

Jebel Ali Free Zone Authority

**JEBEL ALI FREE ZONE AUTHORITY
OFFSHORE COMPANIES REGULATIONS
2018**

Jebel Ali Free Zone Authority

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PART 1: GENERAL

1. TITLE

The Jebel Ali Free Zone Offshore Companies Regulations 2018 repeals and replaces the Jebel Ali Free Zone Offshore Companies Regulations 2003.

2. LEGISLATIVE AUTHORITY

These Regulations are made by the Chairman of the Dubai Ports, Customs and Free Zones Corporation in accordance with the authority given to him by Dubai Laws No. 1 and 4 of 2001.

3. DATE OF ENACTMENT AND COMMENCEMENT

These Regulations are made on and come into force on [___Jan -2018_____].

4. INTERPRETATION

The Interpretative provisions which apply to the Regulations; as well as a list of defined terms used in the Regulations are contained within Schedule 1.

PART 2: COMPANY FORMATION AND REGISTRATION

5. METHOD OF FORMATION

5.1. Any one or more persons may, by signing and delivering to the Registrar an application for a certificate of incorporation, apply for the formation of an Offshore Company with limited liability.

5.2. An Offshore Company may be incorporated to conduct any lawful business, except as may otherwise be provided by these Regulations.

5.3. The application submitted to the Registrar under Regulation 5.1 shall be signed by the incorporators and shall set out:

- (a) the name of the Offshore Company, which must end with, the word "Limited";
- (b) the address of the Offshore Company's registered office;
- (c) the nature of the business to be conducted. It shall be sufficient to state that the purpose of the Offshore Company is to engage in any lawful act or activity for which Offshore Companies may be organized under the Regulations;
- (d) the amount of share capital, the number of shares, along with the par value of the share of the Offshore Company;
- (e) the full name and address of each of the incorporators and (if they are different) the persons who are to serve as Directors;
- (f) the Offshore Company's memorandum and articles of association; and

- (g) such other particulars as the Registrar may require.

6. ARTICLES OF ASSOCIATION

- 6.1. There shall be delivered to the Registrar with the application for a certificate of incorporation, articles of association specifying regulations for the Offshore Company.
- 6.2. The articles of association shall make provision for:
 - (a) the transfer of shares;
 - (b) a general meeting of the Offshore Company at least once in each Year;
 - (c) the keeping of its accounts and laying of financial statements before general meetings of the Offshore Company;
 - (d) an audit of the accounts of the Offshore Company at least once in every Year by an auditor appointed by the general meeting; and
 - (e) the number of members required to constitute a quorum at any general meeting of the Offshore Company.
- 6.3. The Registrar may prescribe a set of model articles of association, which the Offshore Company may adopt.

7. REGISTRATION

- 7.1. The Registrar may refuse to register an Offshore Company for such reason, as he believes to be proper grounds for refusing such registration.
- 7.2. Where the Registrar refuses to grant his consent for the registration of an Offshore Company, he shall not be bound to provide any reason for its refusal and his decision shall not be subject to appeal or review in any court.
- 7.3. Where the Registrar grants his consent to the registration of an Offshore Company, he shall register the Offshore Company's articles of association delivered to him under Regulation 5.

8. EFFECT OF REGISTRATION

- 8.1. On the registration of an Offshore Company's articles of association the Registrar shall:
 - (a) give a certificate that the Offshore Company is incorporated; and
 - (b) allocate to the Offshore Company a number, which shall be the Offshore Company's registered number.
- 8.2. From the date of incorporation mentioned in the certificate of incorporation, the incorporators, together with such other persons who may from time to time become members of the Offshore Company, shall be a body corporate having the name contained in the certificate of incorporation capable forthwith of

exercising all the functions of an incorporated company, but with such Liability on the part of its members to contribute to its assets as is provided by these Regulations in the event of it being wound up.

- 8.3. A certificate of incorporation is conclusive evidence of the following matters:
- (a) the incorporation of the Offshore Company; and
 - (b) that the requirements of these Regulations have been complied with in respect of the registration of the Offshore Company.

9. EFFECT OF ARTICLES OF ASSOCIATION

9.1. Subject to the provisions of these Regulations, the articles of association, when registered, bind the Offshore Company and its members to the same extent as if they respectively had been signed by the Offshore Company and by each member, and contained covenants on the part of the Offshore Company and each member to observe all the provisions of the articles of association.

9.2. Money payable by a member to the Offshore Company under the articles of association is a debt due from them to the Offshore Company.

10. ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

10.1. Subject to the provisions of these Regulations, an Offshore Company may by Resolution alter its memorandum and articles of association.

10.2. Notwithstanding anything in the memorandum and articles of association, a member of an Offshore Company is not bound by an alteration made in the memorandum and articles of association after the date on which he became a member, if and so far as the alteration:

- (a) requires him to take or subscribe for more shares than the number held by him at the date on which the alteration is made; or
- (b) in any way increases his Liability as at that date to contribute to the Offshore Company's share capital or otherwise to pay money to the Offshore Company, unless he agrees in writing, either before or after the alteration is made.

11. CHANGE OF NAME

11.1. An Offshore Company may, by Resolution, change its name, to a name, which is acceptable to the Registrar.

11.2. Where an Offshore Company changes its name under this Regulation, the Registrar shall reflect the new name on the Register in place of the former name, and issue a certificate of name change.

11.3. A change of name by an Offshore Company under these Regulations does not affect any rights or obligations of the Offshore Company or render defective any legal proceedings by or against it; and any legal proceedings that might have been continued or

commenced against it by its former name may be continued or commenced against it by its new name.

12. POWER TO REQUIRE CHANGE OF NAME

- 12.1. If, in the opinion of the Registrar, the name by which an Offshore Company is registered is misleading or otherwise undesirable, the Registrar may direct the Offshore Company to change it.
- 12.2. The direction shall be complied with within one month from the date of the direction or such longer period as the Registrar may allow.
- 12.3. An Offshore Company, which fails to comply with a direction under this Regulation, commits an Offence.

PART 3: CORPORATE CAPACITY AND TRANSACTIONS

13. CAPACITY OF OFFSHORE COMPANY

- 13.1. An Offshore Company has the capacity and rights and privileges of a natural person. The capacity of an Offshore Company is not limited by anything in its memorandum and articles of association or by any act of its members.

14. RESTRICTIONS ON ACTIVITIES

- 14.1. An Offshore Company, which is incorporated under these Regulations, shall not be permitted to:
 - (a) directly carry out any commercial activity in the United Arab Emirates;
 - (b) hold a lease of a property situated in the United Arab Emirates, other than a lease referred to in Regulation 14.2 (e);
 - (c) carry out banking business;
 - (d) carry out any insurance or re-insurance, insurance agent or insurance broker type business; or
 - (e) carry out any other business which may be prohibited by the Authority from time to time.
- 14.2. An Offshore Company shall be permitted to:
 - (a) carry out any of the above mentioned restrictions under Regulation 14.1 outside the United Arab Emirates;
 - (b) engage with legal consultants, accountants, management companies or other similar persons carrying on business within the United Arab Emirates;

- (c) prepare and maintain books and Records within the United Arab Emirates;
- (d) hold meetings of its Directors or members within the United Arab Emirates;
- (e) hold a lease of property for use as a registered office in any designated freehold area in the United Arab Emirates approved by the Authority;
- (f) own a property in one of the designated freehold areas in the United Arab Emirates;
- (g) own a stake in another operating Company within the United Arab Emirates;
or
- (h) hold an account in a bank in the United Arab Emirates without prejudice to the restrictions under Regulation 14.1

14.3. If an Offshore Company wishes to conduct trade or other business in the Zone or elsewhere in the United Arab Emirates, it must obtain the appropriate license to conduct the trade or other business activity from the competent authorities pursuant to Part 17.

