DMCC COMPANY REGULATIONS (1/03) AS AMENDED – AT A GLANCE

This document summarises the main Company Rules and Regulations applicable within the DMCC Free Zone and reflects the regulations in place as at 1 November 2017. You are recommended to read the full edition of the DMCC Company Regulations available at www.dmcc.ae. It is the duty of any person or entity operating within the DMCC Free Zone to check for updates to the Regulations and any notices. DMCC bears no responsibility in connection with the representations made in this summary document.

[ ] numbers in brackets refer to the clause number in the regulations.

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INCORPORATION OF COMPANY - SECTION 2

Forming a company [5]

- A Company is formed when its name is entered on the register. [5.2]
- Companies hold legal status of limited liability except a branch which follows the parent company. [5.3]
- [Companies types include:
- New Company;
- Subsidiary;
- Branch (of a local, foreign or free zone company); and
- Representative Office

**Registration of a company [6]**
- Registration will include details of Directors, Secretary. [6.2.2.]
- Memorandum and Articles of Association will set out objects of the Company. [6.2.3]
- DMCC may refuse registration without providing a reason. Its decision shall not be subject to review. [6.3]

**Requirements of Memorandum [7]**
- Outlines name of the Company, limited liability of Shareholders, objects of Company, Shareholder details (name, address, nationality), period (if limited), issued Share Capital, division of shares. [7.1.1-7.1.7]
- Memorandum shall be signed by each subscriber in presence of the Legal Registrar. [7.2]
- Memorandum can only be changed in accordance with the Regulations. [7.3]

**Prohibition of Registration of Companies with Undesirable Names [8]**
- No Company shall be registered with a name that the authority considers undesirable. [8.1]

**Change of Name of a Company [9]**
- A Company, by special resolution, may apply to change its name. [9.1]

**Powers and Objects of a Company – Ultra Viros [10]**
- No act of a Company shall be invalid by reason only that the Company was without capacity or power to perform the act. [10.1]

**Procedures for Alteration of Memorandum [11]**
- A Company, by special resolution, may apply amend its Memorandum. [11.1]

**Articles of Association (AoA) [12]**
- AoA regulate the administration of every Company [12.1] including transfer of shares, general meetings, financial accounts, audit of accounts, Secretary's duties, number of Shareholders and quorum, appointment of Chairman. [12.2]
- May further regulate transfer of shares, dividend declaration & payment, duties of board of Directors and other Officers, appointment of alternate Directors, matters relating to agents, Officers, servants, date of annual meetings, calling of meetings, proxies and majorities, quorum, conduct in other particulars of Company affairs. [12.3]
- A Company, by special resolution, may apply amend its AoA. [12.5]

**Copies of Memorandum & AoA to be given [17]**
- Company must make Memorandum and AoA available to Shareholder/s. [17.1]

**Shareholder [18]**
- Subscribers to the Memorandum are deemed as Shareholders. [18.1]
• Companies shall be permitted to have a minimum of one (1) and a maximum of fifty (50) Shareholders. [18.3]

Form of Contracts [19]
• Contracts are binding whether in written or other form. [19.1,19.2]

Execution of Instruments [21]
• A Company may empower an agent to act on its behalf [21.1] which shall be binding. [21.2]

SHARE CAPITAL, SHARE TRANSFER AND DIVIDENDS - SECTION 3

Company Share Capital [23]
• The minimum issued Share Capital of a Company shall be AED 50,000 per Shareholder [23.1.1], except where permitted by the authority.
• The authority has the right to specify different minimum issued Share Capital requirements for General Trading, Business Centre Leases, Insurance Companies, Hotel Licenses and/or any other licensed activities which the authority may decide to exclude from time to time. [23.1.2]
• The Share Capital of a Company shall be confined to one class of equal value shares. [23.2]

Issue at Premium [25] and Application of Premiums [26]
• Shares may be issued at a premium [25] and a sum equal to the total amount or value of the premiums on those shares shall be transferred to an account (the "share premium account"). [26.1]

