Law No. 23 for 2010 concerning commercial activity

Book One

In practicing economic activity
Section One
General legislations
Article (1)
Range of applying this law
This law includes the legislations concerning the economic activities which are performed by any person whatever is his legal status and includes also the legislations organizing the tools for practicing the economic activity which are represented in individual activity, family activity, tashrukiat and companies as well as legal legislations which are related to the economic activity.

Article (2)
Extent of applying the civil law
Legislations of the civil law will be applied on economic activities if there is no stipulation in this law.
Application of these legislations will not be without its compliance with the general principles of this law.

Article (3)
Application of judicial precedents and principles of justice
If there is no legal legislation which can be applied, the judge will be guided with the judicial precedents, appropriate impartiality and commercial probity.

Article (4)
Application of the custom
The judge when specifying the economic activity will apply the established custom except if it was revealed that the contractors intended to violate the legislation of the custom or the custom contradicts the stipulations of the commanding commercial regulations.
The special custom and local custom are considered to be likely on the general custom.

Section Two
Regarding individuals

Article (5)
Identification of the individual practicing the commercial activity
Every individual practicing commercial business as a usual craft is considered practicing commercial activity; legislations organizing the joint venture company will be applied in respect of the family activity.

Article (6)
Exceptional case

The individual practicing commercial activity even if the business is not a usual activity and every individual who announce in the news papers or publications or any other means about the place which is established and opened for operations is considered commercial business.

Article (7)
Legal age for practicing commercial activity

Any individual whose age is 18 years is allowed to practice commercial activity except if any other legislation requires a higher competence.

Article (8)
Practicing commercial activity for account of others

1. The parent or guardian may practice commercial activity for account of the minor by permission of the court of first instance in which the commercial activity is locate in the area of its jurisdiction.
2. In this case bankruptcy of the minor to be declared without applying the criminal consequences for declaring bankruptcy.

Article (9)
Practicing commercial activity by women

1. Personal status law organizes women's competence for practicing commercial activity.
2. It is assumed that the foreign spouse who exercises commercial activity in Libya to practice activity with the permission of the spouse. If the personal status law of the two spouses allows the spouse to object exercising business of the foreign spouse or withdrawal of the permission, this will be recorded in the trade registry and to be published according the legal means.
3. The objection or withdrawal will not result in any effect except from date of publication.
4. The objection or withdrawal of permission will not affect the rights which are acquired by others.
5. It is assumed that the foreign spouse who trades that she was married according the system of separation of money except if she declared the financial condition in her marriage contract.

The declaration to be recorded in the trade register located at the area of the commercial place and to be published according the legal means.
In case there is no declaration as stated in the previous paragraph, the other should prove that the marriage was made according a more suitable financial system for the interest of the other.
There will be no complaint on the other for the verdict issued outside Libya stating separation of spouses' money except from date of recording in the trade register office which is located at the area of the commercial place in which the two spouses or one of them practice their trade and to be published according the legal means.

Article (10)
Small merchants

Individuals who practice small business of limited expenses so that they mostly depend on physical effort in order to obtain little profits to earn their living more than depending on their cash capital, such as the turning sellers are not subject to the duties regarding commercial books, declaration basis, legislations of bankruptcy and magistrate shield stipulated in this law.

Article (11)
Corporations and public authorities
The state, public administrative units, committees, clubs and associations of corporate bodies which its target is not profit; if it executes commercial dealings, it will be subject to the legislations of this law.

Section Three
Companies
Chapter One: joint legislations
Part One: general legislations

Article (12)
Companies' types
To establish the companies which its purpose is commercial activity according one of the types of commercial companies stipulated in article no. (13) Of this law and civil activities will be practiced according the civil companies stipulated in chapter three of this section.

Article (13)
Commercial companies
Companies such as Tadamon, Tawssitah Bassita, Tawassitah by shares, Partnership and Limited Liability (LLC) are considered commercial whatever is the nature of its activity.
The joint stock company is commercial or civil according nature of its activity.

Article (14)
Company's contract
The company's contract and basic system, not for joint stock companies, should be in official documents. It should include its legal status, capital, its period, location, head quarter. Paid in capital in the cases required by law, its purposes considering the specialization or method which is organized by decision issued by GPC.
In all cases, the company's work should be commensurable with its capital according the classification of companies which is issued by GPC decision.

Article (15)
Capital
Company's founders will specify the suitable capital for achieving company's purpose if there is no stipulation in the law other than that.

Article (16)
Company's data documents
To mention in company's documents company's headquarter, trade register office in which the company is recorded and registration number. Regarding partnership companies, Tawssiyah by shares companies and LLC, to mention the subscribed and actual paid in capital in addition to the above mentioned.

Article (17)
Subjection to Libyan Law
The companies which its headquarters are located in Libya are subject to the Libyan Law. The headquarter is considered in Libya if the main activity exists or its real administration.
The companies which are established inside the state's land will be subject to the legislations of Libyan laws even if its purpose is to perform activity abroad.

Article (18)
External accounts auditor
Each company which is organized by the legislations of this law should appoint an external accounts auditor or more if its capital exceeded the specified amount by decision from the concerned secretary. The external accounts auditor should be from the licensed persons to exercise this profession. The issued report issued by the auditor as well as the budget and audited final accounts is considered correct and an argument before others until the contrary is proved.

Article (19)
Partner's dismissal is banned
Partner should not be dismissed except in cases where the law allows or in cases stipulated in the contract or basic system; and should not strengthen the commitment of the partner without his agreement.

Article (20)
Administration errors
If it is revealed that assets and company’s funds are not sufficient to settle its debts due to serious errors of the administration, the manager or managers will bear these debts totally or partially according the percentage of their errors which occurred.

Article (21)
Limitation of liability
The limitation of civil liability in facing the partner and which is based on a recipe being a partner in the company will be when five years elapse from date of company’s cancellation from the trade register or from date of leaving the company. Limitation of liability in facing the managers will be when five years elapse from date of company’s cancellation from the trade register or from date of termination of their duty in the competent trade register.

Article (22)
Public and Joint Company
Legislations of this law are applied on the companies which are established by the state or companies that ownership of its shares is devolved to it or to other corporate bodies totally or partially if there is no special text in the laws organizing it.

Article (23)
Forms of contracts and basic systems
The concerned secretary may issue decision pertaining to guidance forms of establishment contracts and basic systems of companies and tsharokiat organized by this law.

Part Two
Companies' registration and declaration

Article (24)
Recording in the trade register
All companies organized by this law whatever is its activity's nature should be recorded in the competent trade register except the joint stock company.
Registration is completed by lodging copy of the contract, basic system and other documents which are required by the trade register.

Article (25)
Corporate body
The company entertains the corporate body as from datw of registration in the trade register and ends when it is cancelled from it.
After registration in the trade register, the company will issue decision that it is responsible towards the contracts and legal actions which are performed by the founders in the establishment stage so that rights and obligations will be owed by the company directly.

Article (26)
Company's declaration
After completion of registration procedures in the trade register, the company should announce its activity by legally specified means within 10 days from date of its registration in the trade register.

Article (27)
Recording alterations
Recording procedures in the trade register and procedures for declaration stipulated in the previous article during 10 days from its issuance are subject to the decisions concerning the following issues:
1- Amendment of basic system
2- Appointment of managers and specifying their duties and its termination
3- Company's liquidation
4- Amalgamation or division or alteration in the legal form.
5- Announcement of accounts stamp after company's liquidation or amalgamation or division.

6- Company's legal representative on his responsibility will perform the legally decided procedures for registration and declaration.

Article (28)
Invalidity of procedures
Consequences of non consideration of the rules for registration and declaration referred to in the previous two articles are invalidity of registration procedures.
The company's legal representatives and partners should not complain from this invalidity in facing the others

Article (29)
The invalidity verdict which is issued after registration in the trade register will not affect company's business, actions and it will not exempt the partners from payment of their shares in full except after payment of company's debts.
Invalidity verdict will not be applicable if its reason is removed by procedure recorded in the trade register.

Part Three
Dissolving and Liquidation

Article (30)
Dissolving types
A company is liquidated willingly or legally. It is liquidated willingly by decision of the partners according the conditions of stipulated in the establishment contract; and it will be liquidated legally by a verdict issued from the competent court in other cases that are not related to willingness of partners. Each partner may proceed to the competent court to claim liquidation of the company if the other partners evacuated their duties or due to continued dispute between them or for serious reasons beyond the control of partners

Article (31)
Decrease in company's assets
If value of company's assets is decreased to less than half of the capital due to losses revealed in its financial statements, the manager or managers should invite the partners for meeting for the purpose of liquidating the company or to continue its activity after returning the capital to at least more than the half.

Article (32)
End of company's period
The company is dissolved when its specified period ends except if the partners extended the company's period according the contract or basic system before the end of that period if the law stipulates other than this.

Article (33)
Achieving the purpose or its transformation
The company is considered dissolved if it achieved its purposes or achievement of its purpose became impossible.

Article (34)
Devolution of shares to one person
In case of devolution of all shares to one person, the person to whom ownership of the shares are devolved should initiate sale of the exceeding limit which is stipulated in this law during a period not exceeding one year: otherwise the company will be considered as dissolved by law force.
The legislations of this law will be applied in case of devolution of shares to a holding company
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Article (35)
The company which does not practice its activity
If the company did not start practicing its activity or stopped it for 6 months, it should notify the competent trade registration office; and if the company did not practice the activity or continue in it during 6 months following the notification, the competent trade registration office will request from the competent court of first instance to issue decision for dissolving and liquidating the company.

Article (36)
One of the cases for dissolving the company
The company will be in a case of liquidation if there is one of the cases for dissolving it. The managers will consider themselves as liquidators and their tasks will be on urgent matters and they did not practice new business otherwise they will be responsible towards it by solidarity and interdependence; and their tasks will end finally once the liquidators are appointed. The managers will be liable for keeping company's assets until its delivery to the liquidator. The company's name should be followed by the expression "company under liquidation" and its legal profile will continue to the extent necessary for liquidation until its cancellation from the trade register. Complaint that the company is under liquidation in facing the other should not be made except after recording this incident in the trade register and its publication according the legally decided means.

Article (37)
Applicable rules in liquidation
The company will be liquidated according the legislation of the basic system without contradicting the legislations of this law and if its basic system did not stipulate special system or when there is ruling for its invalidity, the legislation applied in liquidation mentioned in this law will be followed.

Article (38)
Appointment of liquidators
The partners will appoint one or two liquidators according the cases and the company's legal status without contradicting the conditions mentioned in the contract or basic system. The liquidator may be from the partners or from others and if the partners can not appoint a liquidator, the president of the competent court of first instant will appoint a liquidator in accordance with the request of the party that have interest. If the company is dissolved by judicial verdict, the court will appoint liquidator or liquidators.

The liquidators should record the decision or their appointment in the competent trade register during 10 days from date of their work. The authority which appointed the liquidators will specify their fees and will decide their dismissal or substitution.

Article (39)
Multiple Liquidators
If there are multiple liquidators, any of them should not exercise his work individually except if he is frankly permitted or the work is urgent for preserving the company's rights.

Article (40)
Initial duties of the liquidators
The liquidator or liquidators should not practice their tasks except after recording their appointment decision in the trade register to be accompanied with forms of hand signatures; and their appointment decision should also be published by legally decided methods during 10 days from date of recording the decision in the trade register. Once the liquidator practices his tasks, the liquidator with the manager or managers will perform inventory for the company's assets and liabilities and the minutes of inventory will be signed by all of them and a public announcement will be directed to company's debtors which will be published in two national daily newspapers to notify the debtors about the necessity of submission of their claims towards the company.

Article (41)
Forbidden acts by liquidator
Liquidator may resort to arbitration except if he is frankly prevented from that; and the liquidator should not give guarantees or make reconciliation without the agreement of partners or the competent court according cases.

Article (42)
Partners' meeting at the beginning of liquidation
The liquidator should invite the partners for meeting during 3 months from exercising his task to show to them a report on the company's financial status and liquidation procedures that he intends to follow; if the liquidator did not do that, any part that have interest may resort to the president of the court of first instance to issue order for meeting.

Article (43)
Representation of company under liquidation
The liquidator is considered the legal representative of a company under liquidation and the liquidator will continue execution of the current contracts according the necessity of liquidation requirements and he may sell company's assets whether real estate or circulating either by auction or tender if there is no text in the appointment instructions to restrict this power and no complaints for this restriction towards others. The liquidator will be liable towards the company, partners and others for the errors committed during performance of duties with the same means that the managers will be asked for; limitation of liability will be when 5 years elapse from date of company's cancellation from the trade register.

Article (44)
Liquidation period
1. The liquidator should complete liquidation work during one year from date of resuming his task and if this period is not sufficient, the liquidator should submit report stating the reasons for delay and the necessary period for completing the liquidation work.
2. The period may be extended for the same liquidator or liquidators for periods not exceeding one year according decision from the partners or from the court according the cases.

Article (45)
Tasks continuation of some company's authorities
Tasks and specializations of company's general assembly and control authority will continue during the whole liquidation period without contradicting its procedures

Article (46)
Company's debts under liquidation
All company's debts are considered due once the company's dissolution is recorded in the trade register and procedures for execution of legislations issued against the company will be stopped as from that date; the doomed amounts will be considered as company debts. The liquidator will settle it according priority and guarantees; and company's dissolution does not entail termination of contracts for hire of real estate in which the activity is exercised.

Article (47)
Settlement of debts
The liquidator will settle the debts to the debtors according degree and if there are equal debtors in one degree and liquidation award is not sufficient to settle all their entitlements, distribution will be according the percentage of these entitlements. Liquidator will reserve the necessary amounts to settle the entitlements of debtors when it was fixed and its amount is specified.
If it was revealed to the liquidator that company's funds are not sufficient to settle its due debts, he should invite the partners to make the necessary decisions including entry in protective magistrate with the debtors or to assort to the competent court to declare its bankruptcy.

Article (48)
Liquidation award distribution
Liquidation award will be distributed after recovery of financial shares on partners according share of profits; and partners may recover the movable funds and real estate which they have given as shares in the company if the funds itself are still kept without change or modification and they should pay difference in value if it is appropriate

Article (49)
Partners' meeting at the end of liquidation
The liquidator before the end of his task should invite the partners for meeting to agree on the end of his task and to declare its final accounts as well as to discharge the liquidator. The partners' meeting will be in the form of general assembly's ordinary meeting in accordance

with the status and conditions of the company's legal form. If the liquidator was a partner, he will have the right to discuss and vote.
In case of partners' meeting impossibility or if the meeting is dispensed for company's interest, it is necessary to resort to the competent court of first instance to take decision to agree on liquidation accounts and to declare its end.

Article (50)
Company's cancellation
The liquidator should cancel the company's registration in the trade register and to publish that according law.

Chapter Two
Commercial companies
Part One
Companies of persons

Article (51)
Identification
All partners in Tadamun company will be responsible by solidarity and interdependence towards company's commitments and every agreement contradicting this will not be valid in facing the others and partners rights in the company will be in form of shares.

Article (52)
Company's name
Tadamun company should have a commercial name; the commercial name should partners' names or one of them with the expression (and partners ; the expression (Tadamun Company) should be added to the name to be selected.

Article (53)
Rules to be applied in Tadamun Company
The legislations stipulated in the following articles will be applied in the Tadamun Company and if there is no text, legislations of the civil law concerning Bassita companies will be applied.

Article (54)
Establishment contract
The following data should be included in the establishment contract:
1- Name and surname of each partner, home land, nationality, date of birth and identity card number.
2 - Company's name.
3- Name of person and names of persons - partners and others – assigned to manage the company and legal representation.
4- Company's location and head quarter.
5- Company's purposes.
6- Share of each partner and its value.
7- Statement of the commitment of the partner who provides his share for work.

8- Applicable rules to be followed for distribution of profits and share amount of each partner in profits and losses.
9- Company's period
10- The status to which the company will be devolved in case of absence or lack of partner's competence or declaration of bankruptcy

Article (55)
Company's registration
Manager will lodge company's contract and basic system in the commercial registration office in which the company head quarter is located in its area during 30 days from date of contract's signature.
If the managers did not lodge the contract during the mentioned period in the previous paragraph, each partner has a right to lodge it on account of the company or to issue from the court an order to oblige the manager to lodge it and to oblige also the attorney who set the establishment contract in official document.

Article (56)
Partners' behavior
Legislations of civil law concerning Bassita companies organize the relations between the company and others and responsibility of all partners by solidarity and interdependence will remain until registration in the trade register. It is legally assumed that each partner who acted in the company's name should have a representation before the court, and the agreements which assign one of the partners only to represent the company or that specifying the authority of one of them in its representation will not be enforceable in the right of others without evidence that the others have knowledge about it.

Article (57)
Company's representation
The manager who represents the company has a right to perform all work within its purposes with the except ion of what is excepted in the establishment contract or the granted authorization; and may not be adhered to these exceptions by others without registration in the trade register or without evidence that the others have knowledge about it.