15. **FORM OF CONTRACTS**

A person acting under the express or implied authority of an Offshore Company may make, vary or discharge a contract or sign an instrument on behalf of the Offshore Company in the same manner as if the contract were made, varied or discharged or the instrument signed by a natural person.

16. **TRANSACTIONS ENTERED INTO PRIOR CORPORATE EXISTENCE**

16.1. Where a transaction purports to be entered into by an Offshore Company, or by a person as an agent for an Offshore Company, at a time when the Offshore Company has not been formed, then,

unless otherwise agreed by the parties to the transaction, the transaction has effect as one entered into by the person purporting to act for the Offshore Company or as an agent for it, and he is personally bound by the transaction and entitled to its benefits.

16.2. An Offshore Company may, within such period as may be specified in the terms of the transaction or if no period is specified, within a reasonable time after it is formed, by act or conduct signifying its intention to be bound thereby, adopt any such transaction and it shall thenceforth be bound by it and entitled to its benefits and the person who entered into the transaction shall cease to be so bound and entitled.

PART 4: MEMBERSHIP AND SHARES

17. **DEFINITION OF "MEMBER"**

17.1. The incorporators of an Offshore Company are deemed to have agreed to become members of the Offshore Company, and on its registration shall be entered as such in its Register of members.

17.2. Every other person who agrees to become a shareholder of an Offshore Company, and whose name is entered in its Register of members, is a member of the Offshore Company.

18. NATURE OF SHARES

18.1. Each share shall:

- (a) carry the right to vote at a meeting of the Offshore Company,
- (b) be a proportionate interest in the Offshore Company; and
- (c) rank in all respects equally with each other share in the company.

18.2. The shares or other interests of a member of an Offshore Company are, subject to Regulation 24, transferable in the manner provided by the Offshore Company's articles of association.

18.3. All shares must be fully paid when allotted.

19. CLASSES OF SHARES

19.1. Shares are of one class if the rights attached to them are the same in all respects.

19.2. An Offshore Company may, subject to the consent of the Registrar, create different classes of shares, by providing the different classes of shares in its articles of association.

20. VARIATION IN RIGHTS OF SHARES

20.1. Rights attached to a class of shares may be varied or abrogated by an amendment to the articles of association, approved by:

- (a) a Resolution; or
- (b) a resolution passed by all the shareholders holding shares of the class whose rights are being varied or abrogated.

20.2. Where a resolution to vary or abrogate the rights attached to a class of shares is passed in accordance with Regulation 20.1, shareholders representing not less than 5% of total shares of

such class, being shareholders who did not resolve in favour of the variation or abrogation of the rights attached to such class of shares, may within 28 days of the resolution being passed in accordance with Regulation 20.1, apply to the court to have the variation or abrogation cancelled. Where an application is made to the court, the variation will have no effect until the ruling of the court. The court may disallow the variation or abrogation of the rights attached to a class of shares, may confirm it or may pronounce such other remedy as it may deem appropriate.

- 20.3. The shareholders who apply to the court to have the variation abrogated or cancelled in accordance with Regulation 20.2 must notify the Registrar in writing of such application within 5 days of such application having been made.

21. **ALTERATION OF SHARE CAPITAL**

- 21.1. An Offshore Company may, by altering its articles of association:

- (a) increase its share capital by creating new shares of such amount as it thinks expedient;
- (b) consolidate and divide all or any of its shares (whether issued or not) into shares of larger amount than its existing shares;
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the articles of association.
- (d) cancel shares which, at the date of the passing of the Resolution to cancel them, have not been taken or agreed to be taken by any person, and diminish the amount of the Offshore Company's share capital by the amount of the shares so cancelled.

- 21.2. A cancellation of shares under this Regulation does not for the purposes of these Regulations constitute a reduction of share capital.

22. **BEARER SHARES**

It shall not be lawful for an Offshore Company to issue bearer shares.

PART 5: REGISTER OF MEMBERS AND CERTIFICATES

23. **REGISTER OF MEMBERS**

- 23.1. Every Offshore Company shall keep a Register of its members which should include:

- (a) the names and addresses of its members, together with a statement of the shares held by each member, distinguishing each share by its number (so long as the share has a number);
- (b) the date on which each person was registered as a member; and
- (c) the date on which any person ceased to be a member.

- 23.2. If an Offshore Company fails to comply with this Regulation, the Offshore Company and every Officer of it who is in default commit an Offence.

24. TRANSFER AND REGISTRATION

- 24.1. Transfer of a share in an Offshore Company must be done through an instrument of transfer in writing. The instrument of transfer must be submitted to the Registrar for approval. Transfer of a share will not be complete without payment of the applicable fee to JAFZA.
- 24.2. On approval of the share transfer, the Registrar will record the share transfer in the Register. The share transfer will come into effect from the date on which the share transfer is entered in the Register.

25. INSPECTION OF REGISTER

- 25.1. The Register shall during business hours be open to the inspection of a member of the Offshore Company without charge, and of any other person on payment of such reasonable sum, as the Offshore Company may require.
- 25.2. If inspection under this Regulation is refused, the Offshore Company commits an Offence.
- 25.3. In the case of refusal or default, the Registrar may by order compel an immediate inspection of the Register.
- 25.4. If an Offshore Company refuses to register a transfer of shares the Offshore Company shall, within two months after the date on which the transfer was lodged with it, give to the transferor and transferee notice of the refusal.

26. RECTIFICATION OF SHARE REGISTER

- 26.1. If:
 - (a) the name of a person or the number of shares held is, without sufficient reason, entered in or omitted from the Register; or
 - (b) there is a failure or unnecessary delay in entering on the Register the fact of a person having ceased to be a member, the person aggrieved, or a member of the Offshore Company, or the Offshore Company may apply to the Registrar for rectification of the Register.
- 26.2. The Registrar may refuse the application or may order rectification of the Register and payment by the Offshore Company of any damages sustained by a party aggrieved.

27. SHARE CERTIFICATES

- 27.1. Every Company shall:
 - (a) within two months after the Allotment of any of its shares; and
 - (b) within two months after the date on which a transfer of any of its shares is lodged with the Offshore Company,complete and have ready for delivery the certificates of all shares allotted or transferred unless the conditions of Allotment of the shares otherwise provide.

- 27.2. Regulation 27.1 does not apply to a transfer of shares which the Offshore Company is for any reason entitled to refuse to register and does not register.
- 27.3. In the event of failure to comply with Regulation 27.1, the Offshore Company and every Officer of it who is in default commits an Offence.

PART 6: : PURCHASE OF SHARES

28. POWER OF COMPANY TO PURCHASE OWN SHARES

- 28.1. An Offshore Company may purchase its own shares.
- 28.2. A purchase under this Regulation shall, unless the Offshore Company is a wholly owned subsidiary, be sanctioned by a Resolution.
- 28.3. The shares:
- (a) may only be purchased pursuant to a contract approved in advance by a Resolution of the Offshore Company; and
 - (b) shall not carry the right to vote on the Resolution authorising the purchase.