Power to Alter Share Capital [28] and Reduction of Issued Share Capital [29]
• If the AoA allow, a Company may, by ordinary resolution, increase its Share Capital [28.1] or by special resolution, reduce Share Capital. [29.1]

Nature and Transfer of Shares [30]
• Shares are personal estate and can be transferred in a manner provided for in the AoA. [30.1].
• The transfer shall be completed using an instrument of transfer and must be registered with the Legal Registrar. [30.2]
• A share pledge may be created. [30.4]

Bearer shares are prohibited [33]
• It is not permitted for any Company to issue bearer shares. [33.1]

Dividends and Other Distributions [34]
• Companies are not allowed to declare or pay dividends, or make distributions out of contributed surplus, if the Company is unable to pay its liabilities as and when due or the realisable value of assets would be less than the aggregate of its total liabilities and its Share Capital and share premium accounts. [34.1]
MANAGEMENT AND ADMINISTRATION - SECTION 4

Registered Office [35] and Service of Documents [36]
- Must have a registered office in the Centre. Where a Company is eligible for a Flexi Office, the Company shall be permitted to carry out its commercial activities as permitted under its license for an initial period of twelve (12) months and thereafter, for such further time period as the authority may determine. [35.1]
- Notice of an address change shall be given to the Legal Registrar within 14 days of the Company changing address. The change of address shall only be effective on registration. [35.2]
- Notices are to be served if left at registered office. [36.1]

Publication of name & Registered Office [37]
- A Company must show its name and registered office on business letters, notices, publications, bills of exchange, cheques, promissory notes, endorsements, invoices, orders, receipts and letters of credit etc. [37.1]

Restriction on Commencement of Business [38]
- Each Company or branch must be licensed to carry on business [38.1], otherwise fines apply.

Power of Legal Registrar to Rectify Register [39]
- Legal Registrar has power to rectify errors, refuse an application. [39.1-39.3]

First Directors [41]
- Persons listed in Memorandum or AoA or official application are the first Directors. [41.1]
- A Company is permitted to have a minimum of one (1) Director and a maximum of six (6). [41.2]

Inaugural Meeting of Shareholders to confirm Election of Directors [42]
- Unless the Memorandum or AoA state otherwise, first Directors shall convene inaugural meeting, a general meeting of Shareholders (the "GM"), to confirm the identity of those who will serve as Directors. [42.1]
- At least five days' written notice shall be given prior to such meeting (stating the place, date and hour). [42.2]
- Such a meeting shall have the same procedure as a GM and quorum being majority present or by proxy. [42.3]
- A meeting called pursuant to clause 42.1 and shall be deemed to be the AGM for the year in which it is convened. [42.5]

General Meetings [43], Failure to Hold AGM or Elect Directors [44] & Position when Election of Directors does not take place [45]
- GM shall be convened at least once every calendar year, except where the Company has only one Shareholder who is permitted to sign a resolution to waive this requirement. [43.1]
• Directors may convene GM any time, called a Special General Meeting (the “SGM”). [43.2]
• Notice of GM must specify the place, day and hour and if the meeting is a SGM the notice shall also include the nature of business to be considered. [43.3]
• Accidental omissions to give notice will not invalidate the proceedings of the meeting. [43.4]
• If a default is made in calling or holding a GM, Directors shall use their best endeavors to hold the meeting as soon as practicable. [44.1]
• If an AGM is not held within 3 months of the required date, the Company may apply to the Legal Registrar to sanction. [44.2]
• If the AGM or election of Directors doesn’t occur, the Company can continue lawfully with its existing Directors in office. [45.1]

Convening of Special General Meeting on Requisition [46]
• The Directors on requisition of the Shareholders holding at least 10% of the paid-up capital of the Company may convene a SGM. [46.1]
• The requisition must state purpose of the meeting and be signed by the requisitions and deposited at the registered office of the Company. [46.2]

