

RAK MARITIME CITY FREE ZONE
COMPANIES IMPLEMENTING
REGULATIONS 2017

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PART 1. GENERAL

1. Title

These regulations are titled the "RAK Maritime City Companies Implementing Regulations 2017".

2. Legislative authority

These regulations have been made by RMC pursuant to the authority vested in RMC under the laws of the UAE, including Decree No.21 of 2009 for Establishment issued by the Government of Ras Al Khaimah Ruler's Court (as amended)

3. Application of laws

3.1 Subject to regulation 3.2, RMC Laws and the Federal laws of the UAE apply to a Company and a Branch.

3.2 Federal Law No.2 of 2015 Concerning Commercial Companies does not apply to a Company or a Branch. The Registrar may apply certain provisions of the Federal Law No. 2 of 2015 Concerning Commercial Companies to a Company or a Branch in respect of a matter not contained in the RMC Laws.

4. Date of commencement

These regulations will come into force on the date of issuance.

5. Definition

In these regulations the following terms have the corresponding definition, unless the context requires otherwise:

AED	Arab Emirates Dirhams, the lawful currency of the UAE;
Branch	a branch of a Foreign Company established in the Free Zone;
Companies Register	a register of Companies maintained by the Registrar under regulation 8.1;
Company	an FZE, an FZC or any other company in the Free Zone that is notified in writing by the Registrar to be included as a Company under these regulations;
Director	a person occupying the position of a director of a Company, including an alternate director;
Financial Year	in respect of a Company, a financial year is each successive period of 12 months, commencing on the date of incorporation of the Company, or as may be amended in these regulations;
Foreign Company	is a company incorporated in a jurisdiction other than the Free Zone;
Free Zone	The RAK Maritime City Free Zone or any other free zone owned and/or administratively controlled by the RMC;
FZE	a free zone establishment, incorporated in the Free Zone in accordance with these regulations, with the features provided in regulation 9;
FZC	a free zone company, incorporated in the Free Zone in accordance

	with these regulations, with the features provided in regulation 10;
General Meeting	a meeting of the shareholders held in accordance with these regulations;
Holding Company	is defined in regulation 51;
RMC	the RAK Maritime City Free Zone Authority including its departments and functions;
RMC Laws	includes these regulations and other legislation issued by RMC, such as rules, regulations, guidelines, as well as circulars, directives or notices;
Licence	a licence issued by the Registrar in accordance with in accordance with the RMC Laws to conduct a licensed activity in the Free Zone;
Ordinary Resolution	a resolution passed at a General Meeting by more than 50% of the votes of shareholders with voting rights, in person, or where proxies are allowed, by proxy;
Record	a record maintained by the Company, including a book, report, register, document, minutes of a meeting, Ordinary Resolution, Special Resolution, resolution of the Directors, financial statement, notice and accounts;
Registrar	the registrar of Companies in accordance with these regulations;
Security Interests	means: (a) a shareholder of a Company may pledge or otherwise charge its shares to a bank or financial institution as security for a debt or obligation of a shareholder, the Company or any other person; (b) a Company may grant as security for a debt or obligation of the Company or any other person: i) a conditional assignment of a lease agreement of a Company, in favour of a bank or financial institution; or (ii) a mortgage over a building, in favour of a bank or financial institution.
Special Resolution	a resolution passed at a General Meeting by more than 75% of the votes of shareholders with voting rights, in person, or where proxies are allowed, by proxy;
Subsidiary	is defined in regulation 51;
UAE	the United Arab Emirates.

6. Entities recognised in the Free Zone

6.1. These regulations recognise the following types of companies:

- (a) FZE; and
- (b) FZC.

6.2. A Foreign Company may establish a Branch in the Free Zone.

6.3. A Company or a Branch cannot operate in the Free Zone without a License.

PART 2. REGISTRAR

7. Appointment powers and functions of the Registrar

- 7.1. The Registrar has the powers and functions granted to it under the RMC Laws.
- 7.2. In accordance with its powers and in furtherance of its functions, a Registrar may:
- (a) issue in writing, with or without conditions, a notification, waiver, clarification, circular, an authorisation, consent, approval, decision, guideline or communication in relation to a regulation or matter in these regulations;
 - (b) require a Company or a Branch to provide its Records or information to the Registrar;
 - (c) prescribe guidelines or forms to be used for regulatory functions;
 - (d) employ and appoint persons in the office of the Registrar; and
 - (e) delegate the authority vested in the Registrar to a person inside or outside the UAE, including to a sub-registrar.

8. Registers

8.1 Companies Register

The Registrar will maintain a Companies Register containing information in relation to a Company, including:

- (a) its name;
 - (b) the name of each shareholder and the number of shares held by each shareholder;
 - (c) the name of the manager; and
 - (d) any other information considered necessary by the Registrar;
- 8.2. The Registrar may maintain any other register it considers necessary.
- 8.3 The Registrar may issue any certificate it considers necessary.

PART 3. FZE AND FZC

Section 1 Features of an FZE and FZC

9. FZE

- 9.1. An FZE is a limited liability company with 1 shareholder. An FZE must mention in all its dealings, contracts, announcements, invoices, correspondences, and printed materials that its liability is limited.
- 9.2 The liability of the shareholder towards the FZE, with respect to its shareholding, is limited to the capital paid by the shareholder in the FZE.
- 9.3 An FZE has a legal personality distinct from that of its shareholder. An FZE has the capacity, rights and privileges of a natural person.
- 9.4 An FZE may not invite the public to subscribe to its shares, nor may an FZE allot shares with the intention of such shares being offered to the public.
- 9.5. An FZE must obtain a License to operate in the Free Zone. A License is valid for operations in the Free Zone and does not authorize the FZE to carry out operations outside the Free Zone. An FZE may operate in a jurisdiction other than the Free Zone subject to the laws of such jurisdiction.

