



Guide for Joint Stock Companies & Investment Funds

يوليو 2024





Joint Stock Companies & Investment Funds Department

The Joint stock companies & investment funds department is responsible for the following:

1. Enforcing the provisions of laws and regulations governing commercial companies' affairs.
2. Supervising and inspecting joint-stock companies to ensure they comply with the provisions stipulated in the Commercial Companies Law or their bylaws, inspecting them, and examining their accounts.
3. .Detecting and documenting violations that contravene the provisions of the Commercial Companies Law or the decisions issued in implementation thereof.
4. .Approving the convening of ordinary and extraordinary general assemblies for joint-stock companies and limited partnerships by shares in accordance with the provisions of the Commercial Companies Law.
5. the establishment of joint-stock companies, reviewing their incorporation contracts and bylaws, ratifying them, and preparing the necessary ministerial decision draft for establishing the company in accordance with the provisions of the Commercial Companies Law.
6. Supervising the conversion, merger, acquisition, division, or liquidation of joint-stock companies in accordance with the provisions of the Commercial Companies Law.
7. Reviewing requests to amend the incorporation contracts or bylaws of joint-stock companies and the agendas of the general assemblies of joint-stock companies.
8. Studying requests related to increasing or decreasing the capital of joint-stock companies in accordance with the provisions of the Commercial Companies Law.
9. Enforcing the provisions of laws and regulations related to investment funds.
10. Studying and processing requests related to investment funds.

1. Joint-Stock Companies

◆ Joint-Stock Companies:

A joint-stock company is one where the capital is divided into shares of equal value that are tradable and offered for public subscription. Shareholders are only liable to the extent of their contribution to the capital. The number of founders or shareholders must not be less than five. The founders must subscribe to shares amounting to no less than 20% and no more than 60% of the company's capital. No founder may subscribe to more than the percentage specified by the company's bylaws. Each joint-stock company must have a name that indicates its purpose and cannot be named after a natural person unless the company's purpose is to invest in a registered patent held by that person, or if the company has acquired a commercial enterprise and adopted its name. In all cases, the name must include the phrase "Qatari Joint-Stock Company." The capital of a joint-stock company offering shares for public subscription must not be less than ten million riyals.

◆ Private Joint-Stock Company:

A group of at least five founders may establish a private joint-stock company among themselves without offering shares for public subscription, provided they subscribe to all shares. The company's capital must not be less than two million riyals. Except for the provisions related to public subscription and trading, all other provisions applicable to joint-stock companies also apply to private joint-stock companies.



◆ Differences between Limited Liability and Private Joint-Stock Companies

	Private Joint-Stock Company	Limited Liability Company
Number of Founding Partners	At least five founding members	Consists of one or more persons, with the number of partners not exceeding fifty
Capital at Incorporation	Minimum capital of two million Qatari Riyals	The partners determine the company's capital at the required amount
Trading of Shares or Stocks	Shares are not offered for public subscription	The company cannot issue tradable shares or bonds
Company Financing	Allowed to resort to public subscription or issue financing instruments after obtaining the necessary approvals	Shares are fully paid by the partners at establishment
Amendment of the Articles of Incorporation or the Articles of Association	The Articles of Association and Bylaws are amended by a decision from the extraordinary general assembly	The Articles of Association cannot be amended without the consent of partners representing three-quarters of the capital
In case of the partner's death	The shareholder register maintained by the company must be amended to include heirs in place of the deceased	Each partner's share is transferred to their heirs or legatees
Capital increase	Capital increase requires a decision from the extraordinary general assembly and approval from the Company affairs Department	Requires the consent of partners representing three-quarters of the capital
The right of priority in shares or stocks of capital increase	Shareholders have the right of pre-emption in subscribing to new shares, and they can waive this right to others by a decision from the extraordinary general assembly with a majority of three-quarters of the company's capital	The company cannot resort to public subscription to form or increase its capital, nor can it issue tradable shares or bonds
Company management	Managed by a board of directors elected by shareholders	The company's manager has full authority to manage the company
The general assembly quorum not being met	If the meeting quorum is not met, the general assembly must be convened to a second meeting held within 15 days of the first meeting	The general assembly invitation is sent to each partner at least twenty-one days before the meeting date, and if the general assembly does not convene within this period, the management must issue the invitation within 15 days of the mentioned periods end



◆ What are the advantages of a joint-stock company?



- Joint-stock companies are not at risk due to disputes among their partners.
- Management of the joint-stock company is entrusted to an elected and more experienced board of directors.
- Joint-stock companies have continuity and sustainability.
- Stakeholders have great confidence in joint-stock companies.
- A joint-stock company can offer its shares in the financial market

◆ Laws governing joint-stock companies:



- Law No. (8) of 2021 amending certain provisions of the Commercial Companies Law issued by Law No. (11) of 2015.
- Provisions of the Commercial Companies Law issued by Law No. (11) of 2015.
- Law No. (1) of 2019 regulating non-Qatari capital investment in economic activities.
- Minister of Commerce and Industry Decision No. (71) of 2019 issuing the regulations governing private joint-stock company governance.

◆ Laws governing investment funds:



- Law No. (25) of 2002 regarding investment funds.
- Minister of Economy and Commerce Decision No. (69) of 2004 issuing the executive regulations for Law No. (25) of 2002 regarding investment funds.



Services of the Joint Stock
Companies and Investment
Funds Department

675

1045

1- Requirements for submitting an application to establish a public/private joint-stock company:



- Reservation of the trade name.
- Draft of the Articles of Association and the Bylaws of the joint-stock company according to the approved model by the Ministry.
- Minutes of the founders' meeting appointing their representative for the incorporation procedures.
- Copy of the identification documents for the founders (not less than five founders), or a copy of the valid passport for the founders, and a copy of the valid commercial registration for legal entities.
- Bank certificate depositing an amount not less than 20% and not exceeding 60% of the capital for public joint-stock companies (not less than 10 million Qatari Riyals), and full capital deposit for private joint-stock companies (not less than 2 million Qatari Riyals), to be submitted after obtaining preliminary approval from the administration for incorporation.
- Copies of approvals from relevant authorities for activities requiring prior approvals.
- Power of attorney or authorization for incorporation including the name, nationality, and headquarters of the company, authenticated by the Qatari embassy in the country of the company's headquarters abroad and translated into Arabic if one of the founders is a foreign company.
- Evaluation report certified by an expert in case of in-kind contributions.
- Feasibility study.
- Approval from the Qatar Financial Markets Authority for public joint-stock companies.