Length of Notice for Calling Meetings [47]
• At least 21 days written notice – AGM and SGMs for passing of special resolution. [47.1]
• At least 14 days written notice – all other SGMs. [47.1]
• Notice requirements can be waived by:
  o all Shareholders entitled to attend and vote (AGM).[47.2.1]
  o for any meeting that is not an AGM, majority in number of Shareholders entitle to attend and vote, and majority holding at least 94% nominal value of shares. [47.2.2]

Telephonic Meeting [48]
• Unless AoA says otherwise, any means of remote but simultaneous and instantaneous and full participatory communication is acceptable, such as telephone and video-conference. [48.1]

Power of the Legal Registrar to Order Meeting [49]
• On application by a Director or a Shareholder, the Legal Registrar may order a meeting of the Company. [49.1]

Voting at Meetings [50]
• Subject to provisions of the Regulations, the AoA and any rights or restrictions lawfully attached to any different classes of shares, each Shareholder (in person or by proxy) entitled to one vote for each share held at AGMs. [50.1]
• Any questions proposed at GMs will be decided on a simple majority of votes or as stated by AoA. [50.2]
• Unless a poll is demanded, voters at GMs are entitled to cast their vote through show of hands. [50.3]
• If the Chairman declares the result of a question for consideration, then a book of minutes (conclusive proof) may show result as carried by majority, carried unanimously or lost. [50.4]
• A poll can be demanded by the Chairman, at least two (2) Shareholders entitled to vote or any Shareholder(s) holding at least 10% of the voting rights of all Shareholders entitled to vote. [50.5]

Resolution in Writing [51]
• Written resolutions signed by all of the Shareholders of the Company, who would be entitled to attend and vote, hold the same status as a resolution at a GM. [51.1]
• Above does not apply to removal of an auditor or Director before expiration of term. [51.4]
• Date of resolution is date of signing of last Director. [51.6]

Representation of Corporation at Meetings [52]
• A corporation (if it is a member) may authorise a person as its representative at any meeting of the Company. [52.1.1]
• A creditor (including a holder of debentures) may authorise a person as its representative at a meeting of creditors. [52.1.2]

Circulation of Shareholders Resolution [53] and Conditions to be met before company bound to give notice of resolution [54]
• The Company must circulate written notice (by requisition) of an AGM that is being moved and statement of proposed resolution or business to be dealt with. [53.1]
• The number of Shareholders needed for requisition is not less than 10% of total voting rights or not less than 5 Shareholders. [53.2]
• A copy of the requisition must be signed by requisitions and deposited at the registered office not less than 21 days prior to the meeting (resolution) and not less than 1 week (any other requisition). [54.1]

Minutes of Proceedings to be kept [55]
• Every Company must keep minutes of meetings, signed by the person presiding over proceedings. [55.1]
• The minutes shall be kept by the Secretary or Officer at the registered office, otherwise fines apply. [55.2 & 55.3]

Inspection of Minute Books [56]
• Subject to reasonable restrictions imposed by the Company, any Director shall be entitled to inspect the minutes of GMs for not less than 2 hours during each business day. [56.1]

Keeping of Books of Account [57], Duty to Prepare Company Accounts [58], Financial Statements to be laid before General Meeting [59] and Right to Receive Copies of Financial Statements, Including Balance Sheet, etc. [60]
• Every Company must keep proper records of account, including all sums received, expended, sales, purchases, assets and liabilities. [57.1]
• Records of account kept at the registered office and open to inspection by Directors at all times [57.2], otherwise the authority may order inspection [57.3] and may fine. [57.4]
• Directors shall prepare each financial year a balance sheet, profit and loss, otherwise fines
apply. [58.1]

• Directors shall lay before Company in GM the financial statements (statement of Profit and Loss, Retained earnings, Balance Sheet, Changes in Financial Position, Notes)

• Where the Company wishes to amend the structure of its financial year, it shall execute this via an amendment to its AoA. [58.2]

• The Directors shall, for each financial year, lay before the Company in GMs:
  o statement of the results of operation (i.e. profit and loss account);
  o statement of retained earnings or deficit;
  o balance sheet;
  o statement of changes in financial position;
  o auditors report; and
  o notes include descriptions of accounting principles and should be IAS [59.5]
    unless otherwise identified. [59.1 & 59.2]