10. FZC

- 10.1. An FZC is a limited liability company with a minimum of 2 and a maximum of 50 shareholders.
- 10.2. The liability of a shareholder towards the FZC, with respect to its shareholding, is limited to the capital paid by the shareholder in the FZC. An FZC must mention in all its dealings, contracts, announcements, invoices, correspondences, and printed materials that its liability is limited.
- 10.3. An FZC has a legal personality distinct from that of its shareholders. An FZC has the capacity, rights and privileges of a natural person.
- 10.4. An FZC may not invite the public to subscribe to its shares, nor may an FZC allot shares with the intention of such shares being offered to the public.
- 10.5. An FZC must obtain a License to operate in the Free Zone. A License is valid for operations in the Free Zone and does not authorize the FZC to carry out operations outside the Free Zone. An FZC may operate in a jurisdiction other than the Free Zone subject to the laws of such jurisdiction.

Section 2 Incorporation

11. Incorporation

The FZE or FZC will be incorporated on the date of the certificate of incorporation.

12. Memorandum and articles of association

- 12.1 An FZE and FZC must have a memorandum and articles of association. The memorandum and articles of association of an FZE or FZC, as approved by the Registrar, will come into effect on the date of the certificate of incorporation.
- 12.2. The memorandum and articles of association must State:
 - (a) the name of the FZE or FZC;
 - (b) the registered address of the FZE or FZC;
 - (c) the name, nationality and address of each shareholder;
 - (d) the capital, its division in the number of shares, description of the classes of shares, if any, and the value of each share;
 - (e) the number of shares subscribed by each shareholder;
 - (f) the business objectives of the FZE and FZC;
 - (g) matters in relation to the management, governance and operation of an FZE or FZC;
 - (h) the Financial Year; and
 - (i) such other particulars as the Registrar may require.
- 12.3. Subject to these regulations, an FZE and FZC will be governed by the memorandum and articles of association. The memorandum and articles of association bind the FZE and FZC and its shareholders.
- 12.4 The Registrar may prescribe a standard form of the memorandum and articles of association for an FZE or FZC. Till such time the Registrar prescribes a standard form memorandum and articles of association in accordance with these regulations, the existing memorandum and articles of association pursuant to which corporate entities have been incorporated in the Free Zone shall continue to apply to the extent these are not inconsistent with any mandatory provision of these regulations, and in case of any inconsistency, these regulations will apply. Immediately after the Registrar prescribes a standard form memorandum and articles of association in accordance with this regulation 12.4, an FZE and FZC shall be bound to adopt the prescribed form of the memorandum and articles of association at the time of renewal of its license.

- 12.5. The memorandum and articles of association may be amended by a Special Resolution, or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association. An amendment to the memorandum and articles of association of an FZE or FZC will come into effect once it is approved by the Registrar.
- 12.6. The memorandum and articles of association must be in English. Each shareholder must sign the memorandum and articles of association at the time of incorporation.

13. Name

- 13.1. The name of an FZE or FZC must be approved by the Registrar.
- 13.2. An FZE or FZC may not register a name which is contrary to the laws relating to the protection of intellectual property rights in the UAE or any other laws of the UAE.
- 13.3. An FZE or FZC may change its name by a Special Resolution, or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association.
- 13.4. The name of a Company incorporated as an FZE must be followed by the abbreviation "FZE". The name of a Company incorporated as an FZC must be followed by the abbreviation "FZC".
- 13.5. The Registrar may direct an FZE or FZC to change its name within the time prescribed by the Registrar.
- 13.6. The change of name of an FZE or FZC will come into effect from the date of the certificate of change of name issued by the Registrar.

Section 3 Capital and shares

14. Capital

An FZE or FZC must have an amount of share capital that is sufficient for the activities permitted under the License.

15. Shares

- 15.1. The capital of an FZE or FZC must be divided into shares.
- 15.2. A share must be paid in full by a shareholder when allotted.
- 15.3. An FZE or FZC may not issue bearer shares.
- 15.4. An FZE or FZC may not issue fractional shares.
- 15.5. Subject to the rights attached to different classes of shares, as prescribed in the memorandum and articles of association, a share:
 - (a) carries the right to vote at a General Meeting;
 - (b) represents a proportionate interest in the ownership of an FZE or FZC; and
 - (c) ranks equally with other shares in all respects, and where there are different classes of shares, then shares in a class rank equal in all respects with other shares in that class.

16. Increase of capital

- 16.1. An FZE or FZC may, by a Special Resolution or by a resolution passed by such greater majority of shareholders with voting rights as prescribed in the memorandum and articles of association, increase its capital by issuance of further shares.
- 16.2. The resolution for the increase in capital must be filed with the Registrar within 4 days of

being passed. The increase in capital of an FZE or FZC will come into effect once the Registrar reflects the same in the Companies Register.

17. Consolidation and division of shares

17.1 An FZE or FZC may, by a Special Resolution or by a resolution passed by such greater percentage majority of shareholders with voting rights as may be prescribed in the memorandum and articles of association, consolidate and divide the shares into.