Article (58)
Isolation of the manager
If the company's manager is a partner and is appointed in the company's establishment contract as general manager, he should not be isolated from its administration without the agreement of all partners or by court's decision. If he was a partner and was appointed according independent special contract from company's contract, he may be isolated from its administration by decision issued from the majority of the other partners except if company's contract stipulated otherwise.
Isolation of company's manager by any of the previous two cases will not entail cancellation of company's contract.

Article (59)
Cases of partner's dismissal
The partners in Tadamun company should not dismiss any of them without court's decision according application of any one of the partners if it is evidenced in the partner to be dismissed a case of the cases stipulated in company's contract or that in which the law permits dismissal of a partner.

Article (60)
Company's branches
Copy typical to the original of company's establishment contract to be lodged in the commercial registration office at the area in which the company establishes branches with 10 days from established these branches.
To mention in this copy the name of the commercial registration office in which the company is established and date of registration. Forma from hand signature of the approved representative of the company's branch will be lodged in the commercial registration office in which the branch is located at its area.
The company will announce establishment of the branch during the fore mentioned period in the commercial registration office in which the company's head quarter is located at its area.

Article (61)
Registration of changes
The managers should request from the competent commercial registration office within 10 days to register the emergency changes in the establishment contract and other facts to be registered.
If the changes in the establishment contract are due to partners' decision, official copy of the decision should be lodged.
The changes in company's contract will not be valid in the right of others without registration.

Article (62)
Prohibition of competition
The partner without agreement of the other partners should not practice any activity contradicting company's activity or will be interdependent partner in other competitive company, It is assumed that approval to be obtained if practicing the activity or subscription in a competitive company are before the company's contract and partners have knowledge about that.
If the partner contradicts that, the company has right to dismiss the partner and claim compensation for harms.

Article(63)
Company's books
The company's managers are committed to keep the legally decided books.

Article (64)
Distribution of profits
Amounts should not be distributed among partners if the company did not actually obtain it. If loss in capital appeared, profits will not be distributed before the capital is returned to its actual figure or to be reduced by the amount of loss.

Article (65)
Partner's responsibility
Considering the following article, the partner in a Tadamun Company is responsible by solidarity and interdependence with all partners towards the debts and obligations which are entailed on the company during his presence as a partner in it; the responsibility and guarantee will be transferred to his inheritance after his death within the heir.
Entry of any new partner in the company will make him responsible towards the previous debts; and a partner leaves the company, responsibility towards the debts following recording his exit in the trade register will stop. The partner will be still responsible towards the previous debts.
Everyone who posed as partner in a Tadamun Company whether by word or correspondence or behavior or allowed other with his knowledge will also be responsible as partner in that company towards any body who became debtor with the belief of validity of the claim

Article (66)
Partner's guarantee
The creditor of a Tadamun Company should not invoke private partners' funds except after warning the company and elapsing 8 days without payment by the company or giving sufficient guarantees for that. The competent court may extend the period with a new period not exceeding another 8 days. Each partner will recourse to partners with the percentage of what each of them paid from company's debts.

Article (67)
Partner's personal creditor
Partner's personal creditor should not request liquidation of his debtor's share if the company still exists and the creditor should not arrest his 13ebtor's share of the achieved profits.

Article (68)
Capital reduction
Decision for reducing capital should not be executed through recovery of shares which were previously paid or exemption of partners from the remaining amounts except after 3 months from company's registration in the trade register; and on condition that company's debtor who recovers his debt before recording the reduction decision did not submit an objection on that during the mentioned period. The court may order execution of capital reduction and will authorize the company to submit suitable guarantee to the objecting debtor.

Article (69)
Company's extension period
The private creditor of one of the partners may object before the competent court on company's extension period within 3 months from recording the extension decision in the trade register.

If the objection is accepted, the company should liquidate the share of the partner debtor during 3 months from notification of the verdict.
If the company's period is renewed implicitly, each partner may withdraw from it if he desired that by prior announcement with at least 3 months. The private creditor of the partner may request liquidation of his debtor's share.

Article (70)
Company's right
In addition to the general reasons for companies' dissolution, the company is dissolved for the following reasons:

1. Agreement of all partners
2. Declaration of bankruptcy and this entails partners' bankruptcy
3. Declaration of bankruptcy of one of the partners or preventing him from practicing trading occupation or absence or lack of competency if company's continuation is not stipulated in company's contract or the other partners decide that with the majority of the ideas.
4. For other reasons stipulated in company's contract

Article (71)
Partner's death
If one of the partners die in a Tadamun Company, the company will remain and its presence will continue and the inheritance of the dead partner will be partners in the company if company's contract stipulates that and there is no minor or loss of legal eligibility between the heirs. If any one of them is a minor or lost legal eligibility, the company will be transferred by provision to a Tawssiyah Bassita Company and the heirs will be limited partners. If the Tadamun Company resumed work after the death of any partner without clear stipulation in its contract or in any other contract which is signed by all partners before the death of the partner for continuation of the company, it will be transferred by provision to a Tawssiyah Bassita Company and the inheritance will not be responsible towards company's debts except within funds of the heir.

Article (72)
Company's continuation
If the company continued after announcement of bankruptcy of one of its partners or preventing him from practicing a commercial occupation or loss of eligibility, the rights of the partner who lost his status should be specified on basis of its value on the date of loss of status through an expert to be appointed by the remaining partners or to be appointed by a judge of the emergency cases.

Article (73)
Appointment of liquidator
All partners or one or more liquidator who will be appointed by the majority of partners will liquidate the company.
If the partners did not agree on appointment of the liquidator, the court will appoint him according the request of one of the partners.
In cases the company is void the court will appoint the liquidator and will specify the method of liquidation according the request of the party that have interest.

The manager or managers will be considered liquidators until appointment of the liquidator.

Article (74)
Liquidator's commitment
Liquidators of Tadamun companies should resume their tasks by preparing list including company's assets and liabilities and they should have no right to give up any funds, assets and rights without prior agreement of all partners.

Article (75)
Liquidation budget
Liquidators after implementing liquidation operations should prepare the final budget and proposed statement for distribution of the result of liquidation.
The partners should be informed by registered mail with acknowledgement receipt with the budget duly signed by the liquidators and statement of the proposed distribution of assets.
The budget and distribution scheme will be considered agreeable if no appeal is submitted within 60 days from date of notification. If there is challenge in the validity of the budget and distribution scheme, the liquidator may request consideration of the issues concerning the budget separately from the issues concerning distribution.
Liquidators' disclaimer towards the partners will be as from obtaining the approval of the budget.

Article (76)
Company's cancellation
The liquidators will request cancellation of the company in the trade register after approval of the final budget for liquidation. The company's creditors whose debts are not fulfilled will claim it from partners from their private funds. The partner's personal creditors should not compete with company's creditors in the amounts which the partners receive from liquidation award. If non fulfillment of debts of company's creditors is due to liquidator's error, the creditors may claim it from the liquidators.
Books of accounts and other documents which do not concern the partners should be lodged with the person who is appointed by the majority. These papers and documents should be kept for a period of five years as from date of company's cancellation from the trade register.

Secondly: Tawssiyah Bassita Company

Article (77)
Definition
Tawssiyah Bassita Company is the company between at least one working partner and at least one limited partner. The working partners will be questioned by solidarity and interdependence on company's commitments and the limited partners will be questioned within the limit of what they provided from shares.
The limited partners should provide financial shares.

Article (78)
Company's name
Tawssiyah Bassita Company (TBC) should have a commercial name including the name of at least one of the working partners with the expression (& partners); and if the limited

partner accepted appearance of his name in company's name, he will become responsible on commitments towards the others by solidarity and interdependence with the working partners.
The name should be followed with the expression "Tawssiyah Bassita Company"

Article (79)
Rules which should be applied in Tawssiyah Bassita Companies
The legislations of Tadamun Companies will be applied on TBC without contradicting with the rules of the following articles.

Article (80)
Establishment contract
Establishment of TBC should be with official contract and should state names of working partners and names of limited partners

Article (81)
Non registration in the register
Legislations of article No. 56 on the relations between the partners and others until registration in the trade register and the limited partners will not be questioned except within the limit of their shares if they did not participate in company's management

Article (82)
Working partners
Working partners have the same rights and duties of the partners in Tadamun companies and company's administration should not be entrusted to the limited partners

Article (83)
Decisions accuracy
The working partners in TBC will be dismissed for any discrepancy in company's administration with the majority of ideas according articles of the contract or basic system. Any alteration or amendment in company's activity and its purpose should not be made without the agreement of all working partners.

Article (84)
Managers' appointment and dismissal
Appointment and dismissal of employees in the administration if they were not appointed in the establishment contract is subject to the agreement of all working partners and a number of the limited partners which represent the greatest contribution in capital if the establishment contract did not stipulate a higher percentage.

Article (85)
Limited partners
Limited partners should not perform administration's work and should not conclude or sign commercial deals in the name of the company except if they are given special authorization for each specific business. The limited partner who violates this prohibition will be dependently responsible towards others for all company's commitments and he may be dismissed from the company.

The limited partners may participate in company's work under the managers' supervision and if the establishment contract allows that, they may be granted authority and give instructions for specific works and will perform inspection and control tasks.
In any case they have the right to be informed every year about the budget and profit & loss account and they have the right to ascertain its accuracy and to review company's books and documents.

Article (86)
Profits received in good faith
Limited partners are not obliged to refund the profits received in good faith according the budget which was approved legally.

Article (87)
Transfer of limited partner's share
Limited partner's share is transferable by inheritance and will without contradicting establishment contract's texts, the share and the consequent impact towards the company will be transferred if it is agreed by the majority of partners representing most of capital's amount.

Article (88)
Limited partner's bankruptcy
The contract of TBC will not be dissolved for limited partner's bankruptcy and the request for prosecution to dissolve the company is not accepted.

Article (89)
Reasons for company's dissolution
The company will be dissolved in addition to the mentioned reasons in the previous articles if only working partners remain in it or only limited partners if it is not decided to replace the vacant partner's place or the remaining partners decided to transfer the company to another legal status within 6 months and if the company became without working partners, the limited partners will appoint a manager temporarily during the mentioned period to perform the ordinary administrative tasks and the temporary manager will not acquire the rank of working partner.

Article (90)
Rights of company's creditor after liquidation
Company's creditors whose entitlements are not fulfilled from company's liquidation in addition to the claim of working partners and liquidators according legislations of article (76) should insist on their rights before the limited partners within the limit of what is devolved to them from the share of liquidation without competing in that the personal partners of the limited partners.

Thirdly: Joint Stock Company

Article (91)

Definition

The contract of Joint Stock Company is not subject to the formal conditions imposed on the named commercial companies; whereby someone subscribes in the specific share activity's profits of another person or from profits of a deal or more against an agreed upon share which the joint partner submits during a specific period.

Article (92)

Multiple posts

The person who previously involved others in the deal or specific activity should not allow other persons to participate without the agreement of the joint partners if there is no agreement other than that.

Article (93)

Rights of others and their commitments

Others will not acquire rights or to bear commitments except towards the actual owner of the joint stock.

Article (94)

Rights of the owner of the joint stock and joint partners

The owner of the joint stock will manage the activity or deal and the contract may include the control limits of the joint partner and method of practicing it.

In all cases the joint partner has a right to obtain statement of account for the deal after its execution or annual statement of activity's administration if it exceeded more than one year.

Article (95)

Division of profits and losses

The joint partner will bear a share from losses with the percentage of the share in profits on condition that this share will not exceed the share in participation if there is no agreement other than that.

Article (96)

Participation in profits and losses

Articles (92 and 93) will be applied on partnership contract for profits of a specific activity without participation in losses and also in the contract which authorizes one of its parties the participation right in profits and losses without a specific financial share

Article (97)

Company's proof

The joint stock company is evidenced between the partner by all means of evidence regardless the company's activity nature.

Part Two
Funds Companies: Partnership Company

Article (98)
Definition
Partnership is a company in which the share holders are not responsible for company's debts and commitments except towards the value of their shares

First: company's establishment
A – Special subscription

Article (99)
Definition of special subscription
The partnership company is established through special subscription as follows:

1. by decision of the chairman of a holding company
2. by signed contract between two partnership companies or more
3. by contract to be signed by ordinary persons or juristic persons or both of them and the maximum limit for participation of each of them will be specified by GPC decision.
4. by issued decision from a competent public authority in the case of the public partnership companies

Article (100)
Company's name
The partnership company should have a specific commercial name and this name should not be derived from the name of an ordinary person except if the company's purpose is to invest patent which is legally registered in the name of this person or acquired company on establishment or after that other commercial company, and has taken its name.

Article (101)
Company's contract
The partnership company will not be registered without official contract and the establishment contract should include the following:

1. Subscriber's name and surname, father's name, place of residence, home, date of birth, identity card number and number of subscribed shares.
2. Company's name and head quarter
3. Company's purposes
4. Subscribed capital which should not be less than the minimum which is specified by GPC issued decision to be fully subscribed, and statement of amount paid from it so that it should not be less than 30% of the subscribed cash capital
5. The value and number of nominal shares and its kind; GPC decision will be issued to specify the minimum and maximum value of each share
6. Value of rights and funds provided in kind
7. applicable rules for distribution of profits
8. Members of the board of directors, their number should not be less than three and should not be more than 11 members including the chairman and the necessity to

mention the name and surname of each member, father' name, home, place of residence, nationality, date of berth and identity card number

9. Number of members of the control authority and the necessity to mention the name and surname of each member, father's name, home, place of residence, nationality, date of birth and identity card number
10. Company's period

The basic system is considered as part of the establishment contract even if it was in a separate edition.

Article (102)
Commitments towards previous business in the register
Anybody who performs business in company's name before registration will be liable towards the other unlimited responsibility and by interdependence if it was not decided that the company bears the responsibility according legislations of article (25).
It is considered void issuance and sale of shares before company's registration in the trade register.

Article (103)
Types of Subscription
Subscriber's share should be in cash if establishment contract did not stipulate otherwise. If the subscriber undertakes to provide his share on the basis of ownership transfer of a specific thing, legislations of sale contract will be applied in respect of guaranteeing his share if depreciated or became due or defect or shortage appeared in it.
If the partner undertakes to provide his share as debits to him under the protection of other, his commitment towards the company will not expire if the percentage stipulated in the establishment contract is not fulfilled on condition that it should not be less than 3/10 of the value of his share; and over that the partner will be liable to compensate the defect if that percentage is not fulfilled before company's registration in the trade register or if the share value is not fulfilled in the specified period for payment of cash shares.

Article (104)
Basis for estimating the share in kind
Anybody who subscribes in a partnership company should provide report from an expert under oath to be appointed by head of court of first instance which is located in the area of jurisdiction of the fund to be estimated; and this report should contain a statement of estimated value of each type and the basis for estimation. This report should be attached with the establishment contract.
The board of directors and control authority should ascertain the accuracy of the report mentioned in the previous paragraph within six months from date of company's establishment.
The board of directors or control authority should request from the competent court to reconsider the estimation if there are valid reasons; and in this case the share will remain deposited with the company and should not be disposed except after reconsidering its estimation.
If it appeared that the funds provided in kind decrease with more than one-fifth of founders' estimation, the company should reduce the capital with the percentage of the difference and

the shares which became uncovered will be cancelled. The partner who pays in kind should complete the shortage by paying cash or should withdraw from the company.

Article (105)
Non-payment of shares' value
If the subscriber does not pay shares' value after notification with register letter and after 30 days from publication of this notification according the legal means, the board of directors may sell his shares through one of the clients of the stock markets or one of the banks or one of the specialized authorities on his account and special responsibility.
If sale is not concluded for non availability of buyer, board of directors may decide to drop the contributor's right and will keep the paid amounts instead of claiming compensation.
If circulation of shares which are not sold is not concluded during the financial year in which it was decided to drop the right of the contributor who is unable to pay, it should be cancelled and company's capital should be reduced with its value and the contributor who is unable to pay will have no choice right.

Article (106)
Additional tasks
Company's establishment contract should stipulate that contributors should be committed to provide additional legal tasks without money, with statement of its type, period and method of its performance, amount to be specified for it and the procedures to be imposed for not performing it. The shares of those contributors should be nominal and its ownership will not be transferred without board of director's agreement.

A - Public subscription

Article (107)
Company's establishment through public subscription
The establishment of the company which its capital is not less than the amount specified by GPC through public subscription should be according a program which states its purposes, its capital, main legislations mentioned in the establishment contract, specified share of profits for the founders, establishment contract's period and method of notification and announcement.
The program should be signed by the founders and the signatures will be officially approved. It will be lodged with an attorney office before announcement to the public.
Subscriptions will be evidenced in official document and it should state name of subscriber, surname and father's name, nationality, home, work location, date of birth, identity card number, number of subscribed shares and date of subscription.