PART 7: REDUCTION OF CAPITAL

29. REDUCTION OF SHARE CAPITAL

- 29.1. An Offshore Company if authorised by a Resolution and its articles of association may reduce its share capital in any way on such terms as it may decide, and in particular, by:
- (a) either with or without extinguishing or reducing Liability on any of its shares, canceling any Paid Up capital that is lost or unrepresented by available assets; or
 - (b) either with or without extinguishing or reducing Liability of any of its shares and either with or without reducing the number of such shares, paying off any Paid Up capital that is in excess of the requirements of the Offshore Company.
- 29.2. No Company shall reduce the amount of its share capital by virtue of Regulation 29.1 unless it complies with the following:
- (a) at a date not more than 30 days and not less than 15 days before the date from which the reduction of the share capital is to have effect, the Offshore Company shall cause a notice to be published in a newspaper approved by the Registrar stating:

- (i) the amount of the share capital as last previously determined by the Offshore Company;
 - (ii) the amount of each share;
 - (iii) the amount to which the share capital is to be reduced; and
 - (iv) the date from which the reduction is to have effect.
- (b) on the date from which the reduction is to have effect, a certificate shall be signed by a Director of the Offshore Company declaring either:
- (i) that on that date the Offshore Company is solvent; or
 - (ii) that all the Creditors of the Offshore Company on that date have consented to the reduction.

29.3. Where shares are to be cancelled in order to reduce the capital of an Offshore Company, the shares shall be acquired at the lowest price at which, in the opinion of the Directors, the shares are obtainable, but not exceeding an amount, if any, stated in or determined by the articles of association.

29.4. Where an Offshore Company reduces the amount of its share capital, then within 30 days after the date from which the reduction has effect, the Offshore Company shall file a copy of the notice referred to in Regulation 29.2(a) and the certificate referred to in Regulation 29.2(b) with the Registrar stating that this Regulation 29 has been duly complied with.

29.5. If any Offshore Company fails to comply with this Regulation, it commits an Offence.

30. **LIABILITY OF MEMBERS ON REDUCED SHARES**

If, after a certificate is signed in accordance with Regulation 29.2(b) (ii), a creditor who did not consent to the reduction has a debt or claim against the Offshore Company, which the Offshore Company is unable to pay as a result of the reduction, every person who was a member of the Offshore Company at the date of the certificate is then liable to contribute for the payment of the debt or claim in question, an amount not exceeding that which he would have been liable to contribute if the Company had commenced to be wound up on the date before that date.

PART 8: ADMINISTRATION

31. **REGISTERED OFFICE**

31.1. Without prejudice to Regulation 32, an Offshore Company shall at all times have a registered office which must either be, an office maintained in the Zone, a property owned by the Offshore Company in a designated freehold area in the United Arab Emirates, or the office of the Offshore Company's Registered Agent in Dubai, to which all communications and notices may be addressed.

31.2. An Offshore Company which owns a property in a designated freehold area in the United Arab Emirates may apply to the Authority for a residency visa for its members, and the approval of such application is subject to the Authority's eligibility requirements.

31.3. A document may be served on an Offshore Company by leaving it at, or sending it by post to, the registered office of the Offshore Company.

32. REGISTERED AGENT

32.1. An Offshore Company shall at all times have a Registered Agent. This requirement is optional for Offshore Companies that maintain an office in the Zone.

32.2. No person shall be a Registered Agent unless approved as a Registered Agent by the Authority.

32.3. The Registrar shall maintain a register of approved Registered Agents.

32.4. The Offshore Company shall notify the Registrar of any change in the name or address of the Registered Agent.

32.5. The Registrar shall prescribe guidelines containing, amongst other things the qualifying and eligibility requirements of the Registered Agent, their role, duties and responsibilities, their obligation to maintain a valid copy of the Offshore Company's Records, their accountability to the Authority and the consequences of breaching the guidelines.

32.6. Any change in the details kept by the Registrar in the register of Registered Agents pursuant to Regulation 32.3 shall be notified immediately by the registered agent to the Registrar.

32.7. If an Offshore Company fails to comply with Regulation 32 it commits an Offence.

PART 9: DIRECTORS

33. DIRECTORS

33.1. Subject to any limitations in the articles of association, the business and affairs of an Offshore Company shall be managed by at least one Director.

33.2. No person shall be a Director who:

- (a) is under the age of 18 years; or
- (b) is disqualified from being a Director;
- (c) is an un discharged bankrupt; or

33.3. An Offshore Company may have a Nominee Director.

34. ELECTIONS, TERM AND REMOVAL OF DIRECTORS

- 34.1. A Director of an Offshore Company shall be elected by the members at the time of incorporation. A Director may be appointed or removed by a Resolution or by a resolution passed by such other percentage as prescribed within the articles of association.
- 34.2. A Director holds office until his successor takes office or until his earlier death, resignation or removal by Resolution.
- 34.3. A vacancy created by the removal of a Director may be filled by a Resolution or by a resolution passed by such other percentage as prescribed within the articles of association.
- 34.4. The number of Directors may be fixed by the articles of association.

35. DUTIES OF DIRECTORS

- 35.1. A Director, in exercising his powers and discharging his duties, shall:
- (a) act honestly and in good faith with a view to the best interests of the Offshore Company; and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 35.2. No act or omission of a Director shall be treated as a breach of Regulation 35.1 if:
- (a) all of the members of the Offshore Company authorise or ratify the act or omission; and
 - (b) after the act or omission, the Offshore Company is able to discharge its liabilities as they fall due and the realisable value of the Offshore Company's assets is not less than its liabilities.

36. DUTY OF DIRECTORS TO DISCLOSE INTERESTS

- 36.1. A Director of an Offshore Company who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Offshore Company or by a subsidiary of the Offshore Company, which to a material extent, conflicts or may conflict with the interests of the Offshore Company, and of which he is aware, shall disclose to the Offshore Company the nature and extent of his interest.
- 36.2. The disclosure under Regulation 36.1 shall be made as soon as practicable after the Director becomes aware of the circumstances, which gave rise to his duty to make it.
- 36.3. A notice in writing given to the Offshore Company by a Director that he is to be regarded as interested in a transaction with a specified person is sufficient disclosure of his interest in any such transaction entered into after the notice is given.

37. CONSEQUENCES OF FAILURE TO COMPLY WITH REGULATION 36

37.1. Subject to Regulations 37.2 and 37.3, where a Director fails to disclose an interest of his under Regulation 36 the Offshore Company or a member of the Offshore Company may apply to the court for an order setting aside the transaction concerned and directing that the Director account to the Offshore Company for any profit or gain realised, and the court may so order or make such other order as it thinks fit.

37.2. A transaction is not voidable, and a Director is not accountable, under Regulation 37.1 where, notwithstanding a failure to comply with Regulation 36:

- (a) the transaction is confirmed by Resolution; and
- (b) the nature and extent of the Director's interest in the transaction were disclosed in reasonable detail in the notice calling the meeting at which the Resolution is passed.

37.3. Without prejudice to its power to order that a Director account for any profit or gain realised, the court shall not set aside a transaction unless it is satisfied that:

- (a) the interests of third parties who have acted in good faith there under would not thereby be unfairly prejudiced; and
- (b) the transaction was not reasonable and fair in the interests of the Offshore Company at the time it was entered into.

38. PROHIBITIONS OF LOANS TO DIRECTORS

38.1. It shall not be lawful for an Offshore Company to make a loan to a Director or to enter into any guarantee or provide any security in connection with a loan made to a Director without the consent of members holding not less than 90 per cent in nominal value of the shares giving a right to attend and vote at any meeting of members.

38.2. A loan shall be deemed to be a loan to a Director if it is made to:

- (a) the spouse or children of a Director; or
- (b) to a Company of which a Director, his spouse or children own or control directly or indirectly more than 20 per cent of the share capital.

39. INDEMNITY OF OFFICERS AND FORMER OFFICERS

39.1. Subject to Regulation 39.2 and 39.3, any provision, whether contained in the articles of association, or in a contract with an Offshore Company or otherwise, whereby the Offshore Company or any of its subsidiaries or any other person, for some benefit conferred or detriment suffered directly or indirectly by the Offshore Company, agrees to exempt any person from, or indemnify him against, any Liability which by law would otherwise attach to him by reason of the fact that he is or was an Officer of the Offshore Company, shall be void.