- (a) a lesser number of shares than before the consolidation, resulting in an increase in the value of each share; or
- (b) a greater number of shares than before the consolidation, resulting in a decrease in the value of each share.

17.2 The resolution for the consolidation or division of shares must be filed with the Registrar within 4 days of being passed. The consolidation or division of shares of an FZE and FZC will come into effect once the Registrar reflects the same in the Companies Register.

18. Decrease of capital

18.1 An FZE and FZC may, if authorised by a Special Resolution or by a resolution passed by such greater percentage majority of shareholders with voting rights as may be prescribed in the memorandum and articles of association, with or without extinguishing or reducing liability on its shares, decrease its capital by:

- (a) reducing the value of the shares by reimbursing part of the value to the shareholders; or
- (b) cancelling paid up share capital, due to:
 - (i) a loss sustained by the FZE or FZC; or
 - (ii) being unrepresented by the available assets of the FZE or FZC.

18.2. Where a share of an FZE or FZC is cancelled in order to decrease the share capital in accordance with regulation 18.1(b):

- (a) the loss sustained by the FZE or FZC or the capital that is unrepresented by available assets of the FZE or FZC, should be confirmed in a report of an auditor; and
- (b) the share must be acquired by the FZE or FZC at the lowest consideration, cash or non-cash, at which the shares can be acquired, and not exceeding an amount, if any, stated in or determined by the memorandum and articles of association.

18.3. An FZE and FZC must, within 14 days of passing the resolution to decrease its capital in accordance with regulation 18.1, publish a notice in two newspapers, one in Arabic and one in English, stating:

- (a) the amount of the share capital as last determined by the FZE or FZC;
- (b) the value of each share;
- (c) the amount to which the share capital is to be decreased;
- (d) the manner in which decrease in share capital is taking place; and
- (e) the period of notification of the decrease in capital, after which the decrease in capital may take effect. This period of notification must be at least 30 days from the date of publication.

18.4. Where a decrease in share capital is published to be effected through:

- (a) extinguishing or reducing the liability of a shareholder on a share; or
- (b) reducing the value of a share in accordance with regulation 18.1(a),

a creditor of the FZE or FZC may object to the decrease in capital during the period commencing on the date of publication and concluding on the date the decrease in capital is proposed to take effect. Where a creditor raises such an objection, the

decrease in capital will not take effect until such objection is resolved by the parties involved or by the court.

- 18.5. After the period of notification, or resolution of an objection by a creditor, if any, the majority of Directors of an FZE or FZC must sign a certificate declaring:
- (a) that the decrease in capital has been carried out in accordance with these regulations; and
 - (b) in the event a creditor objected to the decrease in capital, confirmation that the objection had been resolved, along with the withdrawal of the objection in writing, and where the objection was resolved by an order of a court, a copy of the order of the court approving the decrease in capital.
- 18.6. After the period of notification, and resolution of an objection, if any, the FZE or FZC must submit to the Registrar:
- (a) the resolution in regulation 18.1;
 - (b) the auditor's report referred to in regulation 18.2(a), if applicable;
 - (c) a copy of the newspaper notices published in accordance with regulation 18.3; and
 - (d) the certificate referred to in regulation 18.5 and the documents supporting the certificate as may be required by the Registrar.
- 18.7. The decrease in capital of an FZE or FZC will come into effect on the date the Registrar records the decrease in capital in the Companies Register.

19. Classes of shares

- 19.1. Shares are of one class if the rights attached to them are the same in all respects.
- 19.2. An FZC may, subject to the consent of the Registrar, create different classes of shares, by providing the different classes of shares in the memorandum and articles of association.

20 Variation in rights of shares

- 20.1 Rights attached to a class of shares may be varied or abrogated by an amendment to the memorandum and articles of association, approved by:
- (a) a Special Resolution, or by a resolution passed by such greater percentage majority of shareholders with voting rights as may be prescribed in the memorandum and articles of association; or
 - (b) a resolution passed by all the shareholders holding shares of the class whose rights are being varied or abrogated.
- 20.2. Where a resolution is passed in accordance with clause 20.1(a) to vary or abrogate the rights attached to a class of shares, shareholders representing not less than 5% of total shares of such class, being shareholders who did not resolve in favour of the variation or abrogation of the rights attached to such class of shares, may within 28 days of the resolution being passed in accordance with regulation 20.1(a), apply to a court in the UAE to have the variation or abrogation cancelled. Where an application is made to the court, the variation will have no effect until the ruling of the court. The court may disallow the variation or abrogation of the rights attached to a class of shares, may confirm it or may pronounce such other remedy as it may consider appropriate.
- 20.3 The shareholder who applies to the court to have the variation abrogated or cancelled in accordance with regulation 20.2 must notify the Registrar in writing of such application within 4 days of such application having been made.

21. Share transfer

- 21.1. Transfer of a share in an FZE or FZC must be done through an instrument of transfer in

writing in accordance with the guidelines issued by the Registrar. The instrument of transfer must be submitted to the Registrar for approval.

- 21.2. On approval of the share transfer, the Registrar will record the share transfer in the Companies Register. The share transfer will come into effect from the date on which the transfer is entered in the Companies Register.
- 21.3. The memorandum and articles of association may provide the manner in which a share may be transferred.