Guidance Model for the Articles of Association of a Public Joint Stock Company

Guidance Model for the Articles of Incorporation of a Private Joint Stock Company

2- Requirements for submitting an application to convert public/private joint-stock companies to private/public joint-stock companies:



- Reservation of the trade name.
- Draft of the Articles of Association and the Bylaws of the joint-stock company according to the approved model by the Ministry.
- Minutes of the founders' meeting appointing their representative for the incorporation procedures.
- Copy of the identification documents for the founders (not less than five founders), or a copy of the valid passport for the founders, and a copy of the valid commercial registration for legal entities.
- Bank certificate depositing an amount not less than 20% and not exceeding 60% of the capital for public joint-stock companies (not less than 10 million Qatari Riyals), and full capital deposit for private joint-stock companies (not less than 2 million Qatari Riyals), to be submitted after obtaining preliminary approval from the administration for incorporation.
- Copies of approvals from relevant authorities for activities requiring prior approvals.
- Power of attorney or authorization for incorporation including the name, nationality, and headquarters of the company, authenticated by the Qatari embassy in the country of the company's headquarters abroad and translated into Arabic if one of the founders is a foreign company.
- Evaluation report certified by an expert in case of in-kind contributions.
- Feasibility study.
- Approval from the Qatar Financial Markets Authority for public joint-stock companies.

Guidance Model for the Articles of Association of a Public Joint Stock Company

Guidance Model for the Articles of Incorporation of a Private Joint Stock Company

3- Requirements for submitting a merger application for public/private joint-stock companies:



In the case of a merger by absorption:

- Copy of the extraordinary general assembly resolutions of the merging company to dissolve it according to the procedures followed for dissolution, specifying the date taken as the basis for evaluation.
- Copy of the evaluation report certified by an expert assessing the net assets of the merging company according to the provisions for evaluating in-kind contributions.
- Copy of the resolution of the absorbing company approving the merger, the evaluation result, and the increase in its capital according to the evaluation result of the merging company, including the distribution of the capital increase among the shareholders of the merging company in proportion to their shares.
- Copy of the merger resolution published in two local daily newspapers issued in Arabic.
- Draft of the amended Articles of Association and Bylaws after making the necessary amendments, including a historical overview of the merging company.

In the case of a merger by consolidation:

- Copy of the resolutions of both the absorbing and merging companies to dissolve the company according to the procedures followed for dissolution and its evaluation in preparation for merging, specifying the date taken as the basis for evaluation.
- Copy of the resolutions of both the absorbing and merging companies approving the evaluation result and the merger, and establishing a new company, whereby each merging company is allocated a number of shares equivalent to its share in the capital of the new company, and these shares are distributed among the shareholders of each merging company in proportion to their shares.
- Copy of the evaluation report certified by an expert assessing the net assets of the absorbing and merging companies according to the provisions for evaluating in-kind contributions.
- Copy of the merger resolution published in two local daily newspapers issued in Arabic.
- Draft of the amended Articles of Association and Bylaws after making the necessary amendments, including a historical overview of the absorbing and merging companies.

4- Requirements for submitting a division application for public/private joint-stock companies:



- Copy of the commercial registration of the dividing company.
- Copy of the Articles of Association and Bylaws of the dividing company.
- Copy of the balance sheet of the dividing company.
- Copy of the extraordinary general assembly resolution of the dividing company with the approval of at least three-quarters of the shareholders, or as stipulated in the Articles of Association, to divide the company and evaluate it, specifying the date taken as the basis for evaluation.
- Approval of the name for the divided company.
- Copy of the evaluation report certified by an expert assessing the net assets of the company, indicating the value of the dividing and divided company.
- Copy of the resolution of the dividing company approving the company's evaluation result, determining the capital of the divided company, the number of shareholders and their names, each shareholder's share in the companies resulting from the division, and the rights and obligations of each of these companies and the distribution of assets and liabilities between them, in accordance with the legally prescribed conditions for each legal form.
- Copy of the draft amended Articles of Association and Bylaws of the dividing company.
- Copy of the draft Articles of Association of the divided company according to the legal form it is divided into (according to the models approved by the Ministry).
- Approval of the name for the divided company.

5- Requirements for submitting a request to amend the Articles of Association or Bylaws of a public/private joint-stock company:



Firstly: In case of increasing the capital by issuing new shares:

- Extraordinary general assembly approval is required for the amount of the increase, the issuance price of the new shares, and authorizing the board of directors to implement this decision.
- Auditor's report on the share premium.
- Proof that the company's capital is fully paid.
- For a public joint-stock company, a copy of the subscription prospectus signed by the chairman of the board and the auditor, along with the approval of the Financial Markets Authority.
- Administration's approval of the prospectus without any liability on the Ministry.

Secondly: In case of increasing the capital by capitalizing reserves or part of it or profits:

- A copy of the balance sheet is required.
- Copy of the minutes of the meeting.
- Auditor's certificate stating that the increase was made by one of the following methods:
 - 1- Issuing free shares distributed to shareholders in proportion to their shareholding.
 - 2- Increasing the nominal value of the share by the percentage of the capital increase.

Thirdly: In case of converting bonds into shares:

- Approval of bondholders.
- The bond must be convertible, with this specified in the loan conditions.
- Conversion of bonds into shares by redeeming the bonds, canceling them and granting shareholders shares in return, adding their value to the capital.

Fourthly: In case of issuing new shares in return for in-kind shares or assessed rights:

- Preliminary approval from the extraordinary general assembly for the capital increase by in-kind shares, specifying the date taken as the basis for the assessment.
- Evaluation report issued by an expert.
- Extraordinary general assembly approval of the in-kind share value as concluded in the resolution.

Fifthly: In case of reducing the company's capital:

1. Extraordinary general assembly approval for reducing the capital by one of the methods stipulated in Article (201).
2. Copy of the company's balance sheet and a certificate from the auditor stating the reasons for the reduction.
3. Certificate from the board of directors confirming that due debts to the company's creditors have been settled and adequate guarantees provided for deferred debts.
4. Copy of the announcement publishing the resolution to reduce the capital in two local daily newspapers issued in Arabic.
5. Copy of the announcement in two local daily newspapers issued in Arabic or registered letters addressed to shareholders inviting them to offer their shares for sale if the capital reduction is through the purchase and cancellation of a number of the company's shares in accordance with Article 203.

6- Requirements for submitting a request to convert a limited liability company to a public/private joint-stock company:



- Copy of the Articles of Association and Bylaws (and a copy of the Official Gazette for the joint-stock company).
- Copy of the valid commercial registration, which must have been registered in the commercial registry for at least two years.
- Copies of the last two financial statements of the company, showing that the company has achieved net profits distributable equivalent to at least ten percent of the capital, during the two previous financial years prior to the conversion request.
- Copy of the company's resolution approving its conversion according to the rules for converting to a joint-stock company, specifying the date taken as the basis for evaluation.
- Copy of the evaluation report certified by an expert on the net assets, liabilities of the company, and their approximate value.
- Consent of the founders to the net assets and liabilities of the company and determining the capital, number of shares, distribution, and formation of the board of directors.
- Copy of the draft Articles of Association and Bylaws, including a historical overview of the company until the date of conversion.

- Copy of the personal identification cards of the founders or the commercial registration for legal entities in case of entry of new shareholders.
- If it is a financial institution, provide approval from the Qatar Central Bank.
- In case of a name change, approval of the trade name must be obtained.

Application Form

7- Requirements for submitting a request to place a public/private joint-stock company under liquidation:



• Phase One:

1. A valid copy of the company's commercial registration.
2. A copy of the Articles of Association and Bylaws of the company meeting the publication requirements.
3. A copy of the minutes of the extraordinary general assembly meeting approved, by at least three-quarters of the company's capital or as stipulated in the Articles of Association, the dissolution and liquidation of the company, the appointment of a liquidator, and the reasons and duration of the liquidation.
4. Proof of the liquidator's acceptance of their appointment as the company's liquidator.
5. A copy of the liquidator's identification.
6. Completion of the commercial registration form to place the company under liquidation and appoint the liquidator.

For financial institutions, provide approval from the Qatar Central Bank.

Application Form

• Phase Two:

1. A valid copy of the company's commercial registration after it has been placed under liquidation.
 2. A certificate from the liquidator taking full responsibility for the liquidation, confirming that all dues and debts of the company have been paid up to the end date of the liquidation in accordance with the order stipulated in Article (310), and that there are no obligations towards shareholders or others.
 3. A copy of the final liquidation accounts certified by the liquidator and the auditor, if any.
 4. A copy of the minutes of the extraordinary general assembly meeting approving and adopting the final liquidation accounts.
- Completion of the commercial registration form to delete the company's registration.

Application Form



Circulars for Joint Stock Companies

1- Circular on the Method of Determining Board of Directors' Remuneration for Joint Stock

Companies:

All auditors assigned to audit public joint-stock companies listed on the stock exchange, and all boards of directors of public joint-stock companies listed on the stock exchange, must adhere to the provisions of the circular issued by the Qatar Financial Markets Authority on 11/06/2023 regarding the method of determining the remuneration of board members of companies listed on the Qatar Stock Exchange as follows:

In order to achieve transparency, protect shareholders' rights, and safeguard minority rights in listed public joint-stock companies, it is necessary to comply with the provisions of Article 119 of the Commercial Companies Law No. 11 of 2015, as amended by Law No. 8 of 2021, and Article 18 of the Corporate Governance Code for companies and legal entities listed on the main market, issued by the Board of Directors' Decision No. 5 of 2016, when reviewing and auditing the calculation of board members' remuneration for the audited companies, with consideration of the following:

(First): Regarding the method of calculating the 5% board of directors' remuneration: Article 119 of the Commercial Companies Law states: "The company's Articles of Association shall specify the method for determining the remuneration of board members, provided that such remuneration does not exceed 5% of the net profit after deducting reserves and legal deductions and distributing a profit of not less than 5% of the company's paid-up capital to shareholders. The Articles of Association may stipulate that board members receive a fixed amount if the company does not make profits, provided that such amount is approved by the general assembly, and the Ministry may set a maximum limit for this amount."

(a) In compliance with Article 119, the board of directors' remuneration should be distributed according to the following conditions:

- **First:** Deduct reserves and legal deductions as stipulated by the Commercial Companies Law.
- **Second:** Distribute a profit of not less than 5% of the company's paid-up capital to shareholders. Therefore, the board of directors' remuneration is only distributed after fulfilling conditions "First" and "Second" and provided that the total does not exceed 5% of the net profit.

(b) The total amount of the board of directors' remuneration is deducted from the remaining net profit after deducting reserves and legal deductions and the 5% of the company's paid-up capital distributed to shareholders, and not from the total profit before the mentioned deductions.

For example, if the company's capital is QAR 800,000,000, the profits are QAR 100,000,000, and the **deduction** percentage is 10%, i.e., QAR 10,000,000, then 5% of the capital to be distributed to shareholders is QAR 40,000,000. The remaining profit after these deductions would be QAR 50,000,000, which means the 5% total board of directors' remuneration should not exceed QAR 2,500,000, calculated from the QAR 50,000,000, not from the QAR 100,000,000.

(Second): Regarding attendance allowances and salaries and wages received by board members: The definition of remuneration includes all amounts received by the chairman or members in the form of attendance allowances, a percentage of profits, or otherwise as compensation for their work on the board, and thus is subject to the maximum limit specified in Article 119 and Article 18 of the Corporate Governance Code. They may be disbursed, but the final determination must be made after calculating the net profits as outlined in this circular. If it is found that the amounts disbursed exceed the maximum limit, the chairman and members must return the excess amount.

All listed public joint-stock companies and auditing firms must fill out the remuneration statement form and attach it to the minutes of the company's annual general assembly meeting when submitting it to the Department of Company affairs, which can be obtained from the Ministry's website.

Board of Directors' Remuneration Statement Form

2- Circular No. (1) of 2024 Regarding the Powers of the Chairman of the Board of Directors and the Delegation of Powers to Board Members and Senior Executive Management:

In accordance with the provisions of Articles (100, 103, 107, 121) of Law No. (11) of 2015 issuing the Commercial Companies Law, as amended by Law No. (8) of 2021, all public joint-stock companies and private joint-stock companies must comply with the following:

1. The Chairman of the Board of Directors' invitation to convene the ordinary or extraordinary general assembly meeting must be based on a decision from the Board of Directors to convene such a meeting.
2. The appointment or removal of directors authorized to sign in the commercial register must be made by a decision from the Board of Directors. The Chairman of the Board of Directors may not appoint or remove directors authorized to sign in the commercial register unless authorized by a decision from the Board of Directors or the company's Articles of Association.

3. Granting powers to board members in the commercial register must be based on a decision from the Board of Directors. The Chairman of the Board of Directors may not add board members as authorized signatories in the commercial register and grant them powers unless authorized by a decision from the Board of Directors or the company's Articles of Association.
4. The Chairman of the Board of Directors may delegate some of his powers to other board members or senior executive management members. The delegation must be specific in terms of duration and subject matter.
5. Within the scope of its competence, the Board of Directors may delegate one of its members to undertake a specific task or oversee an aspect of the company's activities.
6. For private joint-stock companies established according to the provisions of Article (207) of the Commercial Companies Law, the amendment of powers in the commercial register shall be in accordance with what is stipulated in the company's Articles of Association.
7. All public joint-stock companies and private joint-stock companies must comply with the above-mentioned provisions and align their status in the commercial register accordingly, while considering all regulations and systems issued by the regulatory authorities to which the company is subject.

3- Circular No. (2) of 2024 Regarding the Maximum Fixed Amount Distributable to Members of the Board of Directors in Public Joint-Stock Companies and Private Joint-Stock Companies:

In accordance with the application of Article (119/Second Paragraph) of Law No. (11) of 2015 issuing the Commercial Companies Law, as amended by Law No. (8) of 2021, which states: "... The Articles of Association of the company may stipulate that the members of the Board of Directors receive a fixed amount in the event that the company does not achieve profits, provided that the general assembly approves it, and the Ministry sets a maximum limit for this amount."

The Ministry has set the maximum fixed amount that can be distributed to the members of the Board of Directors in public joint-stock companies and private joint-stock companies according to the following regulations:

First: If the company achieves profits but does not distribute profits to shareholders, or distributes profits to shareholders less than 5% of the capital, the maximum fixed amount is as follows:

- For the Chairman of the Board: a maximum fixed amount of 125,000 Qatari Riyals.
- For Board members: a maximum fixed amount of 100,000 Qatari Riyals for each member.

Second: If the company does not achieve profits, the maximum fixed amount is as follows:

- For the Chairman of the Board: a maximum fixed amount of 75,000 Qatari Riyals.
- For Board members: a maximum fixed amount of 75,000 Qatari Riyals for each member.

Third: In all cases, the Articles of Association of the company must stipulate the possibility of distributing a fixed amount. The approval of the general assembly for this amount must also be obtained, along with any necessary approvals from the competent authorities, and in compliance with any regulations stipulated by any regulatory bodies to which the company is subject.





FAQs about Joint-Stock Companies

◆ How is the date for the General Assembly of Joint-Stock Companies determined?

• For General Assemblies:

1. Agenda Copy: A copy of the agenda of the General Assembly, which should include the issues specified by the relevant regulations.
2. Announcement Copy: A copy of the announcement to be published.
3. Auditors' Report and Financial Statements: A copy of the auditors' report, the company's financial statements, and the future plan, signed by the external auditor and the Chairman of the Board.
4. Board of Directors Report: A copy of the Board of Directors' report.
5. Election of Board Members: In case of election of board members, a list of the names of the candidates and a declaration from them confirming no violations of Articles 97 and 98 of the Commercial Companies Law, along with copies of their personal IDs.
6. Financial Institutions: If the company is a financial institution, approval from the Qatar Central Bank must be submitted.

• For Extraordinary General Assemblies:

1. Agenda Copy: A copy of the agenda of the General Assembly, including issues specified in Article 137.
2. Announcement Copy: A copy of the announcement to be published.
3. Financial Statements: A copy of the company's financial statements, signed by the auditor and the Chairman of the Board.
4. Amendment Details: A statement of the articles to be amended before and after the amendment, along with the required documents for the requested amendment, as applicable.
5. Financial Institutions: If the company is a financial institution, approval from the Qatar Central Bank must be submitted.

◆ **What are the activities of public joint-stock companies and what are their requirements?**

Public joint-stock companies can engage in all types of commercial activities. If the chosen activity requires approval from a state authority, the approval must be attached with the company's establishment request.

What are the requirements for changing Board Members in public and private joint-stock companies?

1. Approval Letter: A letter from the company approving the change of the board member.
2. Resignation Letter: A copy of the resignation letter from the member or a letter from the company regarding the change of the representative member.
3. Commercial Register Form: A completed form for noting the change in the commercial register.

◆ **What are the requirements for a valid Board meeting?**

A Board meeting is valid only if at least half of the members are present, provided that the number of attendees is not less than three, unless the company's Articles of Association specify a higher number or percentage.

◆ **What is the necessary quorum for Board resolutions?**

Board resolutions are passed by the majority of votes of the present and represented members. In case of a tie, the side that includes the chairman will prevail.

◆ **How are objections recorded in Board meetings?**

Objections from members who disagree with a Board decision must be recorded in writing in the minutes of the meeting.

◆ **What is the procedure if a Board member is absent?**

A Board member may delegate another Board member to attend in their place. If a member is absent for three consecutive meetings or four non-consecutive meetings without an excuse accepted by the Board, they are considered resigned.

◆ **Where are the minutes of Board meetings recorded, who signs them, and where are they kept?**

Minutes of Board meetings are recorded in a special register. These minutes are signed by the Chairman of the Board, the Managing Director (if any), and the member or employee responsible for the Board's.

◆ **What are the activities of public joint-stock companies and what are their requirements?**

Public joint-stock companies can engage in all types of commercial activities. If the chosen activity requires approval from a state authority, the approval must be attached with the company's establishment request.

What are the requirements for changing Board Members in public and private joint-stock companies?

1. Approval Letter: A letter from the company approving the change of the board member.
2. Resignation Letter: A copy of the resignation letter from the member or a letter from the company regarding the change of the representative member.
3. Commercial Register Form: A completed form for noting the change in the commercial register.

◆ **What are the requirements for a valid Board meeting?**

A Board meeting is valid only if at least half of the members are present, provided that the number of attendees is not less than three, unless the company's Articles of Association specify a higher number or percentage.

◆ **What is the necessary quorum for Board resolutions?**

Board resolutions are passed by the majority of votes of the present and represented members. In case of a tie, the side that includes the chairman will prevail.

◆ **How are objections recorded in Board meetings?**

Objections from members who disagree with a Board decision must be recorded in writing in the minutes of the meeting.

◆ **What is the procedure if a Board member is absent?**

A Board member may delegate another Board member to attend in their place. If a member is absent for three consecutive meetings or four non-consecutive meetings without an excuse accepted by the Board, they are considered resigned.

◆ **Where are the minutes of Board meetings recorded, who signs them, and where are they kept?**

Minutes of Board meetings are recorded in a special register. These minutes are signed by the Chairman

of the Board, the Managing Director (if any), and the member or employee responsible for the Board's secretarial duties. The minutes should be recorded in the register in a regular manner following each session and in consecutive pages.

◆ **Is the company bound by the actions taken by the board of directors?**

The company is bound by the actions taken by the board of directors within its jurisdiction, and it may seek compensation for damages resulting from unauthorized actions taken by board members.

Is absenteeism from the meeting where the decision was made grounds for exemption from liability?

Absence from the meeting where the decision was made is not grounds for exemption from liability for the decisions made therein unless it is proven that the absent member was unaware of the decision or was unable to object to it after becoming aware of it.

◆ **What are the prohibited actions for the Chairman of the Board of Directors and board members?**

The Chairman of the Board of Directors or any board member is not allowed to engage in any activity that competes with the company, or to trade for their own account or for the account of others in any branches of activity conducted by the company. Otherwise, the company may demand compensation from them or consider the transactions they undertake as having been conducted on its behalf. The company is not permitted to provide any form of cash loan to any of its board members or to guarantee any loan taken by any of them from third parties. However, banks and other credit institutions may lend to any of their board members or open credits for them, or guarantee loans they take from third parties, under the terms and conditions set by the Qatar Central Bank. Any action contrary to the provisions of this article shall be deemed null and void, without prejudice to the company's right to claim compensation from the violator when necessary. The Chairman and members of the company's board of directors or its employees are prohibited from exploiting any information they acquire by virtue of their membership or position to benefit themselves, their spouses, their children, or any relatives up to the fourth degree, either directly or indirectly through dealings in the company's securities. They are also not allowed to have any direct or indirect interest in any entity engaged in activities intended to affect the prices of securities issued by the company. This prohibition remains in effect for three years after the end of the individual's membership on the board of directors or their employment with the company.

◆ **What is the time limit for the company to file a lawsuit against board members?**

The company may file a lawsuit against board members for errors resulting in damages to the shareholders within five years from the date of the error. The decision to file such a lawsuit shall be made by the Ordinary General Assembly, which shall appoint a representative to pursue the lawsuit. The Ordinary General Assembly shall decide on filing such a lawsuit and appointing a representative to pursue it.

◆ **What if the company is under liquidation?**

If the company is under liquidation, the liquidator shall file the lawsuit based on a decision by the Ordinary General Assembly.

◆ **Does a shareholder have the right to file a lawsuit?**

Each shareholder has the right to file a lawsuit individually if the company fails to do so, provided that the error causes specific harm to them as a shareholder. However, any condition in the company's Articles of Association to the contrary shall be void.

◆ **What is the percentage of the bonus distributed to the board of directors?**

A bonus of up to 5% of the net profit after deducting reserves, legal deductions, and distributing a profit to shareholders of not less than 5% of the company's capital shall be distributed among the board members.

◆ **Who prepares the budget and other reports and statements of the company?**

The Board of Directors prepares the company's budget, profit and loss statement, cash flow statement, and comparative explanations with the previous fiscal year, all of which are audited by the company's auditors. The board also prepares a report on the company's activities and financial position during the previous fiscal year, as well as future plans for the next fiscal year. These statements and documents must be prepared within three months after the end of the company's fiscal year for presentation at the Ordinary General Meeting of shareholders, which must be held within four months at most from the end date of the company's fiscal year.

◆ **Who is responsible for issuing the invitation to the General Assembly meeting, and how is the announcement made, and what are the contents of the announcement?**

The Board of Directors directs the invitation to all shareholders to attend the General Assembly meeting through announcements in two local daily newspapers, with at least one in Arabic, as well as on the Financial Market website and the company's website if available. The announcement must be made at least fifteen

◆ **What if the company is under liquidation?**

If the company is under liquidation, the liquidator shall file the lawsuit based on a decision by the Ordinary General Assembly.

◆ **Does a shareholder have the right to file a lawsuit?**

Each shareholder has the right to file a lawsuit individually if the company fails to do so, provided that the error causes specific harm to them as a shareholder. However, any condition in the company's Articles of Association to the contrary shall be void.

◆ **What is the percentage of the bonus distributed to the board of directors?**

A bonus of up to 5% of the net profit after deducting reserves, legal deductions, and distributing a profit to shareholders of not less than 5% of the company's capital shall be distributed among the board members.

◆ **Who prepares the budget and other reports and statements of the company?**

The Board of Directors prepares the company's budget, profit and loss statement, cash flow statement, and comparative explanations with the previous fiscal year, all of which are audited by the company's auditors. The board also prepares a report on the company's activities and financial position during the previous fiscal year, as well as future plans for the next fiscal year. These statements and documents must be prepared within three months after the end of the company's fiscal year for presentation at the Ordinary General Meeting of shareholders, which must be held within four months at most from the end date of the company's fiscal year.

◆ **Who is responsible for issuing the invitation to the General Assembly meeting, and how is the announcement made, and what are the contents of the announcement?**

The Board of Directors directs the invitation to all shareholders to attend the General Assembly meeting through announcements in two local daily newspapers, with at least one in Arabic, as well as on the Financial Market website and the company's website if available. The announcement must be made at least fifteen days before the scheduled date of the General Assembly meeting and must include a comprehensive summary of the agenda, all the data and documents referred to in the previous article, along with the auditors' report. A copy of the announcement must also be sent to the management at the same time it is sent to the newspapers.

◆ **Is it permissible for the Board of Directors to issue multiple invitations within the year?**

The Board of Directors may convene the General Assembly whenever necessary.

What is the required percentage for shareholders to request the convening of the General Assembly?

The Board must also convene the General Assembly upon the request of one or more shareholders owning at least 10% of the capital, for serious reasons, within fifteen days from the date of the request. Otherwise, the management must approve the request of these shareholders to issue the invitation at the company's expense within fifteen days from the date of receiving the request. The agenda is limited to the subject of the request.

◆ **Is it necessary for the Chairman of the Board to publish the budget and provide a copy of it before the General Assembly meeting to manage company affairs?**

Yes, the Chairman of the Board must publish the budget, profit and loss account, and a comprehensive summary of the Board's report and the auditor's report and provide a copy of these documents to the management before publication to determine the publication method and procedure.

◆ **What items must be included in the agenda of the Ordinary General Assembly meeting?**

- Hearing the Board of Directors' report on the company's activity and financial position during the year, as well as the auditor's report, and approving them.
- Discussing the company's budget and profit and loss account, and approving them.
- Discussing the governance report and adopting it.
- Considering the proposals of the Board of Directors regarding the distribution of profits and approving them.
- Considering the exoneration of the Board of Directors members and determining their bonuses.
- Presenting the tender for the appointment of auditors and determining their fees.
- Electing Board members when necessary.

◆ **Who presides over the General Assembly, and what happens in case of the Chairman's absence?**

The Chairman of the Board, his deputy, or anyone appointed by the Board presides over the General Assembly. In case of absence, the Assembly appoints a Chairman from among the Board members or shareholders to preside over the meeting. The Assembly also appoints a secretary for the meeting. If the Assembly discusses a matter related to the Chairman of the meeting, it must choose someone from the shareholders to preside.

◆ **Does each shareholder have the right to discuss the agenda items listed in the General Assembly?**

Each shareholder has the right to discuss the agenda items listed in the General Assembly and to address questions to the Board members, who are obliged to answer the questions to the extent that it does not harm the company's interests.

Where are the minutes of the meeting recorded, and for how long is the company committed to sending a copy of the General Assembly meeting minutes to the Companies Affairs Administration? The minutes of the General Assembly meetings are recorded in a special register and signed by both the Chairman of the Board and the appointed member.

◆ **What matters are discussed in the Extraordinary General Assembly?**

Matters requiring decisions that can only be made through an Extraordinary General Assembly include:

- Amendment of the company's contract or articles of association.
- Increase or decrease of the company's capital.
- Extension of the company's duration.
- Dissolution, liquidation, merger, or acquisition of the company.
- Sale of the entire project for which the company was established or any other disposal.

◆ **When is the Extraordinary General Assembly meeting held, and what is the attendance percentage required for the meeting to be valid?**

The Extraordinary General Assembly meeting is not valid unless attended by shareholders representing at least 75% of the company's capital. If this quorum is not met, a second meeting must be called within thirty days following the first meeting. The second meeting is considered valid if attended by shareholders representing at least 50% of the company's capital. If the quorum is still not met at the second meeting, a

◆ **Who presides over the General Assembly, and what happens in case of the Chairman's absence?**

The Chairman of the Board, his deputy, or anyone appointed by the Board presides over the General Assembly. In case of absence, the Assembly appoints a Chairman from among the Board members or shareholders to preside over the meeting. The Assembly also appoints a secretary for the meeting. If the Assembly discusses a matter related to the Chairman of the meeting, it must choose someone from the shareholders to preside.

◆ **Does each shareholder have the right to discuss the agenda items listed in the General Assembly?**

Each shareholder has the right to discuss the agenda items listed in the General Assembly and to address questions to the Board members, who are obliged to answer the questions to the extent that it does not harm the company's interests.

Where are the minutes of the meeting recorded, and for how long is the company committed to sending a copy of the General Assembly meeting minutes to the Companies Affairs Administration? The minutes of the General Assembly meetings are recorded in a special register and signed by both the Chairman of the Board and the appointed member.

◆ **What matters are discussed in the Extraordinary General Assembly?**

Matters requiring decisions that can only be made through an Extraordinary General Assembly include:

- Amendment of the company's contract or articles of association.
- Increase or decrease of the company's capital.
- Extension of the company's duration.
- Dissolution, liquidation, merger, or acquisition of the company.
- Sale of the entire project for which the company was established or any other disposal.

◆ **When is the Extraordinary General Assembly meeting held, and what is the attendance percentage required for the meeting to be valid?**

The Extraordinary General Assembly meeting is not valid unless attended by shareholders representing at least 75% of the company's capital. If this quorum is not met, a second meeting must be called within

thirty days following the first meeting. The second meeting is considered valid if attended by shareholders representing at least 50% of the company's capital. If the quorum is still not met at the second meeting, a third meeting is called thirty days after the date of the second meeting, and the third meeting is considered valid regardless of the number of attendees. However, if the matter concerns a decision regarding the dissolution, liquidation, merger, acquisition, or sale of the entire project of the company, a quorum of at least 75% of the company's capital is required for any meeting to be valid.

◆ **Do the provisions of the Ordinary General Assembly apply to the Extraordinary General Assembly?**

The provisions of the Ordinary General Assembly apply to the Extraordinary General Assembly.

◆ **Can the auditor call for the General Assembly?**

The default is that the Board may issue the invitation to convene the General Assembly upon the request of the auditor. If the Board does not issue the invitation within fifteen days from the date of the request, the auditor may directly issue the invitation after the management's approval. The management must decide on the request within fifteen days from the date of receiving it.

◆ **Is it mandatory for every public company to have an external auditor, and what is the duration of the auditor's appointment?**

Every public company must have one or more auditors appointed by the General Assembly for a period of one year, and the Assembly determines their remuneration. They may be reappointed, provided that the duration of appointment does not exceed five consecutive years.

◆ **What are the prohibited actions for auditors?**

The company's auditor is prohibited from participating in its establishment, membership of its board of directors, or engaging in any technical, administrative, or consultancy work for it. They are also prohibited from being a partner, agent, or employee of any of the company's founders, board members, or their relatives up to the fourth degree. Any appointment made contrary to this provision is deemed invalid.

◆ **During the General Assembly meeting, can each shareholder discuss with the auditor?**

Yes, during the General Assembly meeting, each shareholder can discuss with the auditor and request clarification on the matters mentioned in the auditor's report.

◆ **Is it prohibited for the auditor to speculate in the company's shares?**

The auditor and their employees are prohibited from speculating in the shares of the company they audit, whether directly or indirectly. Otherwise, they must be held accountable and dismissed, and compensation must be sought for any damage resulting from violating this provision.

Shareholder's Guide to General Assemblies of Joint Stock Companies

2. Investment Funds

◆ Definition of an Investment Fund:

It is an investment program through which a specialized entity, authorized by the investment manager, manages and invests third-party funds with the aim of providing opportunities for investors to collectively participate in the results of the program's activities under the supervision and control of another specialized and authorized entity.

◆ Types of Investment Funds Based on Capital:

1. Open-Ended Investment Funds: Named open-ended because their capital is not fixed or predetermined but increases with the sale of their investment units and decreases when some of these units are redeemed. The increase or decrease in the capital of these funds corresponds to a similar increase or decrease in the value of the securities portfolio in this fund. The duration of open-ended investment funds is determined for a specific period and is renewed with the approval of the unit holders and according to the ratio determined by the relevant authorities.

2. Closed-Ended Investment Funds: Named closed because their capital is of a predetermined size and value and is not subject to increase or decrease. The units of the closed-end fund are traded through the stock exchange. The value of the fund's unit is evaluated by the competent authorities from the official and announced entities, where units are traded on this basis.

Advantages of Investment Funds:

- **Diversification:** Investment funds can diversify their objectives to provide opportunities for a wide range of investors to invest according to their investment objectives.
- **Risk Reduction:** Investment funds can reduce the level of risk to which investors are exposed through diversification in the securities portfolio.
- **Liquidity:** Investment funds provide liquidity to investors, allowing them to redeem the value of the documents they purchased from these funds at the time they see fit or at the end of the fund's term.
- **Flexibility:** Investment funds offer flexibility to investors, allowing them to transfer their investments from one fund to another in case of changes in their investment objectives.
- **Expertise Utilization:** Investment funds serve as a large base where a significant number of investors gather, enabling the utilization of their expertise.

Steps for Applying for a License to Establish an Investment Fund:

- Applications for establishment are submitted to the bank using a form prepared by the bank, accompanied by the articles of association and all the documents specified by the bank.
- The bank studies the application in case its activity involves foreign investments and decides on it within 30 days from the date of the application.
- Upon submission of the application to establish investment funds, either domestically, externally, or both, the applicant must obtain approval from the Minister of Commerce and Industry and the Central Bank.
- In the event of approval being given by the Minister of Commerce and Industry, it is common practice for him to liaise with the Minister of Finance and other investment funds to set participation rates for non-Qataris wanting to participate in Qatari projects and investments.
- In case of rejection of the application for establishment, the applicant may appeal within 30 days from receiving the notification from the bank.
- Investment units are offered for public subscription through media, specifying the start and closing dates and the bank that receives the applications.
- As for private subscription, the invitation is made to investors according to the method specified in the articles of association. Non-Qatari individuals and entities may participate in the funds with the approval of the Minister of Commerce and Industry in consultation with the Minister of Finance and

the Governor of the Bank. The subscription door cannot be closed unless the specified period in the subscription invitation has ended, and the founder may extend this period for a similar period, not exceeding the maximum limit, if all subscription units are not covered.

Founder's Obligations and Responsibilities of an Investment Fund:

- Obtaining a license from the bank and registering the fund with the Ministry of Commerce and Industry in a special register.
- Establishing the fund's articles of association, its investment policy, and risk management policies.
- Appointing the fund manager, investment custodian, account auditor, experts, and advisors, and determining their fees.
- Organizing the subscription process in the fund, allocating investment units, issuing documents, and ensuring their compliance with the fund's articles of association, regulations, and laws.
- Supervising and directing the work of the fund manager and investment custodian.
- Taking necessary actions against any violations committed by the fund manager or investment custodian.
- Monitoring the evaluation process of the fund's investment units and ensuring their announcement at specified times.
- Supervising the financial reports, data, and information issued by the fund manager and approving them.
- Providing the bank with periodic reports on supervisory results and monitoring, in addition to notifying them of any violations.
- Directing the liquidation procedures of the fund.

Data Required in the Fund's Articles of Association:

- Fund name.
- Founder's name and address.
- Investment custodian's name and address.
- Type of fund (open-ended, closed-ended).
- Fund objectives and nature of its activities.
- Fund duration.

- Fund capital value, conditions, and regulations for increasing or decreasing it.
- Limits on the issuance of investment units.
- Number of investment units for subscription and their nominal value.
- Minimum and maximum subscription limits for each investor.
- Criteria to be provided by fund manager.
- Subscription type (public, private) and procedures.
- System and timing for the redemption of investment units.
- Method and timing for evaluating investment units, and how to calculate net asset value.
- Policies for profit and capital loss distribution and investment returns.
- Investment policies and risk management.
- Mechanism for investor capital or return guarantee.
- Rights, duties, and responsibilities of the founder, fund manager, investment custodian, and their fees.
- Rights and obligations of investment unit campaigns.
- Procedure for periodic disclosure of fund activities, financial status, and performance results.
- Fund's financial year.
- Financial statements and data to be prepared and disclosed.
- Method for amending the fund's articles of association.
- Cases in which the fund is liquidated and liquidation procedures.
- Method for appointing, dismissing, determining the term, fees, and duties of the account auditor.
- Any other data the bank deems necessary according to the law.

Criteria to be provided by Fund Manager:

- Must have expertise, competence, and experience in investment.
- Must not be a member of the founder's board of directors or an executive director.
- Must not have been finally convicted of a crime involving honor and integrity unless reinstated.
- Must not have declared bankruptcy.
- Must not have been disciplined or barred from practicing the profession.
- Must have a good reputation and clean record.
- If the manager is a legal entity, the management of investment funds must be among its purposes according to its articles of association.

The Fund Manager is prohibited from:

- Combining the investment custody with fund management.
- Directly or indirectly owning investment units in the fund they are entrusted with.
- Participating directly or indirectly, allowing fund employees to invest in more than the permissible share managed by the fund.
- Taking loans for others for the benefit of the fund.
- Investing income from the fund you manage in other funds.
- Using income from the fund to participate in capital projects of the founder or custodian or any companies linked with them.
- Publishing any data or information about the fund's activities, financial results, or investor rights contrary to what is authorized.

The bank appointed by the founder in coordination with the regulatory authority assumes the investment custody of the fund's assets, and it is responsible for the following:

- Safeguarding the fund's money and assets, overseeing them, opening accounts, and maintaining appropriate records.
- Executing transactions and obligations arising from the fund manager's management and investment of the fund's money and assets.
- Regularly reviewing all transactions conducted by the fund manager for the fund's account, as well as changes in the rights of investment document holders and the investor registry, as specified in the fund's articles of association.
- Evaluating investment units at specified intervals.
- Notifying the founder of any violations committed by the fund manager that become apparent during the performance of its duties.

The Fund Custodian is prohibited from:

- Combining the investment custody with fund management.
- Directly or indirectly owning investment units in the fund they are entrusted with.
- Existence of a common interest with Fund Manager.
- Acquiring benefit, profit or gain for him or his staff or employees while in his role contrary to his agreed upon gain.
- Publishing any data or information about the fund's activities, financial results, or investor rights contrary to what is authorized.

Reports Prepared by the Fund Manager:

- A report at least every 3 months (as per the articles of association), reviewed by the account auditor, including the fund's activity and financial data.
- An annual audited report by the account auditor according to the articles of association and international accounting standards, covering the financial statements and final accounts of the fund, within a period not exceeding two months after the end of the financial year.
- The annual financial data must be published in a local newspaper within this period.
- The fund manager must also provide the bank with copies of all financial reports prepared by the fund before their disclosure and publication with sufficient time.
- The bank may request resubmission of the financial statements if it is found that the documentation does not reflect the activities nor financial status of the fund.

The Minister of Commerce and Industry or the bank, as appropriate, may revoke the license granted to the founder in the following cases:

- At the founder's request and in accordance with the fund's articles of association.
- If the fund does not commence its activities within sixty days from the date of the license issuance or if the subscription does not cover at least 50% of the value of the investment units during the subscription period.
- If the fund violates the provisions of the law, executive regulations, or its articles of association.

The Fund Custodian is prohibited from:

- Combining the investment custody with fund management.
- Directly or indirectly owning investment units in the fund they are entrusted with.
- Existence of a common interest with Fund Manager.
- Acquiring benefit, profit or gain for him or his staff or employees while in his role contrary to his agreed upon gain.
- Publishing any data or information about the fund's activities, financial results, or investor rights contrary to what is authorized.

Reports Prepared by the Fund Manager:

- A report at least every 3 months (as per the articles of association), reviewed by the account auditor, including the fund's activity and financial data.
- An annual audited report by the account auditor according to the articles of association and international accounting standards, covering the financial statements and final accounts of the fund, within a period not exceeding two months after the end of the financial year.
- The annual financial data must be published in a local newspaper within this period.
- The fund manager must also provide the bank with copies of all financial reports prepared by the fund before their disclosure and publication with sufficient time.
- The bank may request resubmission of the financial statements if it is found that the documentation does not reflect the activities nor financial status of the fund.

The Minister of Commerce and Industry or the bank, as appropriate, may revoke the license granted to the founder in the following cases:

- At the founder's request and in accordance with the fund's articles of association.
- If the fund does not commence its activities within sixty days from the date of the license issuance or if the subscription does not cover at least 50% of the value of the investment units during the subscription period.
- If the fund violates the provisions of the law, executive regulations, or its articles of association.

Reasons for the Expiry of the Fund:

- Expiry of the specified duration.
- Expiry of the purpose for which it was established.
- Issuance of a judicial ruling for its dissolution.
- Occurrence of any liquidation event specified in its articles of association.
- Expiry of the founder or declaration of bankruptcy, unless another entity is appointed to manage the fund after the bank's approval.
- In all cases, the bank notifies the ministry of the report on the license cancellation for the necessary action to remove the fund from the fund register at the Ministry of Commerce and Industry.
- Upon the fund's expiry, the founder must register the decision of the fund's expiration in the fund register at the ministry and publish it in at least two local newspapers, with one being in English.
- Once the fund expires, it enters into liquidation and retains its legal personality during the liquidation period (under liquidation).
- The authority of the founder and manager expires with the fund's expiration, but both remain responsible for managing the fund and overseeing its liquidation until a liquidator is appointed.
- In cases where the fund is liquidated by a court order, the court appoints the liquidator, determines their fees, and the liquidation procedure.

For inquiries and communication with the joint stock companies & investment funds.

Jsc@moci.gov.qa



وزارة التجارة والصناعة
Ministry of Commerce and Industry
دولة قطر • State of Qatar



Guide for Joint Stock Companies & Investment Funds

www.moci.gov.qa

2024