• Balance sheet to be signed by two Directors. [59.3]

• If financial statements not laid, Chairman may adjourn for ninety days or longer as agreed by the Shareholders. [59.4]

• Financial Statements shall be made available to all Shareholders 7 days before GM. [60.1]

Appointment of Auditor [62] and Audit [63]

• At inaugural meetings, Shareholders shall appoint auditor/s (not Officers or employees of the Company or affiliated Company) until the next AGM, and if not changed, the first auditor shall continue. [62.1 & 62.2]

• Auditors can be removed by a special resolution. [62.3]

• Remuneration of auditors shall be fixed by the Shareholders. [62.4]

• Auditor shall make a report to the Shareholders. [63.2]

Representation of Director by another Director [65]

• One Director may appoint, in writing to the Secretary, another Director to represent him/her [65.1 & 65.2.1] in general or specific matters, including voting rights. [65.2.2].

Directors Entitled to Receive Notice of Meetings [66]

• Directors may deposit a written request at the registered office to be entitled to receive notice of and to attend and be heard at, any or all general meetings. [66.1]

Appointment of Secretary [67]

• Directors may appoint a Secretary (who may also be a Director) to hold office in accordance with the AoA.

Register of Directors and Officers [68]

• Companies must keep a register of Directors and Officers at its offices [68.1], including name, surname, address (individuals) and Company name, registered office (companies)[68.5] and keep the register open for inspection. [68.3]

• Within 14 days of any change in Director/Officer and/or particulars the register must be updated [68.2] and filed with the Legal Registrar. [68.6]
Removal of Directors [69]
- Subject to the AoA, Shareholders may remove a Director by ordinary resolution at a special
general meeting. Must serve at least 14 days’ notice on the Director and give them a right of
hearing.[69.1]
- The vacancy created by the removal may be filled at the same meeting.[69.2]

Un-discharged Bankrupt Not to Take Part in Management of a Company [70]
- No un-discharged bankrupt in any country may act as a Director or manager, except with leave
of Legal Registrar. [70.1]

Prohibition of Loans to Directors without Consent of Shareholders [71]
- Company can only make a personal loan/guarantee/provide security to a Director (or their
spouse/children/related Company) if at least 89% of Shareholders (with voting rights) agree
[71.1] and must have prior approval at the general meeting at which purpose and amount of
loan is disclosed [71.2.1], otherwise any/all of the Directors who are authorised are jointly and
severally liable. [71.3]

Duty of Care of Officers [72]
- Every Officer of a Company in exercising his/her powers and discharging duties shall [72.1]:
  - act honestly and in good faith for the best interests of the Company;
  - exercise care, diligence and skill of a reasonably prudent person;
  - avoid conflict of interest and not make secret profit;
  - exercise powers for the purpose given only; and
  - comply with the Regulations, AoA and any service contracts entered into.
- An Officer is deemed to not be acting honestly and in good faith if:
  - he/she fails to give details to auditors of emolument, pension or other benefit
    received or agreed with the Company or loan received/to be received[72.3.1]; and
  - he/she fails to disclose a material contract/proposed contract with the Company or
    a party to a material contract with the company.[72.3.2]
- An Officer shall give general notice to Directors of any material interests that may present a
  conflict. [72.4.1 & 72.4.2]
- A Director must formally declare a personal interest at a board meeting on the topic and will
  be prevented from voting and counting in the quorum on such matters. [75.6]

Exemption, Indemnification and Liability of Officers [73]
- In its AoA a Company may indemnify an Officer or auditors against negligence, default, breach
  of duty or breach of trust in relation to the Company [73.1] unless such indemnification
  contravenes the rule of law [73.2].

Insurance of Officers [74]
- A Company may insure for the benefit of any Officers against any liability incurred by him
  in carrying out his/her duty of care [74.1]
Liability of Auditor or Officer [75]

- Where an auditor or Officer is found liable for damages arising out of performance of any function as such auditor or Officer as contemplated by the regulations [75.1], then the auditor/Officer may be liable jointly and severally if they knowingly engaged in fraud/dishonesty. [75.2]
- Percentage of liability and amount shall be determined by the Courts.[75.3]

Directors’ Service Contracts [76]

- Any Directors’ service/employment contract for greater than one year must be approved by ordinary resolution for Shareholders in a general meeting [76.1] and any notice period greater than 3 months must be disclosed in the annual report of the Directors. [76.2]

AMALGAMATIONS - SECTION 5

Amalgamations of Companies [77], Survival of Company on Amalgamation of One or More Companies and One or More Outside Companies [78], Survival of DMCC Company on Amalgamation of one or more Companies and one or more DMCC Companies [79] and Legal Registrar’s Refusal to Grant Consent Under Regulations 77, 78 or 79 [80.]

- With the consent of the Legal Registrar two or more DMCC companies may amalgamate [77.1], or one or more DMCC companies may amalgamate with one or more bodies incorporated outside of the Centre [78.1] subject to application requirements [78.2], including:
  - certified resolution of the Shareholders of each amalgamating Company; and
  - declaration signed by an Officer of each amalgamating Company declaring ability to meet its liabilities, realisable value greater than liabilities and issued capital, credit requirements are met and all necessary authorities were obtained.[79.2]
- The resulting Company shall continue in the Centre [79.1], however the Legal Registrar has absolute right of refusal. [80.1]

Directors’ Service Contracts [76]

- Any Directors’ service/employment contract for greater than one year must be approved by ordinary resolution for Shareholders in a general meeting [76.1] and any notice period greater than 3 months must be disclosed in the annual report of the Directors. [76.2]

WINDING-UP - SECTION 6

Matters of Winding-Up [81] and Alternative Remedy to Winding-Up in Cases of Oppressive or Prejudicial conduct [83]

Due to the complex and sensitive nature of the winding up process, the Regulations have not been summarised in that regard. Please refer to the full set of Regulations.
THE INVESTIGATION OF THE AFFAIRS OF A COMPANY AND THE PROTECTION OF MINORITIES - SECTION 7

Investigation of the Affairs of a Company [82]
- Any Shareholders/creditors/Officers may petition Dubai Court to appoint a competent inspector to investigate the affairs of a Company [82.1] and the inspector shall report its opinion to the Court. [82.5]
- Security and expenses may be required from the applicant.[82.1]
- Officers and agents of the Company must show books and documents for inspection. [82.3]

BRANCH OF COMPANIES - SECTION 8

Branch of Company or body incorporated in or outside the Centre not to Carry on Business at the Centre [84]
- Any Company or body shall NOT engage in/carry on trade or business activity in the Centre, except in accordance with the licensing regulations. [84.1]

Registration of Branch [85] and Grant or Refusal of Application to Register a Branch [86]
- An outside company can apply for a branch in DMCC [85.1] in the form specified, together with required documents including:
  - constituent documents of outside incorporatecompany/body;
  - copy of audited accounts for the prior 2 years;
  - copy of the board resolution to establish a branch;
  - power of attorney in favour of principal representative of the branch; and
  - other documents as required.[85.2]
- Applications granted will be issued a certificate of registration of the branch.[86.2]
- Legal Registrar may refuse an application without giving reason.[86.3]

Prohibition of Registration of Branch with Undesirable Name [87]
- Registrar will refuse registration of undesirable branchname/s. [87.1]

Principal Representative
- Branch must appoint/maintain a principal representative and shall give notice in writing to DMCC of particulars [88.1] and amendments [88.2].