22. Treasury shares

- 22.1. Unless restricted by its memorandum and articles of association, an FZC may make a purchase of its own shares, as treasury shares, subject to:
 - (a) the approval of the Registrar; and
 - (b) a Special Resolution, or a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association.
- 22.2. The FZC must be entered as a shareholder of the treasury shares in the Companies Register.
- 22.3. The purchase of treasury shares must be made out of the distributable profits of the FZC.
- 22.4. The FZC may hold, transfer or cancel the treasury shares. In the event of a transfer, the FZC may either transfer the treasury shares:
 - (a) for cash consideration; or
 - (b) for purposes of an employees' share scheme.

The FZC may not exercise any other rights attached to the treasury shares, including the right to vote, attend a meeting, and receive dividends or distribution of the FZC's assets.

Section 4 Distribution

23. Dividend and other distributions

- (a) An FZE or FZC may by a resolution of the Directors declare a dividend or make a distribution, or recommend a dividend or distribution to the shareholders to declare or make by an Ordinary Resolution, whether in cash or otherwise, out of the accumulated and realised profits, after deducting the accumulated and realised losses of an FZE or FZC.
- (b) Where a dividend is declared or a distribution is made, or the same is recommended to the shareholders, the Directors must resolve that immediately after a dividend is declared or a distribution is made the FZE or FZC should, on reasonable grounds, be able to pay its debts as they become due in the normal course of business.
- (c) In this regulation 23 and in regulation 24, "distribution" means the distribution of assets of an FZE or FZC to its shareholders, including dividends, whether in cash or otherwise, except distribution by way of:
 - (i) an issue of bonus shares;
 - (ii) redemption or purchase of the FZE or FZC's own shares, out of the share capital or out of unrealised profits;
 - (iii) reduction of share capital, by extinguishing or reducing the liability of a shareholder on the shares; and
 - (iv) distribution of assets to shareholders of an FZE or FZC on its winding up.

24. Unlawful distribution

A shareholder must return distribution received from the FZE or FZC if the distribution has been made in contravention of regulation 24. Where the distribution received is in a form other than cash, the shareholder must pay a sum equal to the value of the distribution.

Section 5 Director, manager and secretary

25. Director

- 25.1. Except for matters required to be decided at a General Meeting, as provided in the memorandum and articles of association and these regulations, the business and affairs of an FZE or FZC will be managed by the Directors.
- 25.2. An FZE or FZC must have at least 1 Director.
- 25.3. A person cannot be a Director who:
- (a) if a natural person, is under the age of 21 years, unless approved by the Registrar;
 - (b) has been convicted of a criminal offence, involving dishonesty or moral turpitude, in the past 10 years;
 - (c) has been guilty of insider trading or the equivalent;
 - (d) has been disqualified from holding the position of a Director by the court;
 - (e) does not qualify based on the criteria provided in the memorandum and articles of association; or
 - (f) is an undischarged bankrupt.

26 Election, term and removal of a Director

- 26.1 The shareholder incorporating an FZE or FZC must appoint the first Director at the time of incorporation. A Director may be appointed or removed by an Ordinary Resolution or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association.
- 26.2. A vacancy in the position of a Director may be filled by an Ordinary Resolution or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association.
- 26.3 The number of Directors may be fixed by the memorandum and articles of association.

27. Duties of a Director

A Director of an FZE or FZC, in exercising powers and discharging duties, has a duty to:

- (a) act honestly, in good faith and lawfully, in the best interests of the FZE or FZC;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances; and
- (c) exercise independent judgment.

28 Duty of a Director to disclose interests

- 28.1 A Director, who has a direct or indirect interest in a transaction entered into or proposed to be entered into by the FZE or FZC or by a Subsidiary of the FZE or FZC, which interest to a material extent conflicts or may conflict with the interests of the FZE or FZC and of which conflict the Director is aware, must disclose to the FZE or FZC the nature and extent of the interest.
- 28.2. The disclosure under regulation 28.1 must be made by the Director in writing to the FZE or FZC, as soon as practicable after the Director becomes aware of the circumstances which gave rise to the duty of the Director to make the disclosure.

- 28.3. The FZE or FZC or a shareholder of the FZE or FZC may not claim a transaction to be void, or hold a Director accountable where:
- (i) the transaction is confirmed by an Ordinary Resolution; and
 - (ii) the nature and extent of the Director's interest in the transaction was disclosed in reasonable detail in the notice calling the General Meeting at which the resolution confirming the transaction is passed.

29. Prohibition on financial assistance to a Director

29.1. An FZE or FZC may not provide financial assistance to a Director, a Director's spouse or child, or to a company of which the Director is directly or indirectly a shareholder owning 20% or more of the total shareholding, unless:

- (a) approved by a resolution passed by shareholders holding shares representing not less than 90 per cent of the total voting rights of the FZE or FZC; and
- (b) all of the Directors resolve that giving the financial assistance to the Director does not materially prejudice:
 - (i) the interests of the FZE or FZC and its shareholders; and
 - (ii) the ability of the FZE or FZC to discharge its liabilities as they fall due.

29.2. For purposes of this regulation 29, "financial assistance" means:

- (a) a loan, debenture, credit facility or other similar form of financial assistance; or
- (b) a guarantee or security or indemnity in connection with a loan, debenture, credit facility or other similar form of financial assistance, whether such financial assistance is provided by the FZE or FZC or another person.

For avoidance of doubt, financial assistance does not include:

- (a) remuneration of the Director paid in the ordinary course; and
- (b) liability indemnity insurance related to the discharge of the duties of the Director to the FZE or FZC.

30. Alternate director

30.1. Unless provided otherwise in the memorandum and articles of association, a Director may by a written instrument appoint a person as an alternate director. An alternate director is not required to be a Director. The name of the alternate director must be given in writing to the secretary of the FZE or FZC prior to or at the time of commencement of a Directors' meeting.

30.2. An alternate director has the same rights as a Director, including the right to attend and vote at a meeting.

31. Validity of acts of a Director

The acts of a Director are valid notwithstanding a defect in the appointment or qualification of a Director.

32. Manager

32.1. An FZE or FZC must have a manager. The name of the manager will be recorded in the Companies Register and it must appear on the License of the FZE and FZC.

32.2. A person cannot be a manager who:

- (a) if a natural person, is under the age of 21 years, unless approved by the Registrar;
- (b) has been guilty of insider trading or the equivalent;
- (c) is judged disqualified by the court; or
- (d) does not qualify based on a criteria provided in the memorandum and articles of association.

- 32.3. A shareholder, director or secretary may also be appointed as a manager.
- 32.4. A manager of an FZE or FZC may be appointed or removed by a resolution of the FZE or FZC. In addition to the authorities of a manager under these regulations, a manager's authority may be provided in the memorandum and articles of association or in a resolution of the FZE or FZC.

33. Secretary

An FZE or FZC must have a secretary.

Section 6 Shareholders meeting of an FZC

34. Calling a meeting

- 34.1. Unless a shorter duration is provided in the memorandum and articles of association, an FZC must hold a General Meeting as its annual General Meeting within 18 months from the date of its incorporation and once every 12 months thereafter. A meeting of the shareholders, other than the annual General Meeting, will be referred to as an extraordinary General Meeting.
- 34.2. A Director, manager or secretary must, as soon as practicable and in any event not later than 14 days of the request of one or more shareholders holding shares representing:
- (a) 5% or more of the share capital of the FZC issue a notice for a General Meeting;
 - or
 - (b) 5% or more of a class of shares, issue a notice for a meeting of that class.

A shareholder's request should state the purpose of the meeting and be signed by the shareholder.

- 34.3. If a Director, manager or secretary does not within 14 days from the date of the deposit of the request issue a notice for the General Meeting, or a notice for a meeting of a class of shareholders, as the case may be, the shareholder who made the request may issue such a notice.
- 34.4. The Directors may call a General Meeting, or a meeting of a class of shareholders, to consider any matter that the Directors determine requires consideration of the shareholders.

35 Registrar's power to call meeting in default

- 35.1. A Registrar may, on application of a Director, manager or a shareholder, whether due to a default of regulation 34 or otherwise, call, or direct the manager to call, a General Meeting or a meeting of a class of shareholders.
- 35.2. The manager must, unless with reasonable explanation notified to the Registrar, comply with a direction of the Registrar made under regulation 35.1.

36 Notice of meeting

- 36.1. A meeting, be it a General Meeting or a meeting of a class of shareholders, must be called by a notice in writing of at least 14 days and no more than 2 months, unless prescribed otherwise in the memorandum and articles of association. If a meeting is called by a shorter notice than 14 days the meeting will be considered to have been duly called if it is so agreed by one or more shareholders holding shares representing 95% or more of the total voting rights in the FZC, or shares representing 95% or more of the class of which a meeting is called, as the case may be.
- 36.2. A notice of a meeting should:
- (a) specify the time, place and date of the meeting;

- (b) provide the agenda of the meeting;
- (c) state the general nature of the business of the meeting;
- (d) state the intention to propose a resolution, if any;
- (e) permit a shareholder to appoint a proxy who may attend and vote on behalf of the appointing shareholder; and
- (f) include a copy of accounts and auditor's report, if relevant.

37. General provisions as to meetings and voting

Unless the memorandum and articles of association provide otherwise, the following are applicable to a General Meeting or a meeting of a class of shares:

- (a) notice of the meeting must be given to each shareholder entitled to receive it by delivering or posting it to his registered address;
- (b) the quorum for the meeting is at least two shareholders personally present or represented by proxy;
- (c) at a meeting of holders of a class of shares, other than an adjourned meeting, the quorum will be persons holding or represented by proxy, at least one-third in value of the total shares of that class. At an adjourned meeting, two persons holding shares or represented by proxy will constitute quorum;
- (d) subject to the memorandum and articles of association, the shareholders may by majority of those present at a meeting elect a shareholder to be the chairman of the meeting;
- (e) the voting at a meeting should be on a poll, where a shareholder has one vote for each share owned. On a poll, a shareholder entitled to more than one vote is not required to cast the same decision for all the votes. The voting at a General Meeting may be by a show of hands if shareholders holding shares representing 95% of the total capital of the FZC agree to vote by a show of hands. Voting at a meeting of a class of shareholders may be by show of hands if shareholders representing 95% of the shares of that class agree to vote by a show of hands. When voting by a show of hands, a shareholder present in person at the meeting has one vote; and
- (f) a shareholder who is a corporate entity may by a resolution or such other appropriate instrument authorise a person to represent the corporate entity at the meeting and in doing so the person will be authorised to exercise all the rights of the shareholder.

38. Resolutions in writing

- 38.1 Unless prohibited in the memorandum and articles of association, shareholders may pass a resolution in writing signed by all shareholders entitled to vote.
- 38.2 A resolution of shareholders in writing may be signed in counterparts. The resolution will be considered to be passed when the last shareholder signs the resolution or its counterpart.
- 38.3 A resolution of shareholders in writing in accordance with regulation 38 is as valid as if it had been passed at a convened General Meeting or a meeting of a class of shareholders.