39.2. Regulation 39.1 does not apply to a provision for exempting a person from or indemnifying him against:

- (a) any liabilities incurred in defending any proceedings (whether civil or criminal):

- (i) in which judgment is given in his favour or he is acquitted, or
 - (ii) which are discontinued otherwise than for some benefit conferred by him or on his behalf or some detriment suffered by him, or
 - (iii) which are settled on terms which include such benefit or detriment and, in the opinion of the Director of the Offshore Company (excluding any Director who conferred such benefit or on whose behalf such benefit was conferred or who suffered such detriment), he was substantially successful on the merits in his resistance to the proceedings; or
- (b) any Liability incurred otherwise than to the Offshore Company if he acted in good faith with a view to the best interests of the Offshore Company; or
 - (c) any Liability against which the Offshore Company normally maintains insurance for persons other than Directors.

39.3. This Regulation does not prevent an Offshore Company from purchasing and maintaining for any such Officer insurance against any such Liability.

40. ALTERNATE DIRECTORS

40.1. A Director may by a written instrument appoint an alternate who need not be a Director and the name of such alternate shall be given in writing to the secretary.

40.2. An alternate for a Director appointed under Regulation 40.1 shall be entitled to attend meetings in the absence of the Director who appointed him and to vote in the place of the Director.

41. REGISTRAR MAY ORDER THAT A PERSON SHALL NOT TAKE PART IN MANAGEMENT

The Registrar may order that any person shall not directly or indirectly take part in the management of an Offshore Company.

42. PERSONAL RESPONSIBILITY FOR LIABILITIES WHERE PERSON ACTS WHILE DISQUALIFIED

42.1. A person who acts in contravention of an order made under Regulation 41 is personally responsible for such liabilities of the Offshore Company as are incurred at a time when that person was, in contravention of the order, involved in the management of the Offshore Company.

42.2. Where a person is personally responsible under Regulation 42.1 for liabilities of an Offshore Company, he is jointly and severally liable in respect of those liabilities with the Offshore Company and any other person who, whether under this Regulation or otherwise, is so liable.

42.3. For the purposes of this Regulation, a person is involved in the management of an Offshore Company if he is a Director of the Offshore Company or if he is concerned, whether directly or indirectly, or takes part in, the management of the Offshore Company.

43. VALIDITY OF ACTS OF DIRECTOR

The acts of a Director are valid notwithstanding any defect that may afterwards be found in his appointment or qualification.

44. SECRETARY

Every Offshore Company shall appoint a Secretary.

45. REGISTER OF DIRECTORS AND SECRETARIES

45.1. Every Offshore Company shall keep at its registered office a register of its Directors and secretary, which shall contain such particulars, as the Registrar shall prescribe.

45.2. The register shall during business hours (subject to such reasonable restrictions as the Offshore Company may by its articles of association or in general meeting impose, but so that not less than two hours in each business day be allowed for inspection) be open to the inspection of the Registrar and of a member or Director of the Offshore Company without charge.

45.3. If an inspection required under this Regulation is refused, or if there is a failure to comply with Regulation 45.1, the Offshore Company and every Officer of it who is in default commits an Offence.

45.4. In the case of a refusal of inspection of the register, the Registrar may by order compel an immediate inspection of it.

PART 10: MEETINGS

46. PARTICIPATION IN MEETINGS

46.1. Subject to the memorandum and articles of an Offshore Company, if a member is by any means in communication with one or more other members so that each member participating in the communication can hear what is said by any other of them, each member so participating in the communication is deemed to be present at a meeting with the other members so participating.

46.2. Regulation 46.1 applies to the participation in such communication by Directors or by members of a committee of Directors as it applies to the participation of members of an Offshore Company.

47. GENERAL MEETING

47.1. Every Offshore Company shall in each Year hold a general meeting in addition to any other meetings in that Year but so long as an Offshore Company holds its first general meeting within 18 months of its incorporation, it need not hold it in the Year of its incorporation or in the following Year.

- 47.2. Not more than 18 months shall elapse between the date of one general meeting and the date of the next.

48. REQUISITION OF MEETINGS

- 48.1. The Directors of an Offshore Company shall, notwithstanding anything in the Offshore Company's articles of association, on a members' requisition forthwith proceed to call a general meeting to be held as soon as practicable but in any case not later than two months after the date of the deposit of the requisition.
- 48.2. A members' requisition is a requisition of members of the Offshore Company holding at the date of the deposit of the requisition not less than 10 per cent. In nominal value of the shares which at that date carry the right of voting at the meeting requisitioned.
- 48.3. The requisition shall state the objects of the meeting, and shall be signed by or on behalf of the members making the requisition and deposited at the registered office of the Offshore Company, and may consist of several documents in similar form each signed by or on behalf of one or more of such members.
- 48.4. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to call a meeting to be held within two months of that date, the members making the requisition, or any of them representing more than one half of the total voting rights of all of them, may themselves call a meeting, but a meeting so called shall not be held after three months from that date.
- 48.5. A meeting called under this Regulation shall be convened in the same manner, as nearly as possible, as that in which meetings are to be called by Directors.

49. REGISTRAR'S POWER TO CALL MEETING IN DEFAULT

- 49.1. If default is made in holding a meeting in accordance with Regulation 47 or 48 or 51, the Registrar may, on the application of any Officer, secretary or member of the Offshore Company, call, or direct the calling of, a general meeting of the Offshore Company.
- 49.2. If default is made in complying with directions given under Regulation 49.1, the Offshore Company and any Officer or secretary of it who is in default commits an Offence.

50. NOTICE OF MEETINGS

- 50.1. Any meeting of the Offshore Company (other than an adjourned meeting) may be called by 14 days' notice in writing.
- 50.2. If a meeting is called by shorter notice than that specified in Regulation 50.1 it is deemed to have been duly called if it so agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving a right to attend and vote at the meeting.

51. GENERAL PROVISIONS AS TO MEETINGS AND VOTES

In so far as the articles of association of the Offshore Company do not make other provision in that behalf, the following provisions apply to any meeting of the Offshore Company:

- (a) notice of any such meeting shall be given to every member entitled to receive it by delivering or posting it to his registered address;
- (b) members holding not less than ten per cent in nominal value of the shares carrying a right to vote thereat may call any such meeting;
- (c) at any meeting of the Offshore Company two members personally present shall be a quorum;
- (d) at any meeting, other than an adjourned meeting, the quorum shall be persons holding or representing by proxy at least one-third in nominal value of the issued shares and at any such adjourned meeting, one person holding shares or his proxy shall be a quorum;
- (e) any member elected by the members present at any such meeting may be chairman;
- (f) the voting at a meeting should be on a poll, where a shareholder has one vote for each share owned. On a poll, a shareholder entitled to more than one vote is not required to cast the same decision for all the votes. The voting at a general meeting may be by a show of hands if shareholders holding shares representing 95% of the total capital of the Offshore Company agree to vote by a show of hands; and
- (g) voting at a meeting of a class of shareholders may be by show of hands. When voting by a show of hands, a shareholder present in person at the meeting has one vote; and a shareholder who is a corporate entity may by a resolution or such other appropriate instrument authorize a person to represent the corporate entity at the meeting and in doing so the person will be authorized to exercise all the rights of the shareholder.

52. REPRESENTATION OF BODY CORPORATE AT MEETINGS

52.1. A body corporate, whether or not an Offshore Company within the meaning of these Regulations, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of an Offshore Company, or of Creditors of an Offshore Company which it is entitled to attend.

52.2. A person so authorized is entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member or Creditor of the Offshore Company.

53. RESOLUTIONS IN WRITING

53.1. Unless prohibited in the articles of association, shareholders may pass a resolution in writing signed by all shareholders entitled to vote.

53.2. A Resolution in writing may consist of several instruments in the same form each signed by or on behalf of one or more members.

53.3. A Resolution under this Regulation shall be deemed to be passed when the instrument, or the last of several instruments, is last signed or on such later date as is specified in the Resolution.

53.4. Any document attached to a Resolution in writing under this Regulation shall be deemed to have been laid before a meeting of the members signing the Resolution.

53.5. Regulation 56 applies to a Resolution in writing under this Regulation as if it had been passed at a meeting.

53.6. Nothing in this Regulation affects or limits any provisions in the articles of association or any rule of law relating to the effectiveness of the assent of members, or any class of members, of an Offshore Company given to any document, act or matter otherwise than at a meeting of them.

54. **PROXIES**

54.1. A member of an Offshore Company entitled to attend and vote at a meeting of it is entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him; and a proxy appointed to attend and vote instead of a member has also the same right as the member to speak at the meeting; but, unless the articles otherwise provide, a proxy is not entitled to vote except on a poll.

54.2. In every notice calling a meeting of the Offshore Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one or more proxies to attend and vote instead of him, and that a proxy need not also be a member.

54.3. In the event of failure to comply with Regulation 54.2 as respects any meeting, every Officer of the Offshore Company who is in default commits an Offence.

55. **DEMAND FOR POLL**

55.1. A provision contained in an Offshore Company's articles of association is void in so far as it would have the effect either:

(a) of excluding the right to demand a poll at a general meeting, on a question other than the election of the chairman of the meeting or the adjournment of the meeting; or

(b) of making ineffective a demand for a poll on any such question which is made either:

(i) by not less than five members having the right to vote on the question; or

(ii) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote on the question.

- 55.2. The instrument appointing a proxy to vote at such a meeting is deemed also to confer authority to demand or join in demanding a poll; and for the purposes of Regulation 55.1 a demand by a person as proxy for a member is the same as a demand by the member.
- 55.3. On a poll taken at such a meeting, a member entitled to more than one vote need not, if he votes, (in person or by proxy) use all his votes or cast all the votes he uses in the same way.

56. MINUTES

- 56.1. Every Offshore Company shall cause minutes of all proceedings at general meetings, meetings of its Directors and of committees of Directors to be entered in books kept for that purpose, and the names of the Directors present at each such meeting shall be recorded in the minutes.
- 56.2. Any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings took place, or by the chairman of the next succeeding meeting, is evidence of the proceedings.
- 56.3. Where minutes have been made in accordance with this Regulation then, until the contrary is proved, the meeting is deemed duly held and convened, and all proceedings, which took place at the meeting to have duly taken, place.
- 56.4. If an Offshore Company fails to comply with Regulation 56.1 the Offshore Company and every Officer of it who is in default commits an Offence.

57. INSPECTION OF MINUTE BOOKS

- 57.1. The books containing the minutes of a general meeting shall be kept at the Offshore Company's registered office, and shall during business hours be open to the inspection of a member without charge.
- 57.2. A member may require, on submission to the Offshore Company of a written request and on payment of such reasonable sum as the Offshore Company may require, a copy of any such minutes and the Offshore Company shall, within seven days after the receipt of the request and the payment, cause the copy so required to be made available at the registered office of the Offshore Company for collection during business hours.
- 57.3. If an inspection required under this Regulation is refused or if a copy required under this Regulation is not sent within the proper time, the Offshore Company commits an Offence.
- 57.4. In the case of a refusal or default, the Registrar may make an order compelling an immediate inspection of the books in respect of all proceedings of general meetings or directing that the copies required be furnished to the persons requiring them.

PART 11: ACCOUNTS AND AUDIT

58. ACCOUNTING RECORDS

58.1. Every Company shall keep accounting Records, which are sufficient to show and explain its transactions, and are such as to:

- (a) disclose with reasonable accuracy, at any time, the financial position of the Offshore Company at that time; and
- (b) enable the Directors to ensure that any accounts prepared by the Offshore Company under Part 11 complies with the requirements of those Regulations.

58.2. If an Offshore Company fails to comply with Regulation 58.1 it commits an Offence.

59. RETENTION OF RECORDS

59.1. An Offshore Company's accounting Records shall be kept at such place as the Directors think fit and shall be made available to the Offshore Company's Directors and secretaries as and when necessary.

59.2. The Registrar may request the Offshore Company or its Registered Agent to submit its accounting Records as and when necessary.

59.3. Accounting Records, which an Offshore Company is required by this Regulation to keep, shall be retained by the Offshore Company for 10 years from the date on which they are made.

59.4. If an Offshore Company fails to comply with this Regulation it commits an Offence.

60. ACCOUNTS

60.1. The Directors of every Offshore Company shall prepare accounts for a period of not more than 18 months beginning on the date the Offshore Company was incorporated or, if the Offshore Company has previously prepared a profit and loss account, beginning at the end of the period covered by the most recent account.

60.2. The accounts shall be prepared in accordance with generally accepted accounting principles approved by the Registrar and show a true and fair view of the profit or loss of the Offshore Company for the period and of the state of the Offshore Company's affairs at the end of the period and comply with any other requirements of these Regulations.

60.3. An Offshore Company's accounts shall be approved by the Directors and signed on their behalf by one of them.

60.4. Within 6 months after the end of the Financial Period, the accounts for that period shall be:

- (a) prepared and examined and reported upon by auditors; and
- (b) laid before a general meeting together with a copy of the auditors' report.

60.5. In this Part 11, references to "accounts" are to those prepared in accordance with this Regulation.

60.6. If an Offshore Company fails to comply with this Regulation it commits an Offence.

61. COPIES OF ACCOUNTS

61.1. Any member of an Offshore Company who has not previously been furnished with a copy of the Offshore Company's latest accounts is entitled, on written request made by him to the Offshore Company and without charge, to be furnished with a copy of those accounts together, where the accounts have been audited, with a copy of the auditors' report.

61.2. If default is made in complying with such a request within seven days after its making, the Offshore Company and every Officer of it who is in default commits an Offence.

62. POWER TO MAKE FURTHER REGULATIONS IN RELATION TO PART 11

62.1. The Registrar may by regulations extend or modify the provisions of Part 11.

62.2. Such regulations may provide for:

- (a) the inclusion in accounts of group accounts dealing with the affairs of an Offshore Company and its subsidiaries;
- (b) the inclusion in accounts of a report by the Directors dealing with such matters as may be specified;
- (c) the accounting principles to be applied in the preparation of accounts; and/or
- (d) the appointment, remuneration, removal, resignation, rights and duties of auditors.

62.3. Such regulations may further provide for the imposition of fines in respect of Offences under those regulations.

63. APPOINTMENT AND REMOVAL OF AUDITORS

63.1. An Offshore Company shall appoint auditors who shall examine and report in accordance with these Regulations upon the accounts prepared pursuant to Regulation 60.

63.2. An Offshore Company shall at each general meeting appoint auditors to hold office from the conclusion of that meeting to the conclusion of the next general meeting.

63.3. The Directors of the Offshore Company in a general meeting may, at any time before the first general meeting, appoint auditors who shall hold office to the conclusion of that meeting.

63.4. The Directors of the Offshore Company in a general meeting may fill any casual vacancy in the office of auditors and fix their remuneration.

63.5. An Offshore Company may by Resolution at any time remove an auditor notwithstanding anything in any agreement between the Offshore Company and the auditor.

63.6. Nothing in this Regulation is to be taken as depriving a person removed under it of compensation or damages payable to him in respect of the termination of his appointment as auditor.

63.7. If an Offshore Company fails to comply with Regulation 63.1 the Offshore Company and every Officer of it who is in default commits an Offence.

64. AUDITORS' REPORT

64.1. An Offshore Company's auditors shall make a report to the Offshore Company's members on the accounts examined by them.

64.2. The auditors' report shall state whether in their opinion the accounts have been properly prepared in accordance with these Regulations and in particular whether a true and fair view is given.

65. AUDITORS' DUTIES AND POWERS

65.1. An Offshore Company's auditors shall, in preparing their report, carry out such investigations as will enable them to form an opinion as to the following matters:

(a) whether proper accounting Records have been kept by the Offshore Company and proper returns adequate for their audit have been received from branches not visited by them;

(b) whether the Offshore Company's accounts are in agreement with the accounting Records and returns.

65.2. If the auditors are of the opinion that proper accounting Records have not been kept, or that proper returns adequate for their audit have not been received from branches not visited by them, or if the accounts are not in agreement with the accounting Records and returns, the auditors shall state that fact in their report.

65.3. The auditors have a right of access at all times to the Offshore Company's Records, and are entitled to require from the Offshore Company's Directors and the secretary such information and explanations as they think necessary for the performance of their duties as auditors.

65.4. Every auditor is entitled to receive notice of, and attend, any meeting of members and to be heard on any part of the business of the meeting, which concerns the auditors.

65.5. If the auditors fail to obtain all the information and explanations, which, to the best of their knowledge and belief are necessary for the purposes of their audit, they shall state that fact in their report.

65.6. An auditor of an Offshore Company may resign his office by depositing a notice in writing to that effect together with a statement under Regulation 65.7 at the Offshore Company's registered office; and any such notice operates to bring his term of office to an end on the date on which the notice is deposited, or on such later date as may be specified in it.

65.7. When an auditor ceases for any reason to hold office, he shall deposit at the Offshore Company's registered office:

- (a) a statement to the effect that there are no circumstances connected with his ceasing to hold office which he considers should be brought to the notice of the members or Creditors of the Offshore Company; or
 - (b) a statement of any circumstances as mentioned above.
- 65.8. Where a statement under Regulation 65.7 falls within sub-paragraph (b) of that Regulation, the Offshore Company shall within 14 days send a copy of the statement to every member of the Offshore Company and to every person entitled to receive notice of general meetings.
- 65.9. If a person ceasing to hold office as auditor fails to comply with Regulation 65.7 he commits an Offence.
- 65.10. If an Offshore Company fails to comply with Regulation 65.8 the Offshore Company and every Officer of it who is in default commits an Offence.

66. FALSE STATEMENTS TO AUDITORS

An Officer and the secretary of an Offshore Company commits an Offence if he knowingly or recklessly makes to the Offshore Company's auditors a statement (whether written or oral) which:

- (a) conveys or purports to convey any information or explanation which the auditors require, or are entitled to require, as auditors of the Offshore Company; and
- (b) is misleading, false or deceptive in a material particular.

67. QUALIFICATION FOR APPOINTMENT AS AUDITOR

- 67.1. A person is not qualified for appointment as auditors of an Offshore Company under Regulation 53 unless he is authorised by the Authority to be so appointed.
- 67.2. A person who acts as auditor in contravention of Regulation 67.1 commits an Offence.

PART 12: DISTRIBUTIONS

68. DIVIDENDS AND OTHER DISTRIBUTIONS

- 68.1. An Offshore Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:
- (a) the Offshore Company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (b) the realisable value of the Offshore Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

68.2. For the purposes of this Regulation, "contributed surplus" includes proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Offshore Company.

69. CONSEQUENCES OF UNLAWFUL DISTRIBUTION

Where a distribution, or part of a distribution, made by an Offshore Company to one of its members is made in contravention of Regulation 68 and, at the time of the distribution, he knows or has reasonable grounds for believing that it is so made, he is liable to repay it, or that part of it, to the Offshore Company or, in the case of a distribution made otherwise than in cash, to pay the Offshore Company a sum equal to the value of the distribution, or that part, at that time.

PART 13: WINDING UP

70. MODES OF WINDING UP

The winding up of an Offshore Company may either be:

- (a) summary under Chapter 1 of this Part;
- (b) by its Creditors under Chapter 2 of this Part; or
- (c) by the Court under the applicable bankruptcy laws, as amended, and other applicable legislation.

CHAPTER 1: SUMMARY WINDING UP

71. APPLICATION OF THIS CHAPTER

This Chapter applies to the winding up of an Offshore Company which has no liabilities or which is able to discharge its liabilities in full within six months after the commencement of the winding up and such a winding up is a summary winding up.

72. PROCEDURE

72.1. An Offshore Company may be wound up under this Chapter by making a statement of solvency in accordance with Regulation 72.2:

- (a) by passing, within 28 days after the statement has been signed by each of the Directors of the Offshore Company, a Resolution that the Offshore Company be wound up summarily; and
- (b) by delivering to the Registrar, within 21 days after the Resolution has been passed, a copy of it together with the statement.

72.2. A statement of solvency shall be signed the Directors and state that, having made full inquiry into the Offshore Company's affairs, each of them is satisfied:

- (a) that the Offshore Company has no assets and no liabilities; or
- (b) that the Offshore Company has assets and no liabilities; or
- (c) that the Offshore Company will be able to discharge its liabilities in full within six months after the commencement of the winding up, as the case may be.

73. COMMENCEMENT OF SUMMARY WINDING UP

A summary winding up under which assets of the Offshore Company are to be distributed commences on the passing of the Resolution for summary winding up.

74. EFFECT ON STATUS OF OFFSHORECOMPANY

After the commencement of a summary winding up of an Offshore Company which has assets the corporate state and capacity of the Offshore Company continue until the Offshore Company is dissolved but, from the commencement of the winding up, its powers shall be exercised only so far as may be required for the realisation of the assets of the Offshore Company, the discharge of any liabilities of the Offshore Company and the distribution of its assets in accordance with Regulation 76.

75. APPOINTMENT OF LIQUIDATOR

75.1. On or after the date of commencement of a summary winding up of an Offshore Company, it may by Resolution appoint a person to be liquidator for the purposes of the winding up.

75.2. On the appointment of a liquidator all the powers of the Directors cease except so far as the Resolution appointing the liquidator or any subsequent Resolution otherwise provides and, subject to any such Resolution and to Regulation 76, all those powers shall thereafter be exercisable by the liquidator.

76. APPLICATION OF ASSETS AND DISSOLUTION

76.1. On the registration by the Registrar of a statement delivered under Regulation 72 that the Offshore Company has no assets and no liabilities the Offshore Company is dissolved.

76.2. On the registration by the Registrar of a statement so delivered that the Offshore Company has assets and no liabilities the Offshore Company shall forthwith proceed to distribute its assets among its members according to their rights or otherwise as provided by the Regulations.

76.3. On the registration by the Registrar of a statement so delivered that the Offshore Company will be able to discharge its liabilities in full within six months after the commencement of the winding up

the assets of the Offshore Company shall be applied in satisfaction of the Offshore Company's liabilities and, subject to that application, shall be distributed as aforesaid.

76.4. As soon as the Offshore Company has completed the distribution of its assets in accordance with Regulation 76.2 or 76.3 it shall deliver to the Registrar a statement signed by the Directors or, if the distribution has been completed by a liquidator appointed under Regulation, by the liquidator, that each Director or (as the case may be) the liquidator, having made full inquiry into the Offshore Company's affairs, is satisfied that the Offshore Company has no assets and no liabilities and, upon the registration of the statement, the Offshore Company is dissolved.

77. EFFECT OF INSOLVENCY

77.1. This Regulation applies where after the commencement of a summary winding up the Directors (or, if there is a liquidator, the liquidator) form the opinion that the Offshore Company has liabilities which it will be unable to discharge in full within six months after the commencement of the winding up.

77.2. When that opinion is formed it shall be recorded in the minutes of a meeting of the Directors or, as the case may be, by the liquidator.

77.3. The Directors (or, if there is a liquidator, the liquidator) shall:

- (a) by not less than 14 days' notice given by post, call a meeting of the Creditors of the Offshore Company to be held within 28 days after that opinion was recorded and the Offshore Company shall in the notice nominate a person to be liquidator for the purpose of a Creditors' winding up;
- (b) when that notice is given to the creditors, deliver a copy of it to the Registrar;
- (c) not less than 10 days before the day for which the meeting is called, give notice of the meeting by advertisement in the newspaper Prescribed by the Registrar;
- (d) during the period before the Creditors' meeting is held, furnish any Creditor free of charge with such information concerning the affairs of the Offshore Company as he may reasonably request; and
- (e) make out a statement as to the affairs of the Offshore Company and lay that statement before the Creditors' meeting.

77.4. The statement as to the affairs of the Offshore Company shall be verified by affidavit by some or all of the Directors or (if there is a liquidator) by the liquidator.

77.5. If there is a liquidator, he shall preside at the Creditors' meeting and, if there is no liquidator, a Director nominated by the Directors shall preside.

77.6. As from the day on which the Creditors' meeting under this Regulation is held the winding up becomes a Creditors' winding up and these Regulations have effect as if that meeting was the meeting of Creditors mentioned in Regulation 84.

77.7. If the Directors or, as the case may be, the liquidator without reasonable excuse fail to comply with their obligations under this Regulation or if a Director or, as the case may be, the liquidator fails to comply with Regulation so far as requiring him to preside at the Creditors' meeting, the Directors or the Director or the liquidator, (as the case may be) commits an Offence.

- 77.8. A Director or liquidator who signs a statement delivered to the Registrar under Regulation 72 or 76 without having reasonable grounds for stating that the Offshore Company has no liabilities or that

it will be able to discharge its liabilities in full within six months after the commencement of the winding up commits an Offence.

78. REMUNERATION OF LIQUIDATOR

A liquidator appointed under Regulation 74 shall be entitled to receive from the Offshore Company such remuneration as is agreed between him and the Offshore Company before his appointment or as is subsequently approved by the Offshore Company in general meeting or by the court.

79. CESSER OF OFFICE BY LIQUIDATOR

A liquidator appointed under Regulation 74 may be removed from office by a Resolution of the Offshore Company and shall vacate office if he ceases to be qualified to hold that office.

80. TERMINATION OF SUMMARY WINDING UP

80.1. Where:

- (a) the summary winding up of an Offshore Company has commenced;
- (b) the Offshore Company has not received any contribution from any present or past member pursuant to Regulation 101;
- (c) the Offshore Company has not for the purposes of the winding up distributed any of its assets among its members;
- (d) the Offshore Company is able to discharge its liabilities as they fall due; and
- (e) termination of the winding up has been approved by a Resolution of the Offshore Company, the documents described in Regulation 80.2 may be delivered to the Registrar and thereupon the winding up shall forthwith terminate.

80.2. The documents to be delivered to the Registrar pursuant to Regulation 80.1 are:

- (a) a certificate signed by all the Directors of the Offshore Company stating that the Offshore Company:
 - (i) has received no such contribution;
 - (ii) has made no such distribution; and
 - (iii) is able to discharge its liabilities as they fall due.
- (b) a copy of the Resolution approving the termination of the winding up.

- 80.3. Upon the termination of a winding up pursuant to Regulation 80.1:
- (a) any liquidator appointed for the purpose of the winding up shall cease to hold office; and
 - (b) the Offshore Company and all other persons shall be in the same position, subject to Regulation 80.4 as if the winding up had not commenced.
- 80.4. The termination of a winding up pursuant to Regulation 80.1 shall not affect the validity of anything duly done by any liquidator, Director or other person, or by operation of law, before its termination.
- 80.5. A Director who signs a certificate delivered to the Registrar pursuant to Regulation 80.1 without having reasonable grounds for believing that the statements in it are true commits an Offence.

CHAPTER 2: CREDITORS WINDING UP

81. PROCEDURE

An Offshore Company may be wound up under this Chapter if the Offshore Company so resolves by Resolution.

82. NOTICE OF WINDING UP

- 82.1. When an Offshore Company has passed a Resolution for a Creditors' winding up, it shall, within 14 days of the passing of the Resolution, give notice of the Resolution by advertisement in a newspaper Prescribed by the Registrar.
- 82.2. In the event of failure to comply with this Regulation, the Offshore Company and every Officer of it who is in default commits an Offence.

83. COMMENCEMENT AND EFFECTS OF CREDITORS' WINDING UP

- 83.1. A Creditors' winding up is deemed to commence when the Resolution for winding up is passed or, where Regulation 77 applies, when the winding up becomes a Creditors' winding up; and the Offshore Company shall from the commencement of the winding up cease to carry on its business, except so far as may be required for its beneficial winding up.
- 83.2. The corporate state and capacity of the Offshore Company continue until the Offshore Company is dissolved.
- 83.3. A transfer of shares, not being a transfer made to or with the sanction of the liquidator, and an alteration in the status of the Offshore Company's members made after the commencement of the winding up is void.
- 83.4. After the commencement of the winding up no action shall be taken or proceeded with against the Offshore Company except by leave of the court and subject to such terms as the court may impose.

84. MEETING OF CREDITORS IN CREDITORS' WINDING UP

84.1. The Offshore Company shall:

- (a) not less than 14 days before the day on which there is to be held the Offshore Company meeting at which the Resolution for a Creditors' winding up is to be proposed give by post to its creditors notice calling a meeting of creditors to be held on the same day as, and immediately following the conclusion of, the Offshore Company meeting and nominating a person to be liquidator for the purposes of a creditors' winding up;
- (b) give notice of the Creditors' meeting by advertisement in a newspaper Prescribed by the Registrar not less than 10 days before the day for which that meeting has been called;
- (c) during the period before the Creditors' meeting furnish Creditors free of charge with such information concerning the Offshore Company's affairs as they may reasonably require.

84.2. The Directors shall:

- (a) make out a statement as to the affairs of the Offshore Company, verified by affidavit by some or all of the Directors;
- (b) lay that statement before the Creditors' meeting; and
- (c) appoint a Director to preside at that meeting, and the Director so appointed shall attend the meeting and preside over it.

84.3. If:

- (a) the Offshore Company without reasonable excuse fails to comply with Regulation 84.1;
- (b) the Directors without reasonable excuse fail to comply with Regulation 84.2; or
- (c) a Director without reasonable excuse fails to comply with Regulation 84.2, so far as requiring him to attend and preside at the Creditors' meeting the Offshore Company; the Directors or the Director (as the case may be) commits an Offence.

85. APPOINTMENT OF LIQUIDATOR

85.1. The Creditors and the Offshore Company at their respective meetings mentioned in Regulation 84 may nominate a person to be liquidator for the purpose of the winding up.

85.2. Where a Creditors' meeting is called in accordance with Regulation 77, the person nominated to be liquidator in the notice calling the meeting shall be deemed, for the purposes of this Regulation, to have been nominated as aforesaid by the Offshore Company.

85.3. The person nominated by the Creditors, or if no person is nominated by the Creditors, the person nominated, or deemed to have been nominated, by the Offshore Company is appointed liquidator with effect from the conclusion of the Creditors' meeting.

- 85.4. In the case of different persons being nominated, a Director, member or Creditor of the Offshore Company may, within seven days after the date on which the nomination was made by the Creditors, apply to the Registrar for an order either:
- (a) directing that the person nominated as liquidator by the Offshore Company shall be liquidator instead of or jointly with the person nominated by the Creditors; or
 - (b) appointing some other person to be liquidator instead of the person nominated by the Creditors.
- 85.5. A liquidator appointed under this Regulation shall within 14 days after his appointment give notice thereof signed by him to the Registrar and to the Creditors.
- 85.6. A liquidator who fails to comply with Regulation 85.5 commits an Offence.

86. APPOINTMENT OF LIQUIDATION COMMITTEE

- 86.1. A creditors' meeting may appoint a liquidation committee consisting of not more than five persons to exercise the functions conferred on it by or under these Regulations.
- 86.2. If a committee is appointed, the Offshore Company may, in general meeting, appoint such number of persons not exceeding five as they think fit to act as members of the committee.
- 86.3. The Creditors may resolve that all or any of the persons so appointed by the Offshore Company ought not to be members of the committee; and if the Creditors so resolve:
- (a) the persons mentioned in the Resolution are not then qualified to act as members of the committee; and
 - (b) on an application to the Registrar under this provision the Registrar may appoint other persons to act as such members in place of the persons mentioned in the Resolution.

87. REMUNERATION OF LIQUIDATOR, CESSER OF DIRECTORS' POWERS, AND VACANCY IN OFFICE OF LIQUIDATOR

- 87.1. A liquidator in a Creditors' winding up is entitled to receive such remuneration as is agreed between him and the liquidation committee or, if there is no committee, between him and the Creditors.
- 87.2. On the appointment of a liquidator in a Creditors' winding up, all the powers of the Directors cease, except so far as the liquidation committee (or, if there is no committee, the Creditors) sanction their continuance.
- 87.3. The Creditors may at any time remove a liquidator.
- 87.4. If a vacancy occurs, by death, resignation or otherwise, in the office of a liquidator (other than a liquidator appointed by the court) the Creditors may fill the vacancy.

88. NO LIQUIDATOR APPOINTED

- 88.1. This Regulation applies where a Creditors' winding up has commenced but no liquidator has been appointed.
- 88.2. During the period before the appointment of a liquidator, the powers of the Directors shall not be exercised except:
- (a) with the sanction of the court;
 - (b) to secure compliance with Regulation 84; or
 - (c) to protect the Offshore Company's assets.
- 88.3. If the Directors, without reasonable excuse, fail to comply with this Regulation, they are guilty of an Offence.

89. COSTS OF CREDITORS' WINDING UP

All costs, charges and expenses properly incurred in a Creditors' winding up, including the remuneration of the liquidator, are payable out of the Offshore Company's assets in priority to all other claims.

90. ARRANGEMENT WHEN BINDING ON CREDITORS

- 90.1. An arrangement entered into between an Offshore Company immediately preceding the commencement of, or in the course of, a Creditors' winding up and its Creditors is (subject to the right of appeal under this Regulation) binding:
- (a) on the Offshore Company, if sanctioned by a Resolution; and
 - (b) on the Creditors, if acceded to by three-quarters in number and value of them.
- 90.2. A Creditor or contributory may, within three weeks from the completion of the arrangement, appeal to the court against it; and the court may thereupon, as it thinks just, amend, vary or confirm the arrangement.

91. MEETINGS OF OFFSHORE COMPANY AND CREDITORS

- 91.1. If a Creditors' winding up continues for more than 12 months, the liquidator shall call a general meeting of the Offshore Company and a meeting of the Creditors to be held at the first convenient date within three months after the end of the first 12 months from the commencement of the winding up, and of each succeeding 12 months, or such longer period as the Registrar may allow, and shall lay before the meetings an account of his acts and dealings and of the conduct of the winding up during the preceding 12 months.
- 91.2. If the liquidator fails to comply with this Regulation, he commits an Offence.

92. FINAL MEETING AND DISSOLUTION

- 92.1. As soon as the affairs of an Offshore Company in a Creditors' winding up are fully wound up, the liquidator shall make up an account of the winding up, showing how it has been conducted and the Offshore Company's property has been disposed of, and thereupon shall call a general meeting of the Offshore Company and a meeting of the Creditors for the purpose of laying the account before the meetings and giving an explanation of it.
- 92.2. Each such meeting shall be called by not less than 21 days' notice sent by post, accompanied by a copy of the liquidator's account.
- 92.3. Within seven days after the date of the meetings (or, if they are not held on the same date, after the date of the later one) the liquidator shall make a return to the Registrar of the holding of the meetings and of their dates.
- 92.4. If the copy is not delivered or the return is not made in accordance with Regulation 92.3, the liquidator commits an Offence.
- 92.5. If a quorum is not present at either such meeting, the liquidator shall, in lieu of the return required by Regulation 92.3, deliver a return that the meeting was duly called and that no quorum was present; and when that return is made the provisions of that paragraph as to the making of the return are, in respect of that meeting, deemed complied with.
- 92.6. The Registrar on receiving the account and, in respect of each such meeting, either of the returns mentioned above, shall forthwith register them, and at the end of three months from the registration of the return the Offshore Company is deemed to be dissolved; but the Registrar may, on the application of the liquidator or of another person who appears to the Registrar to be interested, make an order deferring the date at which the dissolution of the Offshore Company is to take effect for such time as the Registrar thinks fit.
- 92.7. If the liquidator fails to call a general meeting of the Offshore Company or a meeting of the Creditors as required by this Regulation he commits an Offence.

93. POWERS AND DUTIES OF LIQUIDATOR

- 93.1. The liquidator in a creditors' winding up may, with the sanction of the liquidation committee (or, if there is no such committee, a meeting of the Creditors):
- (a) pay a class of Creditors in full; and/or
 - (b) compromise any claim by or against the Offshore Company.
- 93.2. The liquidator may, without sanction, exercise any other power of the Offshore Company as may be required for its beneficial winding up.
- 93.3. The liquidator may:
- (a) settle a list of contributories (and the list of contributories is prima facie evidence of the persons named in it to be contributories);
 - (b) make calls; and/or
 - (c) summon general meetings of the Offshore Company for the purpose of obtaining its sanction by Resolution or for any other purpose he may think fit.

93.4. The liquidator shall pay the Offshore Company's debts and adjust the rights of the contributories among themselves.

93.5. The appointment or nomination of more than one person as liquidator shall declare whether any act to be done is to be done by all or any one or more of them, and in default, any such act may be done by two or more of them.

94. APPOINTMENT OR REMOVAL OF LIQUIDATOR BY THE REGISTRAR

94.1. If for any reason there is, in a Creditors' winding up, no liquidator acting, the Registrar may appoint a liquidator.

94.2. The Registrar may, on reason being given, remove a liquidator in a Creditors' winding up and appoint another.

95. DUTY TO CO-OPERATE WITH LIQUIDATOR

95.1. In a Creditors' winding up each of the persons mentioned in Regulation 95.2 shall:

- (a) give the liquidator information concerning the Offshore Company and its promotion, formation, business, dealings, affairs or property which the liquidator may at any time after the commencement of the winding up reasonably require; and
- (b) attend on the liquidator at reasonable times and on reasonable notice when requested to do so.

95.2. The persons referred to in Regulation 95.1 are:

- (a) those who are, or have at any time been, Officers of the Offshore Company;
- (b) those who have taken part in the formation of the Offshore Company at any time within one Year before the commencement of the winding up; and
- (c) those who are in the employment of the Offshore Company, or have been in its employment within that Year, and are in the liquidator's opinion capable of giving information which he requires; and

95.3. If a person without reasonable excuse fails to comply with an obligation imposed by this Regulation, he commits an Offence.

96. DISTRIBUTION OF OFFSHORE COMPANY'S PROