial market, shall deposit a copy of such record with the depository licensed by the Authority and shall authorise the depository to keep and organise such register. Each shareholder may access such register for free, with regards to his shares, according to the controls established by the Authority and the depository.

Any concerned party shall have the right to request correction of the details mentioned in the register, particularly, if a person is registered or deleted with no reason.

Save for the companies listed on the financial market, a copy of the details included in the register and each change made shall be sent to the Department at most two (2) weeks prior to the date specified for the annual meeting of the general assembly, or the amendment date.”

**Article (160)**

“The procedures and rules provided for in the laws, regulations and instructions regulating the processes of listing and trading in securities in the State, shall apply to the listing of the shares of a shareholding company on the financial market, particularly those related to delivering the register provided for in the previous Article to the body prescribed by such laws, regulations and instructions.”

**Article (184)**

“Save for the companies listed on the financial market, the company shall publish semi-annual financial reports in the daily Arabic local newspapers and make it available and accessible for shareholders on the company’s website, if any, provided that such reports are audited by an auditor, and shall not be published unless approved by the Department.”

**Article (195)**

“The shareholders shall have a pre-emptive right to subscribe to the new shares. Such right may be waived to third parties by a resolution of the extraordinary general assembly of the company passed by a three-quarter majority of the company’s capital, provided that such waiver is made after the approval of the Department.

The new shares in the company’s capital issued in exchange for in-kind shares shall be exempt from the provisions of the preceding paragraph, provided that the provisions of the extraordinary general assembly are applied thereto as stipulated in Article (139) of this Law.”

**Article (206)**

“Save for the provisions related to public subscription, the private shareholding company shall be subject to all the provisions set forth in this Law regarding public shareholding companies.”

**Article (233)**

“The chairman of the company shall apply for registering the company in the commercial registry. The application shall be accompanied by the memorandum of association of the company, documents proving the distribution of shares among the partners, and payment in full, in addition to the documents proving that the company has received in-kind shares, if any. The application shall be considered within fifteen (15) days from the date of submission with the required documents.

The company shall not carry out its business until after being registered in the commercial registry.”

**Article (258)**

“The memorandum of association of the company shall not be amended nor shall the capital be increased or decreased without the consent of the partners representing three quarters of the capital, unless the memorandum of association, in addition to this quorum, requires a higher majority or numerical majority of partners. However, the obligations of the partners shall not be increased without their unanimous approval. The general assembly may, by the same majority, delegate the chairman to sign the amendment of the memorandum of association.”

**Article (264)**

“A holding company is a shareholding company or a limited liability company that financially and administratively controls a company or other companies affiliated to it by owning at least (50%) of the shares or interests of such company or companies, whether they are shareholding companies or limited liability companies.”

**Article (288/ Item 6)**

“6- The acquiring company shall take the necessary actions to protect the minority rights, including presenting purchase proposals of not less than (30) days to buy the rest of the shares for an amount not less than the value of the shares subject of the acquisition, or the value determined by the appointed expert, in accordance with Article (158) of this Law, and that in case of acquiring (50%) or more of the shares.”

**Article (312)**

“The due dates of all the debts payable by the company shall lapse as soon as it is dissolved. The liquidator shall notify all the creditors by registered letters that the liquidation process has started, and shall invite them to submit their claims. The notification may be in the form of publication in two daily local newspapers at least one of which shall be in the Arabic language, and on the website of the company, if available, if the creditors or their addresses were unknown. In all cases, the notification shall include a period for the creditors to present their claims not less than forty-five (45) days from the date of notification, provided that the notification is republished after twenty (20) days. If some of the creditors did not present their claims, the amount of their debts shall be deposited in the treasury of the competent court until their rightful owners appear or the debts lapse.”

**Article (323)**

“The Authority shall, according to its legislation, have the following competencies in respect of companies listed or to be listed on the financial markets:

1. Approving the subscription prospectus issued by the company and approved by the Ministry, whether at incorporation or at a capital increase.
2. Setting the dates during which shares are to be offered for public subscription and follow up the subscription process during that period.
3. Following up on the implementation of the decisions issued by the general assembly of the company after approval by the Ministry in relation to the increase of decrease in capital or dividing the value of the share of the company or the procedures for issuing other securities by the company, or any other decision relating to the Authority’s competencies.
4. Establishing procedures regulating the trading of subscription rights to which shareholders are entitled upon the increase in the share capital of the company.
5. Establishing conditions and controls for the disclosure and publication of financial statements, the company’s governance reports and its status during the fiscal year, supervise its implementation and make observations (if any).
6. Establishing rules for control, acquisition, merger and division of a company, as well as rules for the conversion to a public shareholding company.
7. Establishing procedures for the valuation of in-kind shares of the company whether at incorporation, at a capital increase or at conversion to a public shareholding company listed on the financial market.

Petition against the decisions of the Authority in this regard shall be in accordance with the procedures established under the Authority’s legislations.”

**Article (324/ Paragraph 1)**

“In case any company violates the provisions of this Law or its implementing decisions, the Department shall notify and investigate the violator. In circumstances where the violator fails to attend the investigation on time, the Department shall set another date for the investigation and notify the violator. If the violator does not appear on the new date set, the Department may take the established disciplinary sanctions.

In all cases, the Department may take all or some of the following actions:

1. Notification.

2. Reprimand.

3. Prevent the violator from acting, permanently or for a specific period, as a member of the board of directors or as a chairman for any company.

4. Imposing a financial fine not more than ten thousand (10,000) Riyals daily for the continuous violation.

5. Imposing a financial fine not more than one million (1,000,000) Riyals.”

**Article (330/ Paragraph 1)**

“The shareholders or partners possessing (10%) of the capital of a shareholding company, a limited liability company, or a partnership limited by shares, may request the Minister to issue an order to inspect the company due to gross violations by the members of the board of directors and auditors of their duties stated by the Law or the articles of association, whenever there are reasons to believe that such violations took place.”

**Article (4)**

The following Articles shall be added to the Commercial Companies Law referred to:

**Article (18/ bis):**

“In implementation of the AML/CFT requirements stipulated in the Law on Combating Money Laundering and Terrorism Financing referred to above, the Minister shall issue regulatory decisions that determine the following:

1- The Commercial companies related data, files, documents and registers that must be kept, the relevant way to access them at the headquarters of the company, the appropriate mechanism to submit them to the Ministry, or to register or make notation of them in the Commercial Register.

2- The relevant procedures and duration of keeping registers, documents and files in relation to the commercial company or its liquidation, at the company or liquidator as the case may be, and the Ministry.

3- The appropriate mechanisms and controls on publishing data and documents in relation to commercial companies.

4- The Disclosure procedures that nominee shareholders and nominee directors are required to apply in order to disclose, to the commercial company and the Ministry, the identity of their nominator on whose behalf they are acting.”

**Article (98/ bis):**

“The chairman, members of the board of directors and Senior Executive Management shall periodically disclose to the general assembly the functions and positions they occupy in their personal capacity or as representatives of other legal persons.

It is prohibited to combine the position of the chairman with any other executive position in the company.

The chairman of a company listed on the financial market shall not act as a member of any of the Board committees set out in the Governance Code of the Authority.”

**Article (107/ bis):**

“The Board of Directors shall establish from among its members an Audit Committee, determine the Authority’s Governance Code, the Committee’s establishment controls, its terms of reference and responsibilities, and the remunerations of its members. The provisions of this Article shall apply to the listed companies only.”

**Article (116/ Paragraph 2):**

“The company shall compensate the shareholder for the expenses and litigation expenses incurred in the event that a judgment is passed in his favour.”

**Article (119 / Paragraph 2):**

“It may be stipulated in the company’s articles of association that the members of the board of directors shall receive a lump sum in the event that the company does not make any profits. In this case, the approval of the general assembly is required, and the Ministry may set a ceiling amount.”

**Article (123/ Paragraph 3):**

“The general assembly may be held, through new technologies, in accordance with the controls determined by the Ministry.”

**Article (133/ bis):**

“It is not permissible to conduct any transaction or dealing, or several related transactions or dealings, within one year from the date of the first transaction or dealing, with the intention to sell or dispose of the company's assets, or any other assets that may be acquired by the company, if the total value of the dealing, transaction, related transactions or dealings, is equivalent to or higher than (51%) of the market value of the company or the value of Its net assets according to the latest announced financial statements, whichever is less, except with the approval of the extraordinary general assembly. For the purposes of this paragraph, the company's assets include the assets of any of its subsidiaries.

The invitation papers to the extraordinary general assembly meeting must include as much details as possible of the asset’s disposal, its terms and conditions.”

**Article (161/ bis):**

“Any subsidiary of a public shareholding company shall be prohibited from owning any shares in such shareholding company.”

**Article (265/ Paragraph 2):**

“The subsidiaries of a holding company shall be prohibited from owning shares in such holding company.”

**Article (329/ Paragraph 2):**

“Except for any other Law, the claiming shareholder shall be entitled, in cases relating to violating the provisions of Article (109) of this Law, to request all documents related to the transactions and dealings referred to in that Article, whatever the documents are, whether such documents were in the possession of the company, a member of its board of directors, or members of the senior executive management, the company or the person with whom they are dealing with, or any third party involved in the dealings or transactions. The claiming shareholder shall have the right to question the defendants, witnesses and the parties involved in the case.”

**Article (5)**

All Competent Authorities, each within its own competence, shall implement this Law, which shall be published in the Official Gazette.

**Tamim Bin Hamad Al Thani**

**Emir of the State of Qatar**

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*Corresponding to 29/07/ 2021 A.D*