39. Proxy

- 39.1 A shareholder entitled to vote at a General Meeting or at a meeting of a class of shareholders is entitled to appoint, by an instrument of proxy and by notice to the FZE or FZC in writing, another person (whether a shareholder or not) as a proxy vote on behalf of the appointing shareholder.
- 39.2. The instrument of proxy must be in the following form

I/we,.....being the holder of..... shares inFZC hereby appoint, as my/our proxy to attend and vote on my/our behalf at the [annual general meeting / extra ordinary general meeting / meeting of a class] of shareholders, to be held on..... Signature.....

39.3. A proxy appointed to attend and vote for a shareholder has the same rights as the shareholder, including the right to attend and vote at the meeting.

40. Minutes and examination of minute books

An FZC must keep minutes of meetings of shareholders, Directors, and committees of the FZC, in books maintained for that purpose. The minutes must be signed by all the attendees or the person presiding over the meeting. The minutes will be evidence of the meeting unless the contrary is proved.

41. Participation in meetings

Subject to the memorandum and articles of association, a shareholder may participate in a meeting by phone or by other similar means of communication where a shareholder can establish their identity and hear what is said by another shareholder. A shareholder so participating at the meeting is considered to be present at that meeting with the other shareholders.

Section 7 Shareholder's meeting of an FZE

42. Calling a meeting

- 42.1. A Director of an FZE may call a General Meeting to consider a matter that the Director determines requires consideration of the shareholder.
- 42.2. An FZE must hold a General Meeting as its annual General Meeting, within 18 months from the date of its incorporation and once every 12 months thereafter. A meeting of the shareholder, other than the annual General Meeting, will be referred to as an extra-ordinary General Meeting.

43. Decision in writing

A General Meeting of an FZE will be considered to be convened, and a resolution will be considered to be passed at such General Meeting, by the shareholder issuing a decision in writing. If a decision is not taken in writing, the shareholder may provide the FZE with a record in writing of the decision.

44. Corporate authority

If the shareholder of an FZE is a corporate entity, the shareholder may by a resolution or such other appropriate instrument authorise a person to represent the corporate entity and sign a resolution or a decision in relation to the FZE. Such person may be authorised to exercise all the rights of the shareholder.

45. Minutes

An FZE must keep minutes of meetings of its Directors and committees of the FZE, in books maintained for that purpose. The minutes must be signed by the shareholder. The minutes will be evidence of the meeting unless the contrary is proved.

Section 8 Records, accounts and auditor

46. Maintenance of records

- 46.1. An FZE and FZC must maintain records for accounting purposes that are sufficient:
- (a) to account for monies received and expended;
 - (b) to document the assets and liabilities;
 - (c) to disclose the financial position; and
 - (d) for an accountant to prepare financial accounts.
- 46.2 Records for accounting purposes include transactional, financial and contractual documentation, as well as supporting documents and information, that is generated during the course of operation or business of an FZE or FZC.
- 46.3 Records for accounting purposes must be retained by an FZE and FZC for a period of 6 years from the date a record is created.
- 46.4 Records for accounting purposes should be made available for inspection by a shareholder, director, auditor, manager, secretary, the Registrar or a person authorised to inspect the Records.

47. Accounts

- 47.1 The Directors of an FZE and FZC must cause accounts to be prepared for each Financial Year.
- 47.2 The accounts of an FZE and FZC must:
- (a) be prepared in accordance with applicable accounting principles or standards;
 - (b) show a true and fair view of the financial affairs, including the profit or loss; and
 - (c) be prepared in accordance with these regulations.
- 47.3 The FZE or FZC may change the date of commencement of a Financial Year, but a Financial Year cannot exceed 18 months or be shorter than 6 months.
- 47.4 The accounts of the FZE or FZC must be approved by the Directors and must be examined and reported on by an auditor. Once the accounts are approved and examined the manager must sign the accounts.
- 47.5 Each shareholder is entitled to request the manager or the Directors to provide a copy of the latest accounts and the latest auditor's report. This request must be fulfilled within 10 days.
- 47.6 The Directors must, for each Financial Year, lay before a General Meeting:
- (a) the accounts of the FZE and FZC, as approved by the Directors and signed by the manager; and
 - (b) the report of the auditors.

48. Appointment, removal and resignation of an auditor

- 48.1 The Registrar may (but is not obliged to) maintain a list of approved auditors and an FZE and FZC must appoint an auditor from such list for the purpose for which an auditor is required under these regulations. An FZE or FZC may appoint more than one auditor.
- 48.2. An FZE or FZC must not appoint an auditor who:
- (a) has, or may reasonably be perceived to have, a conflict of interest; or
 - (b) is not, or may reasonably be perceived not to be, independent from the affairs of the FZE or FZC.
- 48.3. The shareholders may by an Ordinary Resolution, or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association, appoint one or more auditors to hold office

until the close of the next General Meeting, and, if an appointment is not so made, the term of the appointment of the auditor already appointed will extend until a successor is appointed. The shareholders at the first General Meeting must appoint the first auditor, and if the shareholders fail to do so, the Directors must promptly appoint an auditor.

- 48.4. The shareholders may by an Ordinary Resolution, or by a resolution passed by such greater percentage majority of shareholders with voting rights as prescribed in the memorandum and articles of association, remove an auditor before the expiry of the term of appointment, and must appoint another auditor for the remainder of the term of the removed auditor.
- 48.5. The remuneration of an auditor will be fixed by the shareholders.
- 48.6. An auditor may resign as an auditor by a notice of at least 42 days in writing to the FZE or FZC stating the circumstances surrounding the resignation. The Directors must forthwith call a General Meeting for the appointment of an auditor in accordance with these regulations to ensure that a replacement auditor is appointed by the time the resigning auditor's resignation comes into effect.

49. Auditor

- 49.1. An auditor must audit the accounts of the FZE and FZC once a year and prepare an auditor's report.
- 49.2. An auditor's report must:
- (a) identify the standards or principles used in preparing the accounts;
 - (b) state whether in the auditor's opinion the accounts have been prepared in accordance with these regulations and applicable laws, standards and principles;
 - (c) state whether the accounts give a true and fair view of the financial affairs; and
 - (d) state any other matter or opinion required under these regulations.
- 49.3. An auditor has the right to access the Records of the FZE and FZC that may be required for the audit. An auditor may require such information as the auditor may consider necessary. The FZE and FZC must disclose the requested information to the auditor.
- 49.4. An auditor is entitled to receive a notice of a General Meeting and to attend a General Meeting in respect of an agenda item that is in relation to a matter the auditor may be concerned with.

PART 4 BRANCH

50. Establishment of Branch

- 50.1. Any company or other legal entity incorporated outside the Free Zone (and whether in the United Arab Emirates or abroad) may apply to incorporate a branch office in the Free Zone.
- 50.2. The application submitted to the Registrar under regulation 50.1 shall be accompanied by:
- (a) a copy of the memorandum and articles of association (or equivalent constitutional documentation) for the company or the legal entity notarized and attested by the UAE Embassy;
 - (b) certificate of registration of the company or original certificate of good standing (notarized and attested by the UAE Embassy);
 - (c) a company board resolution calling for the establishment of a branch in the Free Zone (notarized and attested by the UAE Embassy);
 - (d) power of attorney for manager (notarized and attested by the UAE Embassy);
 - (e) the names of the Directors of the company or the legal entity; and

- (f) such other information as the Registrar may require.
- 50.3 The Registrar may refuse to register a branch office for such reason as he believes to be proper grounds for refusing such registration.
- 50.4 Where the Registrar grants his consent to the registration of a branch office he may issue a certificate of registration for such branch office.
- 50.5 A branch office may be registered to conduct any lawful business in the Free Zone as may be permitted pursuant to its Licence. In these Regulations branch means a place of business that forms a legally dependent part of the institution and conducts directly all or some of the operations inherent in its business.

PART 5 HOLDING COMPANY AND SUBSIDIARY

51. Definition

- 51.1. In these regulations a "Subsidiary" means a body corporate:
 - (a) whose majority voting rights are directly or indirectly controlled or owned by another Company; or
 - (b) 50 percent of whose directors can be elected by another Company.
- 51.2 In these regulations a "Holding Company" means the other Company referred to in regulation 51.1 (a) (the Company who directly or indirectly controls or owns majority voting rights of a Subsidiary), and in regulation 51.1 (b) (the Company who can elect 50 percent of the Subsidiary's directors).

52. Objectives

The objectives of a Holding Company are limited to:

- (a) to hold shares or an interest in a body corporate, including its Subsidiary;
- (b) to provide loans, guarantees or finance to its Subsidiary;
- (c) to own immovable assets such as real estate;
- (d) to manage its Subsidiary; and
- (e) to own assets such as intellectual property rights.

53 Accounts

In addition to the provisions relating to accounts applicable to a Company under these regulations, a Holding Company must have its financial statements consolidated with its Subsidiary.

54. Share ownership

- 54.1. A Subsidiary cannot own shares in a Holding Company.
- 54.2. Where on the date a body corporate became a Subsidiary, the Subsidiary owns shares in a Holding Company, the Subsidiary may own the shares, but:
 - (a) must not exercise the right to vote attached to the shares;
 - (b) must not acquire additional shares in the Holding Company; and
 - (c) must sell the shares in the Holding Company within 12 months of becoming a Subsidiary.

PART 6 SECURITY INTERESTS

55. Security Interests

- 55.1. An agreement for a Security Interest must be in the form approved by the Registrar.
- 55.2 Security Interests must be over assets or rights which are situated in or are created or have arisen in the Free Zone.
- 55.3 A Company shall provide the following information to the Registrar in respect of a share pledge:
- (a) the name and address of the member granting the security interest;
 - (b) the number of shares effected by the security interest;
 - (c) the date on which the security interest was created and the nature of the security interest (including the amount in respect of which the security interest has been created); and
 - (d) the name and address of the security holder.

Within 15 days of such pledge or charge.

- 55.3 Upon completion of procedures and payments in respect of a mortgage of a building, the Registrar will issue a certificate mentioning that it shall not ratify an application for the registration of a mortgage without prior approval of the mortgagee.

56. No liability

Neither RMC nor the Registrar will be liable for loss suffered by a person, be it the Company, the shareholder or the person in whose favour a Security Interest is created, as a result of an act or omission of RMC or the Registrar or its officers, employees or agents.

PART 7 WINDING UP

57. Modes of winding up

- 57.1. A Company may be wound up:
- (a) by the Registrar; or
 - (b) voluntarily.
- 57.2. A Company will be under dissolution in the event of a voluntary winding up or winding up by the Registrar. The Registrar may include "under liquidation" after the name of the Company in the Companies Register. A Company must include "under liquidation" after its name in its correspondences.

58. Winding up by the Registrar

A Company may be wound by the Registrar in the Registrar's discretion, including in the following events:

- (a) a Company's failure to commence business activity under the Licence within a year from its incorporation, or suspension of the business activity under its Licence for a year;
- (b) a Company acts in contravention of the RMC Laws or other applicable laws;
- (c) a Company's failure to renew the Licence;
- (d) termination of the License of the Company by the Registrar; and
- (e) under an order of a court for winding up the Company.

59. Voluntary winding up

A Company may be wound up voluntarily in the following events:

- (a) when the period, if any, fixed for the duration of the Company by its

- memorandum and articles of association expires;
- (b) when an event, as may be provided in the memorandum and articles of association, occurs where a Company is to be dissolved; or
- (c) when the company resolves by a Special Resolution, or by a resolution passed by such other majority percentage of Shareholders with voting rights as prescribed in the memorandum and articles of association, that the Company be wound up voluntarily. A copy of the Special Resolution for winding up voluntarily must, on the date that it is issued, be submitted to the Registrar.

60. Appointment and duties of liquidator

- 60.1. One or more auditors must be appointed as liquidators by an Ordinary Resolution, as soon as practicable after the dissolution of a Company. The appointment of a liquidator must be immediately notified to the Registrar.
- 60.2. A copy of the Ordinary Resolution for appointment of a liquidator must on the date that it is issued be submitted to the Registrar. The Registrar must enter the name of the liquidator in the Companies Register.
- 60.3. A liquidator will have the authority to conduct the affairs of a Company under liquidation. A liquidator's duties include:
 - (a) to prepare a list of the Company's assets and liabilities and a balance sheet on which the liquidator will sign along with the Manager or Directors;
 - (b) to maintain a register for the liquidation process;
 - (c) to preserve the Company's assets and entitlements;
 - (d) to collect the funds owed to the Company by others, and to deposit the sums received in the bank account of the Company immediately upon receipt;
 - (e) to operate, maintain and close the bank accounts of a Company;
 - (f) to represent the Company before a court;
 - (g) to pay the Company's debts;
 - (h) to sell the Company's movable property or real estate;
 - (i) to provide the Shareholders with a provisional account on the liquidation process every 6 months; and
 - (j) to give the information or data requested by the Shareholders concerning the condition of the liquidation process.
- 60.4. The powers and duties granted to a liquidator must not, unless the liquidator requires, be performed by the officers of the Company, and the role of the officers must be limited to assisting the liquidator in performance of the liquidator's powers and duties.
- 60.5. Where a Company is in dissolution due to an order of the court, the court may define the method of liquidation and appoint the liquidator.
- 60.6. A liquidator cannot undertake new business for the Company, unless necessary for the completion of a previous business.
- 60.7. A liquidator may be removed by an Ordinary Resolution, provided the resolution for removal prescribes an appointment of another liquidator. The removal and replacement of a liquidator is subject to the Registrar's approval.

61. Distribution of assets

- 61.1. A liquidator must notify, by registered mail, all the creditors of the Company of the commencement of liquidation and invite the creditors present their claims.
- 61.2. A liquidator must publish the commencement of liquidation of the Company in two local daily newspapers, one in Arabic and one in English, to invite objections to the liquidation by giving a period not less than 45 days.
- 61.3. The assets of the Company must be distributed by the liquidator in the following order:

- (a) first towards amounts owed to RMC;
- (b) the remaining towards the cost of liquidation, including the liquidator's fee;
- (c) the remaining to the creditors; and
- (d) the remaining to the shareholders on a pro rata basis.

61.4. Where a creditor fails to present its claim, the liquidator must deposit the sum owed to that creditor in the court.

62. Completion of liquidation

62.1 On completion of liquidation in accordance with these regulations, the liquidator will issue a final liquidation report to the Registrar.

62.2 The Registrar may, provided that the liquidation has been conducted to the satisfaction of the Registrar, in relation to the Company under dissolution:

- (a) cancel the License;
- (b) terminate the contracts RMC has with the Company; and
- (c) remove the Company from the Companies Register, as well as any other registers maintained by the Registrar.

PART 8 PENALTIES AND FEES

63. Types of penalties

The Registrar has the authority to impose a penalty on a Company who is in breach of the laws including the RMC Laws. The penalty may include:

- (a) termination of the License;
- (b) imposition of a fine; or
- (c) any other penalty determined by the Registrar.

64. Fines

The Registrar may prescribe a schedule of fines for offences. Where a fine is not prescribed for an offense the Registrar may determine the fine.

65. Fees

There shall be paid to the Registrar by a Company the fees ordered by the Registrar from time to time. The Registrar may by order require the payment to the Registrar of such fees as may be prescribed in respect of:

- (a) the performance by the Registrar of such functions under these regulations, including the receipt by him of any document under these regulations which is required to be delivered to him; and
- (b) the inspection of documents or other material held by him under these regulations.

The Registrar may charge a fee for any services provided by him otherwise than in pursuance of an obligation imposed on him by these regulations. Where a fee is provided for, or charged under, this regulation for the performance of an act or duty by the Registrar, no action need be taken by him until the fee is paid, and where the fee is payable on the receipt by him of a document required to be delivered to him he shall be deemed not to have received it until the fee is paid.