Article (108)
Subscribers' invitation
After gathering the subscriptions, the founders should specify for the subscribers with registered letters or with the method mentioned in the program a period which does not exceed 30 days to deposit at least three-tenth (3/10) of the value of the subscribed shares at any bank working in Libya. The contribution of each person in company's capital should not exceed the percentage specified in GPC decision. If the period ended without payment of the value, the founders will either pursue legal proceeding against subscribers or to exempt them

from the commitment and in the last case will not proceed with company's establishment except after completing the procedure for specifying the subscribed shares and the shares which its owners are unable to pay.
The founders should invite subscribers' association which consists of all subscribers in the company's capital to attend a meeting during 20 days after the specified period for payment which is mentioned in the previous paragraph if the program did not specify other period with registered letter or with the method mentioned in the program to be sent to each subscriber before at least 10 days before the specified period to hold the association; to state in the invitation the issues to be considered and an announcement should be published in any of the national daily newspapers.

Article (109)
Subscribers' assembly
Subscribers' assembly as well as founders will consider the following issues:
1. To provide the conditions required for company's establishment
2. Establishment contract's contents
3. To specify the profits which are kept for the founders themselves
4. To choose members of board of directors and control authority
The same legislations that are applied for general assembly will be applied for subscribers' assembly.

Article (110)
Establishment contract
After performing the procedures required in the previous article, the attendants will sign the establishment contract which should be lodged for registration in the trade register during 10 days from date of signature.

Article (111)
The founders
The persons who signed the establishment program when forming the company through public subscription or those who caused its establishment are considered among the founders. The founders should subscribe with shares at least 20% and not more than 50% of company's capital; and participation of any ordinary person from them should not exceed the percentage specified by GPC decision and the remaining will be offered for public subscription through stock market. They should pay at least three-tenth of the subscribed cash shares before announcing the program if the special laws did not stipulate other than this.

Article (112)
Founders' commitments
The founders are interdependently liable before others towards the commitments that they undertook for company's establishment. The company should exempt the founders from those commitments and should refund to them the expenses incurred within the limit of company's establishment requirements or what was decided by the subscribers' assembly. If the company was not registered for any reason, the founders will not come back to the subscribers.

Article (113)
Founders' responsibility
The founders are responsible interdependently before the company and the others towards the following issues:
1. Subscription in capital in full and payment of the required installments for company's establishment
2. To provide in kind payments according expert's report
3. Accuracy of data that they broadcasted to the public for company's establishment
Those who deal on their behalf the founders will be responsible at the same degree of solidarity before the company and others.

Article (114)
Founders' share in profits
Founders may specify for themselves in accordance with the establishment contract part of the net profits according the annual budget and should not require any other benefit

Secondly: shares
General legislations

Article (115)
Shares' issuance
Joint Stock Company's capital is divided into shares that are equal in its nominal value and subject to circulation.
The share is not subject to partition but the inheritance or those who own a share or share in condominium may appoint a representative for practicing their rights in the company. If they did not retard during the period specified by the board of directors, the board will appoint one of them.

Article (116)
Shares' fundamental data
The share should include the following basic data:
1. Company's name, head quarter and period
2. Establishment contract's date, registration's date and number, trade register's office in which the company is registered
3. The share's nominal value, kind, amount of company's capital, number of issued shares
4. Value of paid installments if value of the share was not fully paid
5. Special rights and duties
6. Signature of company's legal representative
The signature should be by proper mechanical mean if its original form is lodged with the trade register office in which the company is registered and the signature may be by an electronic mean in accordance with what the law organizes.

Article (117)
Temporary certificates
The company will deliver to each subscriber after 3 months of its registration in the trade register a temporary certificate representing the owned shares.

The certificate includes particularly subscriber's name, number of subscribed shares, method for fulfilling its value, amount paid from this value, date of payment, serial number of the temporary certificate, numbers of shares, company's capital and its head quarter.
The company will deliver the temporary certificate representing the shares from a book with coupons and give serial numbers. It will be signed by chairman of the board of directors and stamped with company's stamp. The temporary certificate can be on electronic document according what the law organizes.

Article (118)
Shares' types
The company's shares are nominal and the share should not be issued with an amount less than the nominal value; and a text in the establishment contract may restrict disposal in a share with special conditions.

Article (119)
Enjoyment shares
The company may issue enjoyment shares instead of the shares which their owners refunded their nominal value if the company's basic system approved that. The basic system will state the methods which should be followed.
The enjoyment shares which replaced the depreciated shares will not allow its owners to have the right for selection in the general assembly if the establishment contract did not stipulate other than that, but it authorizes its owners to participate in distribution of net profits after payment of profit equal to the legal interest for the shares which its value was not refunded.
In case of liquidation, the enjoyment shares will be given the participation right in the division of the remaining company's assets after settlement of the other shares with its nominal value.

Article (120)
Purchase of company's shares
The company is not allowed to purchase private shares without permission from the ordinary general assembly on condition that the value will be paid from the net profits and its value should be fully paid.
The right for selection arising from the shares which are owned by the company will be suspended and the board of directors should dispose it during one year from ownership date if the abnormal general assembly did not decide its cancellation. Capital will be reduced with the value of these shares or to be replaced by enjoyment shares.

Article (121)
Registration of purchased companies’ shares
Companies should not utilize its capital even partly for the purchase of the shares of a company which it controls or shares of other companies which are subject to its control.
The company which is subject to the control of another company is considered when there are number of shares, under the custody of the controlling company, that enable it to obtain the majority of ideas in the general assembly or when the company becomes subject to other company's control according specific restrictions in a private contract.

Article (122)
Exchange of shares' subscription is forbidden
The company is not allowed to form its capital or to increase it through exchange of subscription with shares between it and another company even through other persons.

Article (123)
Participations
The company is not authorized to have participation right in the business of other companies even if the establishment contract allows that generally if the participation will practically lead to a fundamental alteration of company's purpose stipulated in the establishment contract, except if the purpose is to form a holding company.
The company may own shares in another company practicing different activity on condition that the percentage of participation should not exceed 10% of the last company's capital; if the two companies practice the same activity, the previous percentage may be exceeded.

Article (124)
Shares' mortgage
In case of shares' mortgage or temporary certificates, the mortgagor creditor will have the right to collect the profits and utilization of the rights related with the share and the attendance of the normal general assembly's meeting as well as participation in its circulation and selection right if it was not agreed in the mortgage contract other than that.
Shares' owner will have selection right in the abnormal general assembly.

Article (125)
One shareholder
Without prejudice to the legislations organizing the holding companies if the company did not fulfill its commitments arising during the period in which the shares were in the possession of one person, this person is considered liable with unlimited responsibility towards these commitments.

B – Distinguished shares

Article (126)
Issuance of distinguished shares
The shares give its owners financial and non financial rights; and also shares may be issued authorizing its owners different rights according the establishment contract or in accordance with the amendments that enter in it later

Article (127)
Profits distribution priority
Some of company's shares may have profits distribution priority by being entitled to a specific percentage of profits with the conditions and times specified by the basic system; and it will have the priority right to fulfill its profits for any years the profits were not distributed in addition to the decided profit of that financial year.

Article (128)
Limitation of selection right
The distinguished shares stipulated in the previous article do not enjoy selection right in the ordinary general assembly if the basic system does not stipulate otherwise.
If shareholder does not receive profits during three consecutive years, selection right will return to these shares.

Article (129)
Percentage of distinguished shares
Percentage of distinguished shares with limited selection should not exceed half of company's capital.
If applications of shareholders for distinguished shares exceeded the percentage stipulated in the previous paragraph, the shareholders will be granted distinguished shares according the percentage of his contribution in the company.

Article (130)
Shares' transfer
The company's basic system may stipulate entry or substitution of any kind of its issued shares to any other kind by shareholder's request and company's agreement according the percentages and method of the basic system.

Article (131)
Special assembly
In case there is different kinds of shares, shareholders collectively should agree in a special assembly on the decisions of the general assembly if those decisions affect their rights. The rules organizing the abnormal committees will be considered in respect of the true general assemblies which are held.

C – Shares Circulation

Article (132)
Prohibition of shares circulation
Shares will not be circulated except after publishing the approved annual budget and profit and loss account for a period not less than one year.
With the exception of the previous paragraph, shares' ownership transfer between the shareholders may be concluded by transfer method.

Article (133)
Suspension of shares' transfer registration
The board of directors may suspend shares' transfer registration during the period between the date of invitation for the general assembly's meeting and date of its meeting.

Article (134)
The company is forbidden to grant loans against its shares
The company should not pay in advance amount as guarantee for its shares and will not lend the others funds if the purpose is for purchase of shares with these funds.

Article (135)
Disposal of nominal shares
The company's shares are subject to circulation but sale of company's nominal shares or temporary certificates will not be valid in company's right or others without registration in the special register for that.
Registration will be in the presence of contractors or representatives and person on company's behalf. The company may refuse sale registration in the following cases:
1. If the shares were mortgaged or blocked by court's decision.
2. If the shares or temporary certificates were lost and no new share's certificates were given instead of them.
3. If the sale or ownership transfer is violating law or company's establishment contract or basic system.
4. If there is a debt on the company for account of the shareholder, it will stop registration of sale of his shares until he settles his debt in full.

Shares may also be circulated electronically as organized by law.

Article (136)
Responsibility for shares' disposal that its value is not settled
The person who transfers shares which its value is not settled in full to others will be responsible with them for settlement of unsettled installments for a period of 3 years from date of transfer.
The person who disposed the shares will not be claimed for specifying the installments except if failed to claim shareholder with that.

Article (137)
Shares' circulation restrictions
Shares' transfer to other is allowed subject to agreement of the board of directors except in inheritance cases if the contract or basic system stipulated that, in this case the application for obtaining approval should include name or names of those to whom the shares are transferred , number of shares to be transferred and the agreed price.

Article (138)
Company's approval
Company's approval should be explicit or implicit after elapsing 60 days from date of submission of application for transfer of shares.
If the company does not approve transfer of shares, the board of directors should find another buyer from the shareholders or others during 90 days from date of informing the refusal; the board of directors may arrange that the company buys those shares in order to reduce capital with its value.
If no agreement is concluded regarding the price, a specific expert from the competent court of first instance will specify it.
If the mentioned period in this paragraph has elapsed and the company did not find a buyer, that will be considered approval for transfer of the shares.

Article (139)
Cancellation of circulation restriction
The conditions concerning priority or approval or other restrictions which specify shares' circulation will be considered cancelled in case of execution on shares for the reason of nonpayment of the nominal value or inclusion of shares in the stock market.

Article (140)
Approval for shares' mortgage
If the company approved shares' mortgage, this will be considered as prior approval for transfer of the mortgaged shares to the buyer in case of execution on shares.

Thirdly: Capital amendment
A – Increase of capital

Article (141)
Conditions for increasing capital
The abnormal general assembly may issue decision to increase the company's capital and capital should not b e increased with financial shares except after the shareholders pay the subscribed capital in full.
The establishment contract may stipulate that the board of directors has power to increase company's capital one time or many times through issuance of normal shares within the limit of a specific amount and this power should not exceed one year from date of registering the company in the trade register; and authorization of this power of the board of directors will be through an amendment of the establishment contract during company's performance and will be valid for one year from date of the decision.
The decision of the board of directors for increasing company's capital should be recorded in the competent trade register during 10 days from date of achieving the increase.

Article (142)
Methods for increasing capital
Capital will be increased by one of the following methods:
1. Issuance of new shares with the same nominal value and the amount of the increase
2. To increase the nominal value of original shares
3. To transfer the bonds of the loan which are subject to circulation to shares.

Article (143)
Coverage of value of capital's increase
The increase of capital is covered by one of the following means:
1. Payment of additional amounts or shares in kind by shareholders or others
2. To transfer the excess from legal reserve or other provisions or carried forward profits to new shares which will be distributed among the shareholders free of charge according the percentage of the old shares of each of them
3. To transfer the debts owed by the company to shares

Article (144)
Distribution of the new shares
The new shares will be distributed among the shareholders according the percentage of owned shares on condition that it will not exceed what they applied from shares.
The remaining new shares will be distributed among the shareholders who requested more than the percentage of what they own from shares according the legislations of the previous paragraph.
The remained new shares will be offered for public subscription and the legislations concerning public subscription when establishing a company will be followed.

Article (145)
Increase of capital through public subscription
In case of offering the new shares for public subscription, the subscription announce should include particularly the following data:
1. Reasons for increasing capital
2. The decision of the abnormal general assembly for increasing capital
3. Company's capital when the new shares are issued, the proposed amount of increase, number of the new shares and issuance allowance
4. Details of the provided constituents in kind as share for increasing capital
5. Statement of average profits which the company distributed during the 3 previous years of decision for increasing the capital
6. Declaration from the control authority on the true data mentioned in the publication and compatibility of the legal conditions for increasing capital
The chairman of the board of directors and head of the control authority will sign the announcement and they will responsible interdependently towards the data mentioned in it.

Article (146)
Issuance allowance
The value of the new nominal shares should be equivalent to the actual shares. The abnormal general assembly should decide the issuance allowance in addition to the shares' nominal value and will specify its amount. The net allowance will be added to the legal reserve until it amounts the value which is specified in the basic system.

Article (147)
Shareholder's priority right
The shareholders will have the priority to subscribe in the new shares if the abnormal general assembly will not decide otherwise for reasons of company's interest.
A statement will be published in one of the daily newspapers including an announcement of shareholders' priority for subscription, date of its opening, date of closure and price of the new shares; in addition to that the shareholders will be notified with this announcement by registered letters by email or by other communication means.
Each shareholder should express his desire to use his right in subscription priority or to dispose this right during 30 days from date of the mentioned announcement in the previous paragraph.

Article (148)
Capital increase with shares in kind
The legislations of valuation of shares in kind when establishing the company will be followed in valuation of shares in kind which are provided when increasing capital.

Article (149)
Invalidity of capital increase
Subscription will be void when the abnormal general assembly did not decide the sufficiency of subscription if subscription for increasing capital is not performed.

Article (150)
Registering capital increase
The company's legal representative should register capital increase in the competent trade register during 10 days from achieving the increase by submitting certificate certifying payment of the payable percentage of cash shares and minutes of valuation of shares in kind.
Capital increase should not be mentioned in company's testimonies and documents except after completing registration.

B – Capital reduction

Article (151)
Conditions for reducing capital
If it is revealed that company's capital exceeded its purposes, the abnormal general assembly will reduce it by exempting the shareholders from payment of the remaining installments by refunding part of capital to them with the limit permitted by law.
The decision for reduction will not be issued after reading the report of the control authority and accounts' external auditor, if any, regarding the reasons, commitments on the company and effect of the reduction on these commitments.
No objection on the reduction towards the creditors whose debts have arisen before reduction registration in the trade register and who expressed their objections during 60 days from date of registration and submitted their documents to the competent court in the mentioned time except if those creditors fulfilled their present debts or obtained sufficient guarantees to fulfill their debts.

Article (152)
Reduction due losses
If it is revealed that company's capital is reduced by one third due losses, the board of directors should invite the abnormal general assembly for meeting as soon as possible to take the suitable measures.
A report on company's financial status supported by remarks of the control authority should be demonstrated to the general assembly.
Copy of the report of the board of directors and statement of the control authority should be lodged in company's location prior 8 days of date of the general assembly's meeting to enable the shareholders to view them.
If it is revealed that losses are not reduced less that the third in the following financial year, the assembly is considering the budget of that year should reduce the capital with the percentage of profits which are proved; otherwise the board of directors and control authority

should issue order from the competent court to reduce it with the amount of losses proved in the budget.
The court will order reduction of the requested capital according the decision issued after taking the view of the public attorney. The board of directors will register the decision in the trade register.
An appeal may be submitted to the court of appeal within 30 days from date of registration.

Fourth: Company's authorities
A – General assembly
General legislations

Article (153)
Assembly's formation
Company's general assembly is formed from all its shareholders and it is held as ordinary general assembly and abnormal general assembly.
The general assembly's meetings will be in the place of the company's head quarter if the basic system did not stipulate otherwise.

Article (154)
General assembly's invitation
The board of directors will invite the general assembly for meeting through announcement in the daily newspapers in addition to any electronic or ordinary communication means stating date and time of meeting, place and schedule prior at least 15 days from the date of meeting.
The schedule in the ordinary general assembly should include new business in addition to any issues submitted by shareholders who represent 10% from capital on condition that it should be submitted to the board of directors before 5 days from date of general assembly's meeting; hence the assembly's president should mention these business at the beginning of the meeting and to be added to the items mentioned in the announcement on condition that majority of the attendants agree.
If these procedures are not considered and the full capital is represent in the meeting which was attended by the board of directors and control authority, the general assembly will considered held correctly. Each member of the members representing the capital has the right to object on the issues on which he has no sufficient information.

Article (155)
General assembly's invitation at the request of the minority of shareholders.
The board of directors should invite the general assembly for meeting at the request of a number of shareholders representing at least one-tenth of company's capital stating the issues to be discussed. If the board of directors or the control authority on his behalf held a meeting, the president of the court of first instance will issue order stating the person who will head the meeting to the general assembly to invite for meeting at the request of those shareholders.

Article (156)
Attendance of the meeting
The general assembly's meeting will be attended by shareholders whose names are recorded in the company's register before at least 5 days from date of meeting as well as shareholders

who at the same period deposited their shares at company's head quarter or one of the banks stated in the invitation meeting.

Article (157)
Head of the assembly
The head of the general assembly is the person appointed by the establishment contract or basic system. If the contract or basic system did not stipulate appointment of a president or if the appointed person is absent, the attendants will select the president in an introductory meeting headed by the chairman of the board of directors.
The president of the assembly will appoint a secretary and two persons to sort the votes.

Article (158)
Deputation in the attendance of the general assembly
The shareholders may depute a representative on their behalf in the general assembly if the establishment contract did not stipulate otherwise.
Deputation and related documents should be written and kept in company's head quarter. Members of the board of directors or working managers should not represent the shareholders in the assembly.

Article (159)
Opposition of shareholder's interest
Shareholder should not choose the decisions in which he has direct or indirect interest, or for account of the person who represents him or other person who depute him and that it contradicts company's interest. In case of contradiction with that, the issued decision will be subject to appeal, if it appears that without the voting of shareholders who had abstinence, the required majority would have not occurred and the decision would harm the company.
The board of directors should not select decisions concerning the responsibility of his members and the shares which do not authorize the right of selection will not be considered according this article except for the purpose of obtaining the required legal quorum for the meeting.

Article (160)
Assembly's decisions
General assembly's decisions according law, establishment contract and basic system are obligatory for all shareholders. Board of directors, control authority, absent shareholders and oppositionists may appeal in the decisions if they violate law, establishment contract and company's basic system.
Effects of decision's invalidity will be valid on all shareholders; and board of directors will be committed to take the consequences of the invalidity of procedures and will not touch the rights that are acquired by the others in good faith to execute the decision.
Invalidity decision will not be applied if it is replaced by other decision correcting the defects of the first decision according law legislations.

Article (161)
Appeal procedures in assembly's decisions
Appeal will be submitted before the court of primary instance in which the company's head quarter is located in its area and the court's president will issue decision to impose on the

appellant a suitable guarantee for the expected harm requiring compensation. The appeal should be raised during 60 days from date of issuance of the contested decision or from date of registration if the decision is subject to registration in the trade register. All the appeals concerning the same decision will be considered together by virtue of one verdict.
Court's president or investigation judge will suspend execution of the contested decision with reasoned decision if the appellant requested that and there are serious reasons for taking such decision after listening to the hearings of the board of directors and control authority. The decision will be announced to the board of directors.
The board of directors will register in the trade register the issued final resolution for suspension and governance.

Article (162)
Assembly's meeting second invitation
If the decided legal quorum is not reached for an appropriate meeting, the general assembly should be invited again.
The date of the second meeting should be specified in the first announcement on condition that the two meetings will not be in one day and if the first announcement did not mention date of the assembly's second meeting, a new announcement should be published during 30 days from date of the first meeting.

1 – Ordinary general assembly

Article (163)
Assembly's tasks
Ordinary general assembly's tasks are as follows:
1- To discuss reports of the board of directors, control authority and account's external auditor
2- To approve the financial lists (general budget, profit and loss account)
3- To approve profits' distribution
4- To choose board of directors, head and members of the control authority; to specify their gratuity as well as to appoint the account external auditor and to specify his fees.
5- To consider the issues which are submitted by the board of directors as well as the special affairs under responsibility of board of directors and control authority
6 - The general assembly should not deal in issues not included in the agenda; and may deal in the critical facts which are revealed during the meeting and a number of shareholders representing at least10% of capital requested to refer these issues to the general assembly.
The ordinal general assembly should hold a meeting at least one time in the year during 4 months after completion of the company's financial year.
If there are special circumstances, this period will be extended to 6 months from completion of the previous financial year.

Article (164)
General assembly's quorum in the first meeting
The ordinary general assembly's meeting is considered correct if a number of members representing at least 50% of company's capital attended the meeting with the exception of limited shares voting right.

The assembly's decisions will be with majority of capital of shareholders who attended except if the establishment contract or basic system stipulates a higher majority.

Article (165)
General assembly's quorum in the second meeting
The ordinary general assembly's meeting is considered correct whatever is the attendant's number and whatever is the amount of capital of attendants. The agenda of the first meeting should only be seen and the decisions will be with the majority of capital of attendants.

Article (166)
Minutes of assembly's decisions
General assembly's decisions should be in minutes to be signed by the president and secretary or public notary and the minutes should include summary of the speech of shareholders if they requested that.

2 – Abnormal general assembly

Article (167)
Abnormal general assembly's tasks
Abnormal general assembly's tasks will consider amendment of establishment contract and basic system, issuance of loan bonds, appointment of liquidators and specifying their powers according law as well as approval of decisions of the board concerning the disposition of more than half of company's assets.

Article (168)
Abnormal general assembly's quorum in the first meeting
The abnormal general assembly's meeting is considered correct if attended by a number of shareholders representing more than two-thirds of company's capital and it will take its decisions with majority representing more than half of company's capital except if company establishment contract or basic system stipulate obtaining higher majority.
Members of board of directors, control authority, absent shareholders and oppositionists should appeal in the accuracy of decisions which are violating law or establishment contract according article (160).

Article (169)
Abnormal general assembly's quorum in the second meeting
If the legal quorum is not obtained in the first meeting, the second meeting of the abnormal general assembly will be correct with the attendance of majority exceeding half of the capital if not stipulated in the establishment contract or basic system that a higher majority should be obtained.
The decisions will be with majority exceed one-third of company's capital.
In all cases, if the agenda of the meeting of the abnormal general assembly included alteration of company's purposes or its transfer or its dissolution before the decided period or transfer of its head quarter abroad or issuance of distinguished shares, it is necessary for accuracy of decisions which will be taken in the second meeting to obtain agreement of more than half of company's capital.

The decisions which are taken in the second meeting will be subject to appeal according legislations of article (160).

Article (170)
Non availability of quorum
If the necessary quorum for decisions is not obtained in the second meeting, the abnormal general assembly will not be invited for meeting to discuss the same items except after elapse of 6 months from date of the second meeting and legislations of article (160) of this law will be applied for holding appropriate meeting and taking decisions.

Article (171)
Minutes of the abnormal general assembly
Public notary will write the minutes of meeting of the abnormal general assembly and should be recorded in the minutes of decisions taken and summary of the speech of shareholders if they requested that.

B – Company's administration
Board of directors

Article (171)
Board's tasks
The board of directors will manage the company by shareholders or others. If the general assembly will not appoint the chairman, the members will choose him from themselves. The chairman will be a normal person.
The board of directors will take all decisions and sign all deals to achieve company's purpose and activity. The board will relay the decisions which lead to deals exceeding half of company's assets to the abnormal general assembly for approval.
The board of directors will hold the meetings at company's head quarter if the basic system did not stipulate otherwise.

Article (173)
Appointment of the board of directors
The general assembly will appoint the board of directors if not appointed in accordance with the establishment contract and subscribers' assembly will appoint the first board of directors.
The member of the board of directors should not be appointed if he is incompetent or declared bankruptcy or convicted of a felony or misdemeanor involving honor or honesty. If anyone of those is appointed, his appointment will be void.
Public and private corporate bodies will appoint their representatives in the board of directors. They will dismiss or replace them. Those representatives will bear the civil and criminal responsibility for performance of their tasks in the board of directors. The corporate bodies that they represent are considered as guarantors for performing these tasks.

Article (174)
Board of director's period
The period of the board of directors is (3) years subject renewal except if the establishment contract or basic system stipulated otherwise.

The general assembly may dismiss the board of directors partly or totally even if it was appointed according the establishment contract and the dismissed will have the compensation right if the dismissal was not reasoned.

Article (175)
Multiple Membership
Anybody personally or on behalf of the other will not gather between the membership of boards of directors for more than 3 joint stock companies; each membership violating the legislations of this article will be void and the voidance will be disposed to the latest membership.

Article (176)
Registration of appointment decision
The board of directors will request registration of its appointment decision in the competent trade register within 1`0 days from date of its appointment. Name in triple, surname, father's name, home, work location, place of residence, date of birth and identity card number to be stated.

Article (177)
Abandonment of post
The member of board of directors who abandoned his post should inform in writing the board of directors, head of control authority; the effects of abandonment will arise immediately if remained the majority of the board of directors, otherwise from date of this majority of the board, the result is to accept new member for the task.

Article (178)
Vacant post
If the post of one or more member of the board of directors is vacant during the financial year, the remaining members should appoint replacement with the agreement of the control authority and the appointed members will keep their posts until the first meeting of the general assembly.
If the posts of the majority of the board's members are vacant, the remaining members will invite the general assembly for meeting to complete appointment of members; and the tasks of the members who are appointed by the assembly will end with the end of the period of the existing members.
If the posts of all board's members are vacant, the legislations of the second paragraph of article (203) will be applied.

Article (179)
Correctness of board's decisions
Correctness of board's decisions to be with the ultimate majority of the members if the establishment contract or basic system does not stipulate a higher majority.
Board of directors' member should not depute another on his behalf and any vote to be given on behalf of any absent member will be void.

Article (180)
Company's legal representation
The chairman of board of directors is considered the company's legal representative. He will perform the task of the general manager if this post is not assigned to another person; and he should lodge specimen signature form with the competent trade register.

Article (181)
Conflict of interests
The chairman or members of the board of directors should not be a party in any contract of the contracts which will be signed with the company without prior permission from the general assembly and each contract signed contradicting this will be void.
If the chairman or member of the board of directors has a private interest in an operation or deal for his account or for account of one of his relatives up to the 4th degree or for account of the person who represent him or on his behalf in any deal which conflict company's interest, he should inform the board of directors and control authority and he should not participate in the circulation concerning this operation or deal. If the member violates this restriction, he will be responsible towards the losses of the company arising from concluding this operation or deal.
The absent members of the board of directors or the oppositionists and control authority may appeal in board's decision within 3 months from date of decision if it cause harm to the company and the necessary majority cannot be obtained.
The rights of good faith acquired by others will not be touched for executing the decision.

Article (182)
Board of directors' responsibility
Chairman and members of the board of directors should perform satisfactorily the legally imposed duties according the establishment contract and in accordance with law requirements and they will be interdependently responsible towards the company of any harm due non performance of the duties.
In any case the chairman and board of directors are interdependently responsible for not caring about good performance of company's business generally and for not doing their utmost to prevent occurrence or removal or reduction of results of known harmful acts.
The responsibility is not extended to the member who did not err and proved without delay his objection in the minutes of meeting and decisions of the board and he informed the control authority immediately.

Article (183)
Board of directors' commitments
The board of directors should set annually the following detailed statement signed by the chairman under disposal of the shareholder before at least 7 days of the meeting of the general assembly which is invited for meeting to consider board of directors' report:

l- All amounts which are paid to the chairman and each member during the financial year such as wages, salaries, fees for attending board's meetings, miscellaneous expenses, any commission received or other payment in his capacity as company's technical or administrative official or against any technical or administrative or consultancy work performed for company's interest.

2- Benefits in kind which the chairman and members of the board of directors enjoyed during the financial year such as cars, housing, etc…
3- Rewards or profits' shares which the board of directors propose for distribution to each members and specified amounts for each present and previous member of the board of directors such as pension or compensation on termination of service.
4- Contributions with statement and details of each contribution.

Control authority and accounts external auditor should ascertain the availability of the statement and to be referred to it in their reports.

Article (184)
Company's right in claiming responsibility
The claim of board of directors' responsibility will be raised according the issued decision from the general assembly even if the company was in the stage of liquidation.
The decision regarding board's responsibility will be taken when discussing the budget even if not mentioned in the schedule.
The consequences of the decision for raising a claim of responsibility is dismissal of officials on condition that the decision was taken with majority representing at least one-fifth of the company's capital and in this case the assembly will proceed with appointment of their replacement.
The company may abdicate the responsibility claim and may make reconciliation if the general assembly decided abdication or an explicit reconciliation and there is no anti voting from a number of partners representing at least one-fifth of company's capital.

Article (185)
Responsibility towards company's creditors
Chairman and members of the board of directors are responsible towards company's creditors for non performance of their duties for preserving company's properties.
The creditors will raise the claim when it is revealed that the company's properties are not sufficient for fulfillment of their debts and in case of company's bankruptcy, the claim will be raised by bankruptcy officer.
Creditors will reserve their rights in raising the claim even if the company abdicated the claim responsibility of the board of director or signed the reconciliation.

Article (186)
Personal claim from shareholders or others
Legislations of the previous articles will not affect the shareholder or other rights before the board of directors in claiming compensation for harm occurred directly due their performance as a result of error or cheating.

2 – The executive committee

Article (187)
Committee's formation
The board of directors may assign some of his powers to the executive committee which is formed from some of the members of the board or to one member. The board should take in the decision for authorization the limitation of this authorization.

The authorization should not be extended to what is related with the budget and amendment of capital.

Article (188)
Board's responsibility towards committee's work
Without prejudice with legislations of article (182), the board of directors will remain responsible towards negligence of following up execution of the granted authorization according the legislations of the previous article

3 – General Manager
Article (189)
Appointment of general managers
The board of directors will appoint the general manager from the members or from elsewhere if the basic system stipulates this.
The board may also appoint assistant general managers and administrations managers according the controls stated in the basic system.

Article (190)
Managers' representation power
The general managers will have power to represent the company concerning their authorized tasks without prejudice to the rights of others.

Article (191)
Conflict of interests
The legislations concerning conflict of interest of members of the board of directors will be applied on the general managers.

Article (192)
Manager's responsibility
The general managers will be questioned about execution of their tasks in the same way with which members of the board of directors are questioned within the limit of their tasks.

Article (193)
Managers' restrictions
The general manager should not be manager or chairman of the board of directors of another company without prior approval of the board of directors.
He should not be member of board of directors for more than two companies; each membership violating the legislations of this article will be void and the voidance will be for the latest.

Article (194)
Attendance of board's meetings
General managers should attend the meetings of the board of directors and should participate in discussions without a voting right.
They may also attend the meetings of the executive committees if they are requested.

Article (195)
Limitation of tasks and rewards
The board of directors will specify the tasks and duties assigned to the general managers and will specify also their rewards and benefits. The general managers have the right to claim compensation if they are dismissed without justification.

C – Control of the company
1 - Control authority

Article (196)
Formation of control authority
The control authority is formed from 3 working members, one of them should be graduated from a university in accountancy and the other should be graduated from a university in law. Two alternate members should be appointed with the mentioned conditions in the previous paragraph.
The conditions for the control authority's member whether he is a shareholder or not are the same conditions for the members of the board of directors.
The general assembly should appoint the control authority and should specify their rewards of its president and members.
In case of participation of private or public corporate bodies, they will appoint their representatives with the necessary conditions in the control authority. This representative will bear the civil and criminal responsibility for performing his tasks in the control authority and the corporate body that he represents is considered guarantors for him in performing these tasks.
When the state appoints one or more controller, the authority's president should select from those who were appointed by the state.
The basic system of the banks that are subject to the supervision of Central Bank of Libya may not stipulate appointment of control authority and will be replaced by other control methods.

Article (197)
Prevention of appointment
A person will not be appointed in the control authority if he has kin relation to the 4th degree or affinity with the chairman or one of the members of the board of directors or company's general managers and also if the person is related to the company itself or other companies under its supervision with continued work relation with wages. If those persons are appointed contradicting the legislations of this article, his appointment will be void.
The person who was chairman or member of control authority in board of directors of a company will not be appointed also except if 3 years elapsed from termination of his work in the control authority.

Article (198)
Controllers' appointment and termination of tasks
President and members of the control authority will be appointed for the first time by subscribers' assembly if they were not appointed in company's establishment contract and later they will be appointed by the ordinary general assembly of shareholders. Their

appointment will be for 3 years renewable and they may not be dismissed without justified reason.
The decision for their dismissal will require agreement of the competent court of first instance by decision to be issued after listening to the hearing of president of the control authority or the member to be dismissed.
The board of directors should register the appointment decision of control authority and termination of its tasks in the competent trade register during 10 days from date of the decision.

Article (199
Controllers' replacement
In case of death of one of the members of the control authority or abandonment of his post or loosing membership, one of the two authority's alternate members, whose age is bigger, will replace the post and it should be taken into consideration that the vacancy should be filled and he will remain until the first general assembly will be held as it will appoint the necessary working and alternate controllers to complete the control authority according the requirements of article (196). The task of the controllers who were appointed with this method will end with the termination of the existing controllers.

Article (200)
Controllers' duties and powers
Control authority should control company's administration and should ascertain that the work flow is legally functioning, validity and legitimacy of the establishment contract, company's books and accounts to be kept according the legally decided principles, budget and profit and loss account to be compatible with results evidenced in company's accountancy records, documents and books. It should ascertain that provisions prescribed in estimating the company's elements are taken into account according article (228).
The control authority should ascertain also that at least one time every 3 months from the presence of the company's financial values and bonds whether owned or mortgaged with it or lodged as guarantee or probity or sentry. Control authority's member may request information on company's work flow or specific operations from the board of directors or general managers even if individually; and will record the investigations in a special register of the control authority's meetings and decisions.
The control authority should notify the board of directors with remarks of negligence or violation or overspending and should request correction of that even if it is necessary to invite the general assembly for meeting.

Article (201)
Control authority's meetings and decisions
Control authority should meet at least one time every three months and if a member does not attend two meetings at the same financial session without acceptable excuse, he will be considered giving up on his mission.
The committee will write the minutes of its meetings to be recorded in a special register and to be signed by those who attended the meeting.
The committee will issue its decisions with absolute majority and the oppositionist has a right to prove reasons for his opposition.

Article (202)
Participation in the meetings of board of directors and general assembly
The control authority should attend the meetings of the board of directors and general assembly as well as executive committee's meetings.
If the head of the control authority or a member retarded without acceptable excuse from attending the general assembly's meetings or from attending two meetings of the board of directors during the company's financial year, they will be considered abandoned for the tasks.

Article (203)
Duties of the controllers when there is negligence in the board of directors
Control authority should invite the general assembly for meeting and will publish the announcements which are imposed by law whenever there is negligence from the board of directors in that.
It should invite the general assembly for meeting to appoint or complete the board of directors if for any reason, there is lack of a member of the board of directors from the required legal quorum for the veracity of the meeting; and for necessity it should request from the competent court to appoint a judicial manager until appointment of the board of directors.

Article (204)
Controllers' responsibility
Members of the control authority should perform their duties satisfactorily as required by law and they are responsible for the veracity of their testimony and should protect confidentiality and document which they review and also they are responsible interdependently with the board of directors for performance or negligence if it was revealed that the harm would not have occurred if they performed their task with alertness and interest.
Claim responsibility of control authority's members is subject to the same decided legislations of board of director's responsibility.

Article (205)
Complaint to control authority
Each shareholder should inform the control authority with what he sees as reason to complain and the authority should give attention to the complaint and to refer it to the general assembly in its report.
If a number of shareholders representing one part from twenty parts of capital complained, the control authority should investigate as soon as possible in the complaint and to provide a result and the necessary proposals to the general assembly. If it appears that the complaint is serious and its treatment is urgently required, the authority will invite the general assembly for meeting.

Article (206)
Resorting to courts
If it is revealed that the deeds of the board of directors or control authority in company's affairs leads to mistrust and they are negligent in performing their duties, the partners who represent one-tenth of company's capital should raise their complaints to the competent court of first instance.

The court will order inspection of company's administration at the expense of complainants after the testimony of members of the board of directors and control authority in an advisory chamber and will impose on the complainants submission of guarantee if there is necessity; if misconduct is really proved to the court, it will order the necessary preservative procedures and it will invite the general assembly for meeting to take the appropriate decisions.
The general attorney will follow the same procedures stipulated in the first paragraph of this article and in this case the expenses will be for company's account.

Article (207)
Appointment of judicial manager
The court may dismiss the board of directors and control authority in cases of extreme gravity and will appoint judicial manager and it will specify his powers and period of his task with the exception of article (18) of this law, one or more external auditor

The judicial manager may raise a claim of responsibility against the board of directors and control authority and will invite the general assembly for meeting under his leadership before termination of his task in order to appoint new board of directors and control authority or to consider his proposal in respect of company's status under liquidation if it is necessary.

2 – Accounts' external auditor

Article (208)
Duties of the external auditor
With the exception of the legislation of article (18) of this law, one or more licensed external auditor should audit the company's financial lists which will be submitted to the general assembly in its normal annual meeting.
He will be responsible for performance of his task with the same way in which the president and members of the control authority will be asked within the limit of his task.

Article (209)
External auditor's report
Accounts external auditor should submit written report including his idea on company's accountancy and financial issues, particularly the following:
1 - The extent of safety of company's accounts and accuracy of the final financial data according the legislations of this law, related laws and company's basic system.
2- The extend of company's compliance with the approved accountancy measures concerning bookkeeping, operation of asset inventory, company's commitments and method of demonstrating the final financial data.

Article (210)
Importance of data submission
Company's administration (board of directors or managers) should submit the final financial data to the accounts external auditor for its auditing during 60 days after the end of the financial year.
The accounts external auditor should execute auditing of accounts and should submit his report to company's general assembly within a period not exceeding 45 days from date of receiving the financial data.

Article (211)
Registering the report in the trade register
Copy of the minutes of meeting of the general assembly, report of the board of directors, report of the control authority, report of the accounts external auditor will be sent to the competent trade register during 10 days from date of its approval by the general assembly.

Fifth: Loan bonds

Article (212)
Bonds issuance conditions
Nominal loan bonds may be issued to the company or holder with amounts not exceeding the paid capital according the last approved budget.
The company should not issue loan bonds except after payment of the subscribed capital in full.

Article (213)
Registration of the decision
The ordinary general assembly should agree to issue loan bonds unless there is consequential change in company's capital and it should be registered in the competent trade register during 10 days from date of agreement.
General assembly's decision should not be excepted unless registered in the trade register and will be subject to appeal before the competent court by the previous creditors during 30 days from date of registration.

Article (214)
Capital reduction
The company which issued loan bonds should not decide reduction of capital except to the extent of bonds that are depreciated. If it is decided to reduce capital due ti losses, it is necessary to estimate the legal reserve on the basic of company's existing capital at the time of issuance of bonds until the total of company's capital and the legal reserve becomes equal to the amounts of circulating bonds.

Article (215)
Loan bonds contents
Loan bonds should contain the following:
1- Company's name, its purpose, head quarter, details of trade register office in which it is registered.
2- Company's capital at the time of issuance of bonds
3- Date of assembly's decision and date of its registration in the register
4- Total of issued bonds, nominal value of each bond rate of interest, method of payment and method of depreciation.
5- The assigned guarantees

Article (216)
Transfer of bonds to shares
The company issues loan bonds transferable to shares by decision from the abnormal general assembly and it will be offered for subscription according the rules for subscription in shares. Transfer of bonds to shares will be through refund and cancellation of bonds; and to grant its owners shares and to add its value to capital.

Article (217)
Bonds holders' assembly
Bonds' holders will a special assembly for them and it will consider the following issues:
1- To appoint a general representative and dismiss him
2- To amend conditions of loan
3- To propose reconciliation with the company
4- To form financial amount to face the necessary financial expenses for protection of the mutual interest and method of providing an account for it
5- Other issues concerning their interest.

Article (218)
Meetings of bond holders' assembly
The board of directors or representatives of loan bond holders invite the general assembly of bond holders when they see that it is necessary or at the request of a number of bond holders representing part of twenty parts of the issued bonds which are still existing.
The same legislation of shareholders abnormal general assembly will be applied on bond holders' assembly. The voting in the second meeting should be from a number of loan bond holders representing at least half of the issued bonds which were not depreciated for the validity of decisions related to item (2) of the previous article.
The loan bonds which are under the company's custody will not give subscription right in assembly's decisions.
The board of directors and control authority may attend the meetings of bond holders' assembly.

Article (219)
The joint representative of bond holders
A person may be selected from non bond holders to be joint representative for them. If the assembly did not appoint a joint representative, the president of the court of first instance will appoint him according an issued decision in accordance with the request of one or more of the bond holders or one of the company's managers.
The joint representative of bond holders should not be appointed by member of the board of directors or control authority or the person who is an affiliate of a debtor company and also every person who have the elements that prevent him from being in charge of the controller's post. If a person from those is appointed, he should be dismissed.
The period for appointment of the joint representative should not exceed 3 years but it is renewable.
Bond holders' assembly should specify the reward of the joint representative who should request registration of his appointment in the trade register during 15 days from date of his notification of the appointment decision.

Article (220)
The duties and powers of the joint representative
The joint representative should execute the decisions of bond holders' assembly and should protect their joint interests in their relations with the company and he has the right to attend the operations of withdrawal of bonds to be depreciated as well as the right to attend subscribers' assembly.
The joint representative has the right to pursue legal proceedings on behalf of bond holders to protect their interests even in the case of reconciliation with the company or when declaring its bankruptcy.

Article (221)
Ballot for refund of bonds' value
The ballot procedures for refund of bonds' value should be arranged in the presence of the joint representative and during his absence it should be in the presence of the attorney, otherwise the ballot will be void.

Article (222)
Bond holders' personal proceedings
It does not exclude the texts of the previous articles without raising a personal suit for bond holders provided that such action does not conflict with the assembly's decisions taken in accordance with Article (217).

The issued decisions of bond holders' general assembly will be valid for the right of the absent and violating bond holders as well as for each bond holder the right to appeal in the decisions in which the legislations of the law according the legislations of articles (160) and (168) were not considered.

Sixth: Company's accountancy organization
A – Company's books

Article (223)
Books to be kept
The joint stock company should keep the following books in addition to the other books and financial documents which should be kept by traders:
1. Subscribers' register: to record in it names of subscribers, surnames, nationalities, homes and numbers of shares to record the transactions for the mentioned shares or temporary certificates.
2- Loan bonds register: to record in it amount of issued bonds, amounts of refunded bonds, names and surnames of holders of nominal loan bonds and all other dealings
3- Register for minutes and decisions of the general assembly and the minutes written in official paper to be recorded in it.
4- Register for minutes and decisions of the meetings of the board of directors.
5- Register for minutes and decisions of the meetings of the control authority
6- Register for minutes and decisions of the meetings of the executive committee.
7- Register for minutes and decisions of the meetings of loan bond holders assembly if the company issued loan bonds.

The board of directors will be responsible for keeping books mentioned in items (1,2,3,4) whereas control authority will be responsible for keeping the book mentioned in item (5) and the executive committee will be responsible for keeping the book mentioned in item (6). The joint representative of loan bond holders will be responsible for keeping the book under item (7).
The registers should be numbered with consecutive numbers before using it and each page should b e stamped. It should be approved each year.

Article (224)
Inspection right of company's books
The partners have the right to inspect the two registers under items (1, 3) of the previous article and they should obtain summaries from it at their expenses.
This right is also given to the joint representative of loan bond holders assembly in respect of the registers mentioned in items (2,3) of the previous article and also to the loan bond holders in respect of the mentioned register in item (7).

Article (225)
Electronic books
The company should keep accountancy documents in consecutive printing paper form used in the electronic system which will be dated and numbered as stated by law.
It should also keep accountancy documents in electronic system form and the data included in it should be unchangeable.
The two forms will have the evidence of the traditional commercial books.

B – Budget

Article (226)
Preparation of budget and financial lists
The board of directors should prepare company's financial lists, complementary clarifications, profit and loss account.
It should submit report clarifying company's work performance.

Article (227)
Budget contents
Without prejudice to laws concerning the companies which practice specific activity, the budget should include total amounts of assets and liabilities and statement of each item separately and may not be set-off between them.
Assets:
1- Amounts required from shareholders and not yet paid.
2- Real estate.
3- Fixed assets and machinery.
4 - Industrial patent rights and rights of exploitation of ethical products
5- Concessions and trademarks as well as economic value of the commercial place
6- Circulating assets.
7- Raw materials and goods.
8- Cash and stock exchange in safe or deposited with others.
9- Financial bonds of fixed and changeable profit.

10- Participations and statement of shares which are purchased by the company
11- Company’s clients debts
12- Company’s debts to the bank
13- Debt liabilities of the associated companies
14- Other debts required from third parties

Liabilities:
1- Nominal value of company's capital with statement of normal shares separately from other types of shares
2- Legal reserve balance
3- Reserve stipulated in the contract and voting reserve
4- Amounts of depreciation, renewal and insurance against fall of value of assets
5- Amounts assigned for compensation of company's employees
6- Debts recorded with guarantees in kind
7- Debts of suppliers
8- Company’s debts to banks and other suppliers
9- Debt liabilities of the associated companies
10- Issued loan bonds and remaining bonds
11- Other debts required from the company
12- Optional or obligatory deposits of third parties

Article (228)
Rules for estimation
The following rules should be followed when estimating company’s capital:

1. Estimation of real estate, fixed assets, machinery and movables with value higher than its cost and for each financial year the value should be reduced with percentage of depreciation by including depreciation balance in special item for deductions.
2. The raw materials and goods should not be estimated with a higher value by the minimum cost of its purchase value or with cost higher than the market price at the end of the year.
3. The industrial patents, rights of exploitation of inventions, concessions and trademarks should not be estimated with a higher value than the value of its purchase and expenses. This value should be reduced in each with a percentage of what went on that information of time or with percentage of the fall of exploitation rights.
4. Value of shares and stock exchange that have fixed or changeable income will be estimated by the board of directors that should envisage awakening and wisdom as well as considering stock exchange circulation in securities with market cost. The control authority should be notified with the rules followed in estimation and the control authority should observe these rules in its report to the general assembly.
5. The participations that have not the characteristic of shares should be estimated with an amount that does not exceed the amount that appeared in the last budget.
6. Company’s debts will be estimated on the basis of the possibility of its fulfillment.
7. To register in a special list of asset’s item the amounts collected as difference between the due amounts of issued loan bonds on its due date and the amounts collected at time of issuance.

The reductions of asset’s elements should be evidenced in special separate items.

If there are special reasons for not following the decided rules in this article, the board of directors and control authority should state detailed reasons for not following these rules in their report submitted to the assembly.

Article (229)
Constraints repeated in several sessions
Depreciation of establishment and development expenses that have no amount in assets should be through annual reductions from value for a period not exceeding five years if the control authority agrees on that.
In consideration with what is stipulated in the special laws, it should be agreed with the control authority on the followed registration methods in estimating the positive and negative interests and to deduct the due amounts; and the authority's report should include these methods.

Article (230)
The moral value of the commercial place
The moral value of the commercial place should not be recorded in budget's assets unless it was evaluated when buying the place and without increasing the paid amount.
The amount paid should be depreciated according suitable estimation by the board of directors and control authority.

Article (231)
Legal reserve balance
An amount not less than 5% to form the legal reserve should be deducted from the annual net profits until this balance amounts to at least quarter of company's capital.
If the legal reserve is reduced for any reason, it should be completed considering the legislations of special laws.

Article (232)
Increase of share's value
Devolved amounts to the company from issuance of shares with higher value than its nominal value should not be distributed as profits unless the legal reserved is formed in full.

Article (233)
Contribution in profits
The entitlements of founders and board of directors from portion of profits will be calculated on net profits arising from the budget after deducting the legal reserve.

Article (234)
Control authority's report and lodging the budget
The board of directors should enable the control authority to view the budget and its report as well as testimonies and documents during at least 30 days before the specified date of the general assembly's meeting for considering it.
The control authority should present to the general assembly a report on result of the financial year stating its view point and proposals in respect of company's work performance and accuracy of accounts, budget and its approval.

Copy of the budget with reports of the board of directors and control authority should be lodged at company's head quarter during 15 days prior assembly's meeting and it will remain until its approval and the shareholders will view it during the mentioned period.

Article (235)
Distribution of profits among the shareholders
The general assembly that approves the budget will decide distribution of profits among the shareholders and profits on shares should be paid on the profits arising in accordance with the approved budget.
If losses appeared in company's capital, profits will not be distributed unless returning capital to its actual value or reducing it with the amount of losses.
Profits paid with violation of the stipulations of this article will not be refunded if the shareholder received in good faith and according an approved budget.

Article (236)
The effect of budget's approval
Budget's approval by general assembly will not exempt members of the board of directors, general managers and control authority from the responsibility for company's administration.

Article (237)
Lodging the budget
The board of directors should deposit copy of the budget with its report, control authority's report and minutes of the general assembly's approval in the trade register's office during 10 days from the approval.

Seventh: Company's dissolution and liquidation.

Article (238)
Additional reasons
In additional to normal reasons for company's dissolution stipulated in this law, the joint company is dissolved and will be liquidated for the following reasons:

1. Issuance of decision from the abnormal general assembly
2. The general assembly id unable to perform its tasks
3. One of the reasons stipulated in its establishment contract is achieved

Article (239)
Occurrence of an issue requiring dissolution
If an issue occurred that require company's dissolution, the board of directors should invite the abnormal general assembly for meeting within 30 days to take decisions concerning company's liquidation.

Article (240)
Appointment and dismissal of company's liquidators
The general assembly is concerned in appointment of liquidators unless it is stipulated in the establishment contract otherwise. The general assembly will take its decisions with the required majority in respect of the abnormal general assemblies.

When the required majority is not obtained, the liquidators will be appointed by decision from the president of the court of first instance according the request of shareholders or board of directors or control authority.
Liquidators will be dismissed by the required majority of the abnormal general assemblies or by decision from the competent court of first instance according the request of shareholders or control authority or public attorney if there is necessity.
The same legislations will be applied when substituting liquidators.

Article (241)
General assembly's approval
Each agreement concluded between liquidators and joint company's creditors will be obligatory if coupled with general assembly's approval.

Article (242)
Voluntary liquidation proceedings
The liquidator and any joint company's debtor or creditor and any party of interest may request from the court to favor in any issue arising from the voluntary liquidation proceedings according the methods of favoring the issues arising from the judicial liquidation proceedings according the legislations of this law.

Article (243)
General assembly's invitation for meeting
The liquidator during the stage of legislation may invite the company's general assembly for meeting to obtain its approval on any issue that he considers necessary and if to refrain from its liquidation. The control authority or external auditor – if any – may invite the general assembly for meeting if the liquidator refrained from performance with this procedure.

Article (244)
Lodging the liquidation budget
The final liquidation budget duly signed by liquidators with the report of the control authority and certificate from the accounts external auditor should be lodged with the competent trade register office for registration and the budget should state the share of each of them in asset's distribution.
Each share holder may appeal before the court of first instance in facing the liquidators during 3 months following the registration.
The court will favor in the raised appeals in one session and each shareholder may interfere in it.
The proceeding will be considered after expiration of the mentioned term and the reward shall be an argument even to those who did not enter into rivalry.
If the mentioned 3 months term expired and no appeals were submitted, the budget will be considered approved and the liquidators will be discharged.

Article (245)
Deposit of amounts
The amounts that are devolved to the shareholders from the final liquidation budget should be deposited to one of the banks stating name and surname of shareholder or shares' serial

numbers if they are for its holder if not collected by those shareholders during 3 months from date of lodging the budget in the trade register.

Article (246)
Company's cancellation
The liquidator should request the trade register to cancel the company after approval of the final budget for liquidation or after 3 months from the lodged date in the competent trade register.
After company's cancellation, its creditors who were unable to fulfill all or part of their entitlements should claim the shareholders with it at a percentage not exceeding the amount collected in the final budget for liquidation during 5 years from date of cancellation. The company's creditors will not be subject to the competence of the shareholders' personal debtors within the limit of those amounts.
They may refer to the liquidators if non fulfillment of debts is due to their error.

Article (247)
Lodging company's books
After completion of liquidation and distribution of assets or depositing the amounts stipulated in article (245), company's books should be lodged in the competent trade register and to be kept in it for 5 years from date of registering company's cancellation; any person may view it after payment of the decided fees.

Article (248)
Compulsory liquidation
The court may decide to liquidate compulsorily the company according the request of parties who have interest in the following cases:

1. If the company committed serious violations of law or its basic system
2. Impossibility to perform its duties or the general assembly could not perform its tasks continuously.
3. If the company suspended its business for a period exceeding one year without justification or legal reason
4. If company's losses exceeded (75%) three-quarters of its total capital unless the company's general assembly decided to increase the capital immediately to at least two-thirds of the subscribed capital.

Eighth: Holding Company

Article (249)
Company's form
The holding company is a joint stock company which controls financially and administratively one company or more other companies which become its affiliate through ownership of at least the absolute majority of the shares of that company or companies whether joint stock companies or limited liability companies or Tawssiyah by shares companies. The expression "holding company" should be added to company's name in all its papers, announcements and other testimonies that are issued by the company.
Any joint stock company should not own more than 50% in any company of the mentioned companies in the previous paragraph unless it changes its legal form to a holding company.

The holding company should not own shares in Tadamun companies or in Tawssiyah Bassita companies.
The affiliated company should not own any shares in a holding company.

Article (250)
Company's purposes
The purposes of the holding company are as follows:

1. Establishment of affiliated companies or control of other companies' administrations or participation in its capital
2. Investment of its funds in shares, bonds and stock exchange.
3. establishment and management of funds and investment portfolios
4. granting loans, guarantees and financing its affiliated companies
5. Ownership invention patents, trademarks, concessions and other moral rights as well as its exploitation, hiring to its affiliated companies or others.

Article (251)
Company's financial relations
The holding may grant loans, guarantees and may finance its affiliated companies or to permit its affiliated companies to perform these operations between themselves according the following conditions:

1. The operation should be justified for its actual practical requirement.
2. The operation should be completed in a usual manner without unusual conditions for such operations.
3. There is no harm or fatigue on the existing company and the last will receive actual income from this operation
4. The operation should not be on tax considerations or in consideration of personal interests of the managers of specific companies.

Article (252)
Company's capital
The holding company's capital should be sufficient for fulfillment of its purposes and the paid amount on establishment should not be less than one million dinars or three-tenth of the subscribed capital in cash whichever is greater.

Article (253)
Appointment of its representatives in the affiliated companies
The holding company will appoint representatives in its affiliated companies with the percentage of its contribution in capital.
If the affiliated company is fully owned to the holding company, the holding company's board of directors is considered the general assembly of the affiliated company. If the affiliated company is a holding company, its board of directors is considered the general assembly of its affiliated companies.

Article (254)
The gathered budget and financial lists
The holding company should prepare at the end of each financial year a gathered budget and details of profit and loss or cash flow for it and all its affiliated companies; it should be

submitted to the general assembly with the clarifications and related data according the requirements of the prevailing accountancy measures and principles.

Article (255)
Company's responsibility
The holding company is not considered liable for debts of the affiliated company but the holding company will be liable for the debts of the affiliated company in case of its bankruptcy if the percentage of what it owns is 75% of its capital.

Nine: Public Partnership Company

Article (256)
Identification
Public Partnership Company means: each company that one or more public corporate bodies owns its capital in full; public companies have the form of the partnership companies and the legislations of this law are applied on them.

Article (257)
Public company's establishment
Public companies are established according GPC decision including the basic system in accordance with an economic feasibility study from the competent authority in consideration of the legislations organizing the partnership companies.

Article (258)
Company's general assembly
The company's general assembly is formed from the shareholders and the corporate body who subscribes in the company will specify a representative on his behalf.
If the company is fully owned to one public corporate body, this person will form the company's general assembly from an odd number of persons who are qualified and experienced in company's activity; and should not be less than 7 persons including the president of the assembly.

Article (259)
Responsibility of assembly's members
General assembly's members should practice their specializations with the necessary care and seriousness to achieve company's purpose and they are responsible towards errors and negligence in taking decisions.

Article (260)
Other company's authorities
Public company's authorities are formed according what is organized in this law and the public companies are not subject to the system of financial controllers stipulated in the state's financial system law.

Part Three
Companies with a dual nature
Firstly: Tawssiyah by Shares Company

Article (261)
Identification
Tawssiyah by Shares Company (TSC) is a company which is formed from two categories of partners, one category is the working partners and the other is the category of the limited partners.
The working partners in TSC are responsible by solidarity unlimited responsibility towards company's commitments whereas the limited partners will be liable within their subscribed share in capital.
Company's capital will be divided in shares equal in value and subscription will be with shares.

Article (262)
Company's name
TSC will work under a commercial name in addition to the name of one of the working partners and to mention the legal relation between the partners and the company may work under an invented name; in the two cases the expression "TSC" should be added.
The name of the limited partner should not be mentioned with company's name; if it is mentioned with his knowledge, he will be responsible towards its commitments by solidarity in respect of the others.

Article (263)
Applicable rules
The rules stipulated concerning partnership companies will be applied on TSC without contradicting the following legislations.
Legislations of article (81) will be applied on the relations between the working partners and others until the company is registered in the trade register.

Article (264)
Establishment contract
The establishment contract should include the names of working partners who will be considered legally as company's managers and the same duties decided for the board of directors of a partnership company will be on them.

Article (265)
Dismissal of managers
Dismissal of managers will be by decision to be issued with the required majority of the abnormal general assemblies of partnership companies; if dismissal is without justification, the dismissed manager should claim compensation.

Article (266)
Substitution of managers
The general assembly will appoint a manager instead of the manager whose post is vacant for any reason with the decided majority in the previous article.

If there are multiple managers, the remaining managers should agree on the appointment and the new manager will acquire the rank of working partner once he accepted the appointment.

Article (267)
The impact on the managers' vacancies
If the posts of all managers are vacant and not managers were appointed instead of them, the control authority will appoint a manager temporarily and immediately to perform the urgent business of the administration for a period not exceeding 6 months.
The temporary manager will not acquire the power of the character of the working partner.
The control authority should invite the abnormal general assembly for meeting during one month from date of appointing the temporary manager to decide company's destiny.

Article (268)
Control authority and claim for responsibility
Working partners' shares will not authorized voting right on decisions of the general assembly concerning appointment or dismissal of members of the control authority or raising claim for responsibility against them

Article (269)
Establishment contract's amendment
The general assembly should agree on any amendments in the establishment contract and the decisions are considered correct when issued with the majority in respect of the correctness of the decisions of the abnormal general assembly of the partnership company.
In addition to that, the agreement of all working partners should be obtained.

Article (270)
Working partners' responsibility
The legislation decided concerning partners' responsibility in Tadamun company organize the responsibility of working partners towards the others in TSC.
The working partner that his character as manager is expired should not be asked on commitments arising from company's administration after registering the expiry of his post in the trade register.

Secondly: Limited Liability Company
General legislations

Article (271)
Identification
Limited Liability Company (LLC): is the company in which the number of partners should not exceed 25 partners and should not be less than two partners. Each partner will be asked within his portion in capital and partners' portions will not be represented in shares.

Article (272)
Company's name
LLC should have a commercial name and the expression "LLC" should be added to the company's name. If the managers neglected this legislation, they will liable for compensating the harms arising from that.

Article (273)
Restriction on the company
LLC purposes should not be performance of business of banks or insurance; and the concerned secretary may issue decision to restrict some other activities on these companies.

Article (274)
Banning public subscription
The company should not resort to public subscription to form its capital or increase it and should not issue loan bonds.

Article (275)
Company's capital
Company's capital should not be less 3000 dinars, to be divided into equal shares and the nominal value should not be less than ten dinars.
Capital to be paid in full on establishment; if the capital amounted the minimum stipulated in the fourth paragraph of article (101) or exceeded that, the rules followed in partnership companies will be applied.

Article (276)
Establishment contract
The company should be established with official contract that contains the following:

1. Name and surname of each partner, father's name, home, nationality, date of birth and number of identity card.
2. Company's name and head quarter
3. Company's purpose
4. Amount of capital, share of each partner, statement of shares in kind, value and names if any; and for its estimation, the legislation of partnership companies will be applied.
5. Conditions for shares' assignment
6. The decided rules for distribution of profits and losses.
7. Number of managers and their powers and to mention who will have the right to represent the company
8. Control authority's members if they should be appointed
9. Company's period

Article (277)
Distribution of shares
LLC will not be established unless all shares are distributed.
If the partner submitted share in kind, the rules followed in partnership companies concerning evaluation of shares will be applied.

Article (278)
Shares' ownership transfer
The shares will be subject to sale unless the establishment contract stipulates otherwise and the person who does not intend to sell his share to partner should inform the managers with the offer that he received.

Article (279)
The form of shares' assignment
The partner may assign to one of the partners or others with official written document according company's contract and will not complain on this waiver in facing the company or others except from date of registration in the trade register and commercial register. The company should not refrain from registering the assignment in the register unless it contradicts what is stipulated in the company's contract.

Article (280)
Partners' notification
If one of the partners intends to assign his shares to a person who is not a partner with or without compensation, he should notify the remaining partners through company's manager with assignment conditions and the manager should notify the partners once he received the notification. Each partner may request refund of share with the value that will be agreed upon; in case of dispute regarding the value, an expert who is appointed by the competent court of first instance will estimate this value on the date of refund. If 30 days from date of notification is elapsed without any partner uses the right of refund, the partner will be free to dispose of his share.

Article (281)
Multiple claimants for refund
If more than one partner uses the refund right, the sold shares will be divided among them with the percentage of the share of each of them in capital.

Article (282)
Transfer by inheritance
The share of each partner will be transferred to his inheritance and the recommended will take the ruling for the heir.

Article (283)
Proceeding on shares
If the creditor of one of the partners resumed proceeding procedures on the share of his debtor, he may agree with the debtor and company on the method for sale and conditions: otherwise the share should be offered in public auction and the company may refund the sold share in favor of one partner or more with the same conditions that the auction awarded during 15 days from date of auction's award. These legislations will be applied in case of partner's bankruptcy.

A – Company's authorities
1 – General Assembly

Article (284)
General assembly's invitation for meeting
LLC will have a general assembly which is formed from all partners.
The managers should invite the general assembly for meeting by registered letters with acknowledgement of receipt to be sent to partners at their homes as stated in the company's record prior at least 8 days from date of meeting without prejudice to the texts of the establishment contract.
Date, place, specified time for meeting and agenda should be mentioned in the letter
At least one meeting in the year should be held by the general assembly during the three months following the financial year of the company. It may be invited at any time at the request of the managers or control authority or a number of partners representing one-quarter of capital.

Article (285)
Assembly's decisions
The ordinary general assembly issues decisions with the majority of company's capital unless the establishment contract stipulates otherwise; and decisions of the abnormal general assembly will be issued with the majority of the number of partners who represent at least two-thirds of company's capital.

2 – Company's administration

Article (286)
Appointment of managers
Company's administration will be managed by one partner or more or from others who will be appointed by the general assembly as stipulated in company's contract or basic system.

Article (287)
Complaints from decisions of managers or control authority
The legislations stipulated in the partnership companies will be applied on complaints from the acts of managers or control authority.

Article (288)
Control authority's appointment

1. The partners should appoint the control authority if company's capital exceeded on hundred thousand dinars
2. The legislations organizing the partnership companies will be applied in respect of the control authority

3 – Company's accountancy system
Article (289)
Company's books
In addition to the books and accountancy form that are imposed by law on traders, the company should keep the following books:

1. Partners' register – to record partners' names, value of shares and any changes concerning them
2. Register for minutes and decisions of the general assembly – to evidence in it the written minutes with official contract
3. Register for meetings and decisions of managers
4. Register for meeting and decisions of the control authority, if any

The managers should keep the first three registers and the control authority should keep the fourth register; and the partners have the right to view the two registers in items (1, 2) and obtain summaries from them at their own expenses.

Article (290)
Budget
The budget should be prepared according the legislations of the partnership companies.
The managers should lodge at company's head quarter copy of the budget with profit and loss account and their report within 15 days from the assembly's meeting.
If there is a control authority, the legislations of article (230) will be applied.

Article (291)
Amendments in establishment contract and company's dissolution
The rules stipulated in partnership companies will be applied concerning amendments in establishment contract, increase and decrease of capital, company's dissolution and liquidation and other issues for which there is no special legislation.

Part Four
Firstly: Company's transfer

Article (292)
Transfer between Tadamun Company and Tawssiyah Bassita Company (TBC)
Tadamun Company may be transferred to TBC.
TBC may be transferred also to Tadamun Company and in both cases agreement of all partners should be obtained.

Article (293)
Transfer to other companies
Tadamun Company or TBC will be transferred to LLC or TSC or Partnership Company with the agreement of all partners and the partners will not be exempted from in this case from guaranteeing company's commitments before publication of decisions for alteration in the trade register unless creditors accept this alteration.
Written statement that creditors do not object on the decision for company's transfer during 30 days from date of their notification with registered letter to the address in the company is considered an acceptance.

Article (294)
Transfer to Partnership Company
LLC and TSC which its capital is full paid will be transferred to Partnership Company according the legislations stipulated in this law in accordance with decision of the abnormal general assembly.

Article (295)
In case the company is transferred to Partnership Company or TSC, each partner shall have a number of shares to be equal in value of his share according the last approved budget.
The partner who objects on the decision for transfer may request withdrawal from the company.

Article (296)
Evaluation of assets
The assets and its contents should be re evaluated by a committee of experts including a legal accountant to be formed by the competent court of first instance according company's request before registering the decision of company's transfer.

Article (297)
Necessity of fulfillment of necessary conditions
Company's transfer should be after fulfillment of the necessary conditions of the legal form and completion of procedures for registration and declaration decided in accordance with this law.

Article (298)
Continuation of the moral characteristic
Company's transfer to another type of companies will not be consequent to emergence of new corporate body and the company's corporate characteristic will remain. It shall reserve all its rights and it will be liable towards its commitments prior the transfer.

Secondly: companies' amalgamation

Article (299)
Types of amalgamation
Without prejudice to competency legislations included in this law and other prevailing regulations, two or more companies may be amalgamated in accordance with amalgamation contract for establishment of new company to replace the amalgamated companies or to amalgamate a company or more in an existing company.

Article (300)
Amalgamation contract
The amalgamation contract specifies the new company's capital and the number of partners' shares in each company of the companies which are amalgamated to be equivalent to the valued of what is devolved to the new company from funds of that company.
The shares will be distributed between the mentioned partners with the percentage of their participations and shares in the amalgamated company.

Article (301)
Amalgamation procedures
Amalgamation will be completed by following the following procedures:

1. Issuance of amalgamation decision from the abnormal general assembly of each company from the amalgamated and amalgamating companies
2. Evaluation of assets and liabilities of each company of the amalgamated companies according the report of committee of experts including a legal accountant to be appointed by the competent court of first instance in order to specify the net rights of shareholders or partners
3. Amalgamation contract to be signed by the authorized officials on behalf of the amalgamated and amalgamating companies.

Article (302)
Informing the creditors
The legal representatives of the companies concerned with amalgamation should inform the creditors of the amalgamated and amalgamating companies about the amalgamation decision during 10 days from date of registering the amalgamation in the trade register as well as its publication and announcement in two national daily newspapers.
The decision will not be considered valid unless 90 days elapse from date of registration in the competent trade register without objection from any creditor or by issuance of final verdict from the competent court refusing the objection raised during that period.
The amalgamated company's corporate characteristic will end with the execution of the referred to decision. The established company from amalgamation or the amalgamating company will replace the amalgamated companies in all rights and commitments.

Article (303)
Increasing capital
The amalgamating company's capital will be increased with the equivalent of net rights of shareholders or partners in the amalgamated company or companies according the result of evaluation.
The increase in capital will be divided in new shares to be distributed among the partners and shareholders in the amalgamated company or companies with the percentage of their participations or their shares.

Article (304)
Appeal in amalgamation decision
Appeal in amalgamation will not suspend continuation of work until a final verdict for invalidity will be issued from the court. When the court considers the claim for invalidity, it will consider a period for correcting the reason of the claim for invalidity; and will refuse the proceedings for invalidity if the concerned authority will correct the situation before pronouncing the verdict.

Article (305)
Responsibility of the amalgamated companies' authorities
The chairman, members of the board of directors, general manager, president and members of the control authority, company's legal accountants or amalgamated companies are considered personally responsible towards the others for any claims or commitments on their

companies and was not registered or announced before signing the amalgamation contract unless it was proved that they were not aware of it.
The company arising from amalgamation or the amalgamating company will bear the commitments which were hidden from the officials or the employees of those companies and which result on the amalgamated companies; with its right to refer to them.

Article (306)
Registration of amalgamation decision
Amalgamation decision, establishment contract and new basic system or any amendments will be registered in the competent trade register and will be published according the decided procedures in this law.
Registration of the companies which its corporate characteristic is expired will be cancelled according the decided procedures of this law.

Thirdly: Splitting companies

Article (307)
Identification
Partnership companies, TSC and LLC may split its financial disclosure to other existing companies or newly established. Splitting may be arranged by the concerned secretary's decision according the recommendation of the competency council.
The companies mentioned in the previous paragraph will be split according competency legislations stated in this law.
Splitting can be totally and will include all company's financial disclosure on condition that company's capital was fully paid; and splitting can be also partial.
The company will be dissolved without its liquidation when splitting is totally and it is necessary the its legal representative will cancel its registration in the competent trade register.

Article (308)
Decision for splitting
The abnormal general assembly will issue decision for splitting and it should include the following data:

1. The target for splitting
2. Commercial name, head quarter, legal form of the companies arising from splitting
3. Managers' names or members of board of directors of the companies arising from splitting
4. Value of assets and liabilities of the companies arising from splitting
5. Value of shares concerning the company if the splitting is partial and value of shares concerning the partners if splitting is totally.
6. To specify the percentage of shares' distribution and justification for its choice
7. List of distribution of human resources between the companies arising from splitting

Splitting decision should be registered in the competent trade register during 10 days from date of decision.

Article (309)
Evaluation of elements and form of companies
The elements of assets and liabilities which are devolved to companies arising from amalgamation should be evaluated according the report of a committee of experts to be appointed by the competent court of first instance.
The companies arising from splitting should take any form of the legal forms of companies; and it is necessary to consider the legally decided conditions and procedures of the form to be selected.

Article (310)
Objection on splitting
Shareholder or partners who objected the splitting decision may withdraw from the company.

Fourthly: Companies' grouping

Article (312)
Identification
Without prejudice to competency legislations state in this law, companies' grouping is allowed for the purpose of achieving specific business or activity

Article (313)
Moral Characteristic
Companies' grouping will not enjoy the legal characteristic and each company in this grouping or consortium will still keep its legal characteristic

Article (314)
Contract of grouping
The contract of formation of the grouping organizes the means for cooperation and management, distribution of tasks and to specify the responsibilities of the group companies.

Article (315)
Relation with others
The legislations organizing the joint stock companies will be applied on the relation between the group companies and others.

Chapter Three: Civil Companies
Part One: Tsharokiat

Article (316)
Identification
Tsharokia: is a civil company in which the national individuals subscribe with effort or effort and money, on full time themselves without employing others for practicing agricultural, professional and craft activities.
The number of subscribers should not be less than three. One of them or some of them should not have the character of the manager. Its capital should commensurate its activity.

Article (317)
Establishment conditions
The conditions of establishing the Tsharokia are as follows:

1. The partners should be Libyans
2. All partners should be fully eligible
3. Each partner should be medically fit to practice the activity which the Tsharokia resumes.
4. to consider unity and specialization in specifying the Tsharokia's purpose
5. Partners should have the necessary scientific qualification if the profession or craft require.

Article (318)
Establishment contract
The establishment contract and basic system of the Tsharokia should specify the following issues:

1. Method of partners' meeting and legal quorum for taking decisions
2. Method of organizing minutes of meeting and the accountancy books of the Tsharokia
3. Partners' shares, types of subscription and each partner's share in profits and losses
4. Appointment of company's legal representative

Article (319)
No assistance from others
Each partner should have an active role in the activity of the Tsharokia and others should not assist in performing the work of the Tsharokia

Article (320)
Partner's responsibility
The partner in the Tsharokia has unlimited liability towards its debts within the limit of his share in the debts

Article (321)
Accounts external auditor
The partners in the Tsharokia should appoint an accounts external auditor in the cases that require that in accordance with the legislations of article (181) of this law

Article (322)
Applicable rules
The legislations organizing Tadamun Companies will be applied on the Tsharokia unless there is no special legislation in this chapter.
If the Tsharokia do not comply with the legislations of this chapter, the partners should dissolve it or change its legal form to a commercial company.

Second branch: Real estate Company

Article (323)
Identification
Real estate Company (REC): is a civil company specialized in construction and sale of different buildings.
Public real estate companies may construct different buildings as well as to sell, hire and rent it.
The necessary control for the license to practice this activity will be specified by GPC decision.

Article (324)
Payment of capital
Half of the capital of REC should be paid as minimum limit on establishment.
The basic system will specify the date or dates for payment of the remaining capital during 5 years from date of registering the company in the trade register.

Article (325)
Shares
Company's capital should be divided into equal shares in its nominal value. The basic system will specify the method and conditions of shares' circulation or assignment.

Article (326)
Partner's responsibility
The partner in REC has unlimited responsibility towards company's debts

Article (327)
Company's administration
The partners will appoint a manager to manage the company and the manager will be the company's legal representative in facing the others and before the court.

Article (328)
Manager's powers
The manager will take all the necessary decisions to achieve company's purposes and any restriction set by the partners in this respect will not be valid in facing the others unless registered in the trade register or it is proved that the others are aware of it.

Article (329)
General assembly
The partners will form a general assembly which is the power in the company and it will practice its specializations stipulated in the basic system; and it will particularly perform the following:

1. To set the basic system and to enter any amendments
2. To choose the manager and to specify his rewards as well as exemption and isolation
3. To choose accounts external auditor, to specify his fees as well as exemption and isolation according the legislations of article (18) of this law.

4. To approve the budget and to take decisions concerning profits' distribution and disclaimer of manager or liquidator

The basic system will specify the procedures concerning invitation of general assembly for meeting and method of taking decisions.

Article (330)
Applicable legislations
The legislation of Tadamun companies will be applied on REC unless there is no special legislation.

Third branch
Cooperative companies
Firstly: general legislations

Article (331)
Company's establishment
The corporations which its purpose is exchanged cooperation as a type of the types of Cooperative companies whether it liability is limited or unlimited will be according the following legislations.

Article (332)
Cooperative unlimited liability companies (CULC)
CULC will be asked about its commitments within the limit of its constituents; and in case of declaring bankruptcy of CULC, the partners' responsibility will be unlimited subordinate responsibility.

Article (333)
Cooperative limited liability companies (CLC)
The subscription shares in CLC should be on the basis of shares and the company will be asked about its commitments within the range of its constituents.
The establishment contract should stipulate that in case of company's bankruptcy, each partner will become subordinately responsible by solidarity for double of his share amount.

Article (334)
Company's name
The company's name whatever is selected should state whether it is CULC or CLC.

Article (335)
Applicable rules
The decided rules applied in partnership companies concerning shares, additional advances, assemblies, managers, controllers, company's books, budget and liquidation without contradicting the following legislations and legislations of special laws will be applied on Cooperative Companies in all cases.

Article (336)
Cooperative companies subjected to special laws
The following texts according the extent appropriate with the laws will be applied on cooperative companies which are subject to special laws.

Secondly: establishment

Article (337)
Establishment contract
The establishment contract should be in official paper that includes the following data:

1. Name and surname of each partner, father's name, place of residence and nationality
2. Company's name, head quarter and branches, if any
3. Company's purpose
4. Company's statement in respect of liability and if it is limited liability, details of shares and details if there is subordinate responsibility of the partners according the case
5. Each partner's subscription and amount paid in capital or value of nominal shares if the capital is divided into shares
6. Value of rights of partners and value of advances in kind
7. Condition for accepting members in the company and method of presenting capital and time
8. Conditions for withdrawal of partner from the company and his dismissal
9. Rules for distribution of profits and the highest percentage for distribution and what is devolved from the remaining profits
10. Method of inviting the general assembly if it was decided to refrain from the method which is decided by law
11. Number of managers, extent of their powers and to state who will represent the company
12. Number of control authority's members
13. Company's period

The special system for conducting company's business will be considered complementary to the establishment contract and will be annexed to it even if it was a separate contract.

Article (338)
Partners' alteration and amendment of capital
Alteration of the number of partners or their persons will not,,,, entry of any unspecified change in the establishment contract and company's capital even if the company's liability is limited.
The managers should lodge every 3 months to the trade register a list stating alteration of partners who are responsible with unlimited liability or partners who are committed with responsibility at the extent of double their shares for registration in the register.

Thirdly: Quotas and Shares

Article (339)
Company's purchase of quotas and shares
The establishment contract should stipulate managers' authorization right for purchase of company's shares and quotas or refund of its value to its owners. Purchase or refund of value should be from the available amounts should be from the fixed net profits in the budget.

Article (340)
Transfer of quotas and shares
Transfer of quotas or shares will not be valid in company's right unless approved by the managers.
Without prejudice to partner's right in withdrawal from the company, the establishment contract may prohibit transfer of quotas and shares a valid transfer in company's right.

Article (341)
Nonpayment of quotas and shares' value
If the partner did not pay in full the due amount or part of quotas and shares' value or the subscribed shares after warning, he may be dismissed from the company.

Article (342)
Acceptance of new partners
New partners will be accepted by managers' decision upon request of the concerned.
The new partner should pay an amount specified by the managers for each financial year in addition to the value of quota or share taking into consideration the fixed alternate balances in the last approved budget.

Article (343)
Partner's withdrawal
In the cases in which the law or establishment contract allows withdrawal of partner, the partner who desires withdrawal should inform the company with registered letter and the managers should remark this in partners' register.
The withdrawal is considered valid from date of expiry of the current financial year if the application is submitted before 3 months from expiry of the financial year.

Article (344)
Partner's dismissal
In addition to dismissal of partner for not paying the value of quotas or shares or for other reasons mentioned in the establishment contract, the partner will be dismissed if he abandons his commitments or due to loss of legal eligibility or is arrested or a conviction is issued which prevent him from civil rights or if he declared his bankruptcy.
If dismissal did not occur by law conviction, it will be by partners' assembly or the managers if the establishment contract authorizes them. The dismissed partner should be notified with this decision.
The dismissed partner will object for his dismissal before the court of first instance within 30 days from date of receiving the decision.
The court may suspend execution of this decision.

The dismissal decision will be valid from date of registration in partners' register.

Article (345)
Partner's death
In case of partner's death, his heirs have the right to claim liquidation of his quota or refund of shares' value according the legislations of the following article unless it is stipulated that the company will continue with the heirs themselves.

Article (346)
Liquidation of quota and refund of shares' value
In case of withdrawal of a partner from the company or his dismissal or death, the quota will be liquidated or the value of the shares will be refunded on the basis of the financial year's budget in which the relation between the partner and company has expired. Payment should be during 6 months following the date of approval of that budget.

Article (347)
The quitting partner and heir's responsibility
The partner whose relation with the company has expired will still be responsible for payment of the remaining amount from capital for a period of two years from date of his withdrawal or dismissal from the company or from date of transfer of his quota or shares.
The mentioned partner will still be responsible for the same period towards others within the limit of the affiliated responsibility stipulated in the establishment contract for company's commitments until the day of waiver of partner's character from him.
Partner's heirs will be still responsible with the same method and same period towards the company and others.

Article (348)
Partner's special creditor
The quota or share of the debtor partner is enforceable by his special creditor if the company still exists; in case of extension of company's period, the special creditor may object on this extension.

Fourth: Company's authorities
A – General assembly

Article (349)
Voting right in the general assembly
The partners who registered their names in the partners' register for a period not less than 3 months prior date of the assembly's meeting will enjoy the voting right in the assembly.
Each partner has one vote whatever is the value of his quota or number of his shares and if there is a corporate body among the partners, the establishment contract may authorize more than one vote and not exceeding five votes in consideration of the value of its quota or shares or number of its members.
The required majority of the legal quorum for forming the assembly and for validity of its decisions will be accounted on the basis of the authorized votes to the partners.
The establishment contract may specify the required majority unlike the established majority in respect of partnership companies.

Vote may be given by correspondence if it is stipulated in the establishment contract and in this case the announcement for invitation of the general assembly's meeting should include the issues to be considered in details.

Article (350)
Attendance in the assembly
Partner should assign another on his behalf except among the partners or in cases permitted in the establishment contract and one partner should not attend on behalf of more than 5 partners.

B – Board of directors and control authority

Article (351)
Managers and controllers
Managers should be partners or agents of participating corporate bodies and they should submit a guarantee at the extent and methods stipulated in the establishment contract unless the contract exempts them from that.
The establishment contract may stipulate selection of manager or controller from the deputed to different categories of partners in respect of the interest of each category in company's activity.
The text in the establishment contract may authorize the state or public corporation to appoint one or more control manager.
Anyhow, partners' assembly should appoint the majority of managers and controllers.

Article (352)
Distribution of profits
One-fifth of the annual net profits should be assigned for the legal reserve whatever is its amount.
The available part of profits after deducting the legal reserve or what is stated in the establishment contract and which is not distributed among the partners, should be assigned to achieve the purposes of joint interest.

Fifth: Alteration of establishment contract and company's expiry

Article (353)
Alteration of establishment contract
The legislations concerning the similar decisions decided for partnership companies will be applied on the decisions for establishment contract's alteration.

Article (354)
Company's dissolution
The cooperative company will be dissolved for the reasons for which the partnership companies are dissolved and it will also be dissolved by depreciation of capital.

Article (355)
Payment disability
If it is revealed that company's assets even if it was in the stage of liquidation are not sufficient to fulfill its debts, the concerned authority for controlling the company may request to put the company under legal receivership.

Article (356)
Partners' responsibility and affiliation
In case of declaring bankruptcy of a cooperative company in which there are responsible partners who have subordinated limited or unlimited liability, will be asked about company's debts at the percentage of losses according the list of distribution which is set by bankruptcy official; and the amount required from partners who ar unable to pay will be distributed with the same percentage.
After closure of bankruptcy, the creditors will still be reserving their rights to fulfill their debts before each partner within the limit of the subordinated liability unless the bankruptcy expires by signing the reconciliation with the company.

Sixth: Controlling

Article (357)
Control of cooperative companies
The cooperative companies are subject to permits, control and other supervisory means which are decided by special laws.

Article (358)
Company's administration by competent authority's manager
In case the cooperative company is not operated legally, the competent administrative authority should exempt the managers and controllers from their tasks and will assign the company's management to a manager. It should specify his powers and period of deputation. The manager may authorize the competent authorities in the general assembly within the limit of specific work, but his decisions in this respect will not be valid without the approval of the competent administrative authority.

Article (359)
Assembly's dissolution by order of the competent administrative authority
If the competent administrative authority realized that the cooperative company is not capable to achieve its purposes for which it was established or it did not lodge its periodical budget for two consecutive years or it did not perform any work of its activity, it should dissolve the company according an issued decision and it will order its registration in the trade register as well as its publication according the means which are legally followed.
If there is need for liquidation, the administrative authority in its decision will appoint a manager or more to liquidate the company.

Seventh: Cooperative companies for managing utilities and corporations of public interest

Article (360)
Identification
Cooperative companies for managing: are companies which do not basically seek profit; it will manage utilities and corporations of public interest.

Article (361)
Partners' responsibility
Partners' responsibility in the company is unlimited liability and the company should assure performance of its responsibilities towards the others.

Article (362)
Applicable legislations
The rules established in respect of the cooperative companies to the extent that does not contradict the following legislations and the legislations of special laws will be applied on this type of companies unless a special text is stated.

Article (363)
Company's purposes
The company should follow the public policy which is set bt the competent sector of utilities and should not practice any activity unlike the purpose for which it was established.

Article (364)
Company's name
It should be stated in company's name, whatever it was chosen, its description with cooperative company for management, with unlimited liability; and the name should include a reference to the type of utility that it will manage.

Article (365)

Establishment contract
The establishment contract should be official and it should include the following data:

1. Name and surname of each partner, father's name, home, place of residence, nationality, date of birth and identity card number
2. Company's name, head quarter and branches, if any
3. Company's purpose
4. Amount of capital, method of its presentation and amount paid in capital.
5. Conditions for accepting new members in the company.
6. Conditions for withdrawal of partner from the company and his dismissal
7. Rules for distribution of profits.
8. Method of inviting the general assembly.
9. Number of managers, extent of their powers and to state who will represent the company
10. Number of control authority's members
11. Company's period

Article (366)
Registration in the trade register
The company will acquire the corporate body once it is registered in the competent trade register and it should not practice its activity without obtaining permission from the concerned sector.