Register of Branch [89]
- Registrar shall keep a register including name of branch and Company, principal place it carries out business in the Centre and registered office outside the Centre, date and place of incorporation of parent company, and certificate of registration. [89.1]

Records to be Kept by Branch [90]
- Every branch shall keep records of its acts and financial affairs to show the trade or business it carries on in the Centre. [90.1]
Letterheads and Service of Process of Branch [91]

- Every branch shall show on letters, its full name from the License, place of incorporation of parent company, principal place and address of the branch in the Centre. [91.1]
- Notice is served if delivered to registered place of business. [91.2]
- Branch domicile is that of its place of business. [91.3]

GENERAL - SECTION 9

Form of Registers [92]

- Authority shall keep proper records whether paper or electronic [92.1] and may provide a copy of any entry in the register on application from any person. [92.2]
- Companies shall keep minutes and financial statements for at least six years. [92.5]

Authority and Other Officers May Inspect Books Without Charge [93] and Production and Inspection of Books when Offence Suspected [94]

- DMCC may inspect a Company's books and records without charge. [93.1]
- DMCC may require a Secretary of the Company to produce books or papers for inspection by an appointed person if a breach is suspected [94.1] and that person will report on the results of the investigation to the DMCC. [94.3]

Suits and Actions Against the Authority [95]

- No suit or action shall lie against the authority or any person acting on its behalf for anything done in official capacity in good faith without negligence. [95.1]

The Authority to be Indemnified in Respect of Centre Suits [96]

- DMCC is not required to take part in any proceedings outside the jurisdiction unless indemnified by the person who wishes the authority to act. [96.1]

Applications to Court [97] and Power to Enforce [98]

- DMCC may refer any matter to a court of arbitral body of its choice. [97.1]
- Orders made by such court or arbiter are enforceable. [98.1]

Rules and Implementing Regulations [99]

- DMCC may make implementing regulations to prescribe any matter (including fees), including by amending or supplementing to these Regulations. [99.1]

Fees [100]

- Fees shall be paid to DMCC [100.1] and may be amended from time to time [100.2]. Services may be provided only upon payment of the fee [100.3] and the forms stipulated by the Legal Registrar. [100.4]

Enforcement of Company's Duty to Make Returns

- Legal Registrar may order a Company to comply with a requirement, and failure to do so may
result in a penalty.[101.1 & 101.2]

Legal Registrar may Strike Defunct Company or Branch of Company off Register  
[102][103]

- If reason to believe a Company or branch is not carrying on business or not in operation  
[102.1] or in breach of restrictions on activities [103.1] or fails to pay fees [104.1] Legal  
Registrar may inquire in writing with the Company.[102.1]
- If no response or above assertion is confirmed Legal Registrar shall give 3 months’ notice of  
striking off and dissolution of the Company.[102.2]

HELPFUL DEFINITIONS
These are not legally defined terms.

<table>
<thead>
<tr>
<th>Articles of Association (AoA)</th>
<th>The Company’s Articles of Association is the internal rule book every incorporated organization must have and work by.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority</td>
<td>The Dubai Multi Commodities Centre Authority of the Emirate of Dubai and the relevant subdivision(s) thereof.</td>
</tr>
<tr>
<td>Company</td>
<td>A Company licensed by the authority to perform activities designated by its license and pursuant to the DMCCA Free Zone Rules and Regulations.</td>
</tr>
<tr>
<td>Director</td>
<td>A Director is appointed by the Shareholders to run the Company on their behalf. A Director does not own the Company. However in practice, for many small companies the Director will be the same person as the Shareholder.</td>
</tr>
<tr>
<td>Officer</td>
<td>In relation to a body corporate, includes any Director and if one has been appointed, the Secretary.</td>
</tr>
<tr>
<td>Secretary</td>
<td>An Officer that the Directors appoint to handle legal issues and legislation. They must set up meetings, record minutes, keep records, make payments, and draft contracts.</td>
</tr>
<tr>
<td>Shareholder</td>
<td>A Shareholder of a Company is an owner of the Company. They purchase shares in the Company. Shareholders are often known as members and are technically not responsible for the running of the Company.</td>
</tr>
<tr>
<td>Share Capital</td>
<td>Share Capital refers to the portion of a Company’s equity that has been obtained (or will be obtained) by selling shares to a Shareholder for cash or an equivalent item of capital value.</td>
</tr>
</tbody>
</table>