Article (367)
Capital
Company's capital will be divided in a number of equal quotas of nominal value and the quotas will be distributed equally among the partners.
Company's quotas should be in cash and the nominal value of each quota should not be less than 10 dinars.
At least half of the quota's value should be paid on establishment and the remaining will be paid during two years from date of company's registration in the trade register.

Article (368)
Inheritance rights
In case of partner's death, his heirs have right to claim liquidation of his quota or refund of quota's value to them according legislations of article (345) and what is after it in this law; and they may continue participation if one of the heirs is specialized in the field of company's business.

Article (369)
Companies' authorities
The legislations stipulated for partnership companies will be applied in respect of the general assembly, board of directors and control authority. Members of company's board of directors should not be less than 5 members and general assembly's decision will approve formation of board of directors and control authority from the concerned sector.

Article (370)
Appointment of controller
The company will have one experienced and specialized controller or more from the concerned sector.
The controller should attend the board of directors' meetings without the right of selection.
The controller should submit quarterly report on performance of the activity of the company and its branches, if any, to the concerned sector.
The concerned sector should be informed immediately of any violations or negligence in company's work.

Article (371)
Appointment of accounts external auditor
The company should appoint an accounts external auditor and he should submit his report to the company's general assembly and to send copy of the report to the concerned sector.

Article (372)
Distribution of profits
Company's annual net profits should be distributed as follows:

1. 30% of the legal reserve whatever is its amount
2. distribution of maximum 20% of profits among the partners
3. other reserves will be assigned for development of the public utility which the company manages

Article (373)
Dissolution and alterations in the company
The company should not be dissolved or amalgamated or substitution of its activity or suspension from practicing its activity or rendering services without the approval of the concerned sector.

Article (374)
Forms of contracts and basic systems
The concerned secretary will issue decision approving the forms of company's contracts and basic systems after consulting the concerned sector.

Chapter Four
Foreigners' contribution, branches and representation offices

Foreign companies in Libya

Article (375)
Contribution in Libyan companies, branches and representation offices of foreign companies
Ordinary foreigners or corporate foreign bodies may contribute in companies according legislations of this law. The concerned secretary will issue decision specifying percentages of contribution and banned fields for foreigners. The foreign companies may open branches or representation offices in Libya according permission from the concerned secretary. The permitted fields for opening branches and representation offices as well as permission's period and renewal conditions will be specified by the concerned secretary's decision.
A fine which is not less than 5,000.- dinars and not more than 25,000.- dinars will be imposed if a branch or office continued practicing its activity after expiry of the permit's period or violation of one of the conditions of the issued permit's decision without prejudice of claiming compensations if necessary.

Article (376)
Budget
The branch or representation office should have an independent budget that states its financial situation and the budget should be audited by an accounts external auditor and to be lodged in the trade register during 10 days from date of its completion.

Article (377)
Powers of representation offices
Representation office will sponsor company's interests, study the market, gather data and facilitate procedures to practice its activity without having a power to sign contracts in its name.

Article (378)
Powers of branch manager
Contracts or actions ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

Chapter Five
Investment Funds

Article (379)
Identification
An investment fund that has a corporate body is established according the legislations of this law for investing funds. It will acquire the legal characteristic as from its registration in the trade register.
The founders may be from banks or insurance companies and may be also from specialized financial companies.
Establishment of financial funds will be after obtaining prior approval from the public control and supervision authority of markets and financial tools other than banks as stipulated in article (394).
The fund will be registered after fulfillment of establishment conditions in special register for funds in the trade register; and the founder may establish more than one fund.

Article (380)
Targets

Investment funds aim to invest its funds in stock exchange and it should not practice any banking activity and particularly lending others or guaranteeing or speculating in currencies or valuable minerals and these funds should not deal in other moveable financial values or other investment fields without special permission from the public
control and supervision authority on markets and financial tools other than banking within the limit of the decided percentage of investment; on condition that the fund should submit a study including a statement with the fields of the moveable values and other fields to be invested as well as justification and expected results of investment.

Article (381)
Capital
Fund's capital will be divided in equal cash investment quotas in its nominal values and owners' liability of these quotas will be limited with value of their quotas in capital; and owners of these quotas should not participate in the investment activities of fund's money. Each quota in the quotas of fund's capital will have nominal value in the Libyan dinar or in any other currency and in all cases the quotas' nominal value will be settled one time and establishment quotas will not be refundable until expiry of the fund's period.

Article (382)
Issuance of investment testimonies
The fund should issue investment testimonies equivalent to ten times of the paid in capital and investment testimonies should not be issued for quotas in kind or moral whatever is its type. The fund will specify the nominal value of the investment testimony at time of issuance and the investment testimony should not be issued unless its value is fully settled in cash.

Article (383)
Testimonies holders' rights
The holders of testimonies have equal rights in the distribution of profit and loss arising from fund's investment at the percentage of testimonies owned or according to what is stated in the basic system.
The basic system will also state the right of testimonies' holders for participation in selection of fund's administration.

Article (384)
Subscription in testimonies
Subscription in testimonies issued by the fund will be inprivate or public subscription. The text of subscription in investment testimonies which are offered for subscription by investment funds should include the following:

1. Fund's name
2. The target of the fund
3. Date and number of the issued permission for fund's establishment
4. Fund's period
5. Testimony's period and nominal value
6. Number of investment testimonies
7. Name of the specified authority to receive subscriptions' applications
8. Minimum and maximum limit for subscription in investment testimonies
9. Specified period for receiving subscription
10. Names of fund's members of the board of directors
11. Names of accounts' controllers
12. Name of investment manager and sufficient summary of his previous work
13. Investment policies
14. Method of distribution of annual profits and means of treating capital profits

15. To state if it is possible to refund the testimony before expiry, its period, procedures and method of reselling it

16. Method of periodical disclosure of information

17. Investment manager's wages

18. Any financial burdens that investors bear

19. Method of periodical evaluation of fund's assets

20. Any other data required by fund's board of directors

Article (385)
Partial subscription in testimonies
If the specified period for subscription expires without subscription in all investment testimonies that were offered, the fund will amend the value of funds to be invested by sufficiency of what is subscribed on condition that it will not be less than 50% of total of the issued testimonies; and in this case, all fund's documents should be changed in accordance with the value of the subscribed testimonies.
Permission of fund's establishment will be invalid if not amended according the previous paragraph or the number of the subscribed testimonies is less than 50% and the authority which received amounts from the subscribers should refund these amounts in full immediately when claimed with the issuance expenses.

Article (386)
Increase in subscription
If subscription applications in testimonies is more than the number of the offered investment testimonies, these testimonies should be distributed among the subscribers at the percentage of what is subscribed and the arising fractions of assignment operations will be disposed in favor of the small subscribers.
In this case the subscriber will submit the subscription certificate to the authority that through which the subscription is concluded to prove the number of testimonies that were assigned for him and amount of what he paid and the remaining will be refunded from what he paid at time of subscription.

Article (387)
Board of directors
The fund's basic system will specify method of appointment of the board of directors and investment manager as well as means for participation of investment testimonies' holders in selecting the members; and the board of directors will be formed during 3 months from date of completing the subscription in investment testimonies, without exceeding one year from date of fund's establishment. The fund will be managed during this period by a temporary board of directors and the method of selection of the board will be specified by the basic system.

Article (388)
Investment manager
Members of the board of directors and general managers should not be subjected to disciplinary decision for dismissal from service or any of them is convicted in a criminal penalty or in a misdemeanor involving honor or honesty or any other penalty in one of the crimes stipulated in companies' laws or trade or stock market or concoction for declaring bankruptcy.
In addition to the conditions stated in the previous paragraph, the investment manager should form a company to be licensed to practice the activity of investment funds' administration or specialized foreign authority. The company's administrators should have the necessary experience and efficiency to manage investment funds' activity. Insurance will be arranged as per decision of the board of directors specifying its value, rules and procedures organizing deductable amounts, its completion and method of recovery.

Article (389)
Fund's administration contract should include particularly the following data:
1. Rights and obligation of contract's parties
2. Administration reward of the investment manager
3. To specify the member who represent the fund in the board of directors and general assemblies of the companies which the fund invests its money in purchasing some of its shares
4. Cases of contract's expiry and cancellation
5. Investment' manager's relation with the bank in which they keep the securities that the fund invests its money in it.

Article (390)
Prohibited dealings
The licensed company that practices the activity of investment fund's administration and its managers working in are prohibited to perform the following operations:
1. To use fund's money in establishing new companies or to purchase securities of companies under liquidation or in case of bankruptcy
2. To achieve interest or profit or concession from the operations that are performed for fund's account
3. To buy investment testimonies of funds which it manages
4. To lend from others for fund's account unless the administration contract permits that within the stated limits
5. To buy shares that are not registered in the Libyan stock market opr abroad or registered in a market that is not subject to the supervision of control authority similar to the stock market authorities
6. Investment of fund's money in testimonies of another fund that it manages
7. To broadcast or publish data or incorrect information or incomplete or to withdraw important information or data

Article (391)
Manager's commitments and responsibilities
Investment manager should keep independent accounts with him for each fund that he manages its activity and to keep the necessary books and records to practice the activity in

addition to books and records that are specified by the public authority for control and supervision on markets and financial tools other than banking. He should provide the documents and data.
The investment manager in his management of fund's money should take utmost care and should protect fund's interests in each action or procedure and he should vary the aspects of investment and avoid conflict of interests between shareholders fund's subscribers, and dealers. Any condition that exempts the investment manager from responsibility or to lessen it will be considered invalid.

Article (392)
Controlling accounts
The fund will have one financial controller or more and they will be appointed by fund's founders.

Article (393)
Fund's expiry
The fund will expire if the number of investment testimonies is reduced to 50% of the total number of the subscribed testimonies unless the majority of the holders of testimonies decide continuation of its activity in a meeting for which the company invites during a week from date of the reduction of the number of testimonies to the limit referred to. Otherwise the public authority for control and supervision on markets and non banking financial tools will invite for this meeting.
In all cases the fund will expire if the number of testimonies is reduced by 25% of the subscribed number.

Article (394)
The public authority for control and supervision on markets and non banking financial tools
The established authority will supervise and control the markets and non banking financial tools in accordance with article No. (2) of Law No. (11) for 2010 referred to. It will also perform what is necessary to guarantee transparency, truth and stability of markets and non banking financial tools.

Article (395)
Executive rules
GPC will issue on presentation of the concerned secretary the executive rules, organization chart, internal system and authority's financial resources referred to in the previous article of this law. It will also include the conditions and procedures for obtaining the establishment permission, participation and subscription in investment fund as well as appeal in decision for refusing its establishment, rights and obligations of management officials, appointment and dismissal of accounts' controllers, method of exchange or circulation of investment testimonies, statement of subscription text, conditions for subscription, rules, legislations and procedures to be followed on liquidation and other arrangements concerning its activity.

Article (396)
Penalties
Without prejudice to any more severe penalty in any other law, a fine of at least 10,000.- dinars and not exceeding 25,000.- dinars will be imposed for for establishing the fund

without obtaining permission from the public authority for control and supervision on market and non banking financial tools and the violator is obliged to liquidate the fund and refund subscribers' money and should bear the expenses of liquidation.

Chapter Six
Penalties of companies
First Part: general legislations

Article (397)
False data and distribution of imaginary profits
If other law did not stipulate a more severe penalty, the penalty is imprisonment for a period not less than 6 months and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of the following two penalties:

1. The partners who are founders, chairman and members of the board of directors, general managers, managers, president and members of the control authority, external auditors and liquidators if they cited bad faith facts that are not identical to the fact in their reports or in budgets or in other data concerning the company in respect of company's establishment or its economic status or hidden all or part of the facts concerning these issues.
2. The chairman and members of the board of directors and general managers if they obtained by any means ,,,, profits or they paid it or distributed profits that are not subject to distribution without an approved budget or on the basis of unreal budget.

Article (398)
Disclosure of company's secrets
The penalty of imprisonment for a period not less than 3 months and not more than one year and a fine not less than 3,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the chairman and members of the board of directors, general managers, managers, president and members of the control authority, external auditors and liquidators if any of them used for his own benefit or for the benefit of others information concerning the company that he obtained by virtue of his occupation or communicated to him if it resulted in harming the company; and claim will not be instituted without complaint.

Article (399)
Violation of manager's duties
The penalty of imprisonment for a period not less than 6 months and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these two penalties will be imposed on the chairman and members of the board of directors, general managers and managers in the following cases:

1. If they abandoned legislations of law and decided reduction of company's capital or its amalgamation with another company
2. If they refunded to the partners directly or indirectly amounts paid from capital or exempted them from settlement of due amounts in cases that it is not decided to reduce capital
3. If they tried to perform their tasks or prevented the partners from controlling in the cases that the law authorized them without the control of company's performance by

the control authority or external auditors who are authorized to control company's business

4. If they misused company's funds without considering company interest but their personal interest or interest of companies or other projects in which they have direct or indirect interest. The same penalty will be imposed if the conditions stipulated in article (251) are not respected.

Article (400)
Lending on company's account and guarantees
The penalty of imprisonment for a period not less than 6 months and not more than one year and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the chairman and members of the board of directors, general managers, managers and liquidators if the lent directly or through another person from the company that they manage or from a company under their control or from a company which is controlled by their company or obtained from those companies guarantees concerning their personal debts unless the company's purpose is to lend and perform credit operations

Article (401)
The penalty of imprisonment of a period not less than 6 months and fine not less than 5,000.- dinars and not more than 29,000.- dinars or one of the two penalties will be imposed on the liquidator if he distributes company's assets among the partners before settlement of creditors' rights or before assignment and keeping the necessary amounts for that.

Article (402)
Negligence in notification
A fine not less than 5,000.- dinars and not more than 20,000.- will be imposed on each of the chairman and board of directors, general managers, managers, control authority and liquidators if they neglected compliance with law in respect of informing the trade register office during the decided period of notifications or data or they did not lodge to the mentioned office what should be followed or they did not fulfill the conditions.
The same penalty will be applied on the attorney in the cases that law sets on his burden the necessity of providing data or information or lodging.

Article (403)
Not mentioning compulsory data
A fine not less than 500.- dinars and not more than 5,000.- dinars will be imposed on each of the chairman and members of the board of directors, general managers, managers and liquidators if they did not care to put the data which should be legally mentioned on company's documents and correspondence.

Part Two
Companies' funds special legislations

Article (404)
Fraudulent acts concerning company's shares and bonds
The penalty of imprisonment for a period not less than 6 months and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on

the chairman and members of the board of directors, president and members of the control authority, general managers, external auditors and liquidators if they promoted false rumors or resorted to methods of fraud for raising company's shares and bonds in the stock and commercial markets.

Article (405)
Exaggeration in valuation of payments in kind
The penalty of imprisonment for a period not less than 6 months and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the partners who are founders if they evaluated by fraud the payments in kind in the establishment contract with an exaggerated amount.
The same penalty will be applied in case of increasing capital on each of the chairman and board of directors, managers and partners who own quotas in kind for cheating or fraud that they committed for exaggerating the evaluation of quotas.
The same penalty will be imposed in case of changing the company's type on each of the chairman and members of the board of directors and general managers if they exaggerated cheating and fraud in evaluating the constituents of the company that they need to change.

Article (406)
Abandonment of managers' duties
The penalty of imprisonment for a period not less than 6 months and not more than one year and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the chairman and members of the board of directors, managers and working managers if the committed one of the following deeds:

1. If they issued shares or assigned quotas with lower amount than its nominal value and if they issued new shares or assigned new quotas before payment in full the value of the first quotas unless the law permits.
2. If they breach law stipulations in articles (119, 120, 121, 122, 134, 339)
3. If the exploited their power to form majority in the general assembly whether through benefiting from shares or quotas that are not yet assigned or by enabling others to resume authorized voting right in accordance with shares or quotas concerning them as if they are its owners and also if they resorted to fraudulent way

Article (407)
Acceptance of undeserved rewards and conflict of interests
A fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the chairman and members of the board of directors and general managers if the committed one of the following deeds:
1. If they received rewards or assignments conflicting article (163)
2. If they did not invite the general assembly for meeting during the periods established in law in the cases stipulated in articles (152, 154)
3. If they participated on company's account in other commercial projects that may cause a fundamental change in company's purposes stated in the establishment contract
4. If they breached legislations of articles (181, 182, 183)
Penalty of imprisonment for at least 6 month will also be imposed if harm occurred to the company in these cases.

Article (408)
Violating duties of control authority and accounts external auditor
The penalty of imprisonment for a period not less than 6 months and a fine not less than 5,000.- dinars and not more than 20,000.- dinars or one of these penalties will be imposed on the president and members of the control authority if they did not comply with legislations of articles (200, 203, 205, 206).

The same penalty will be applied on the accounts external auditor if he did not comply with the legislations of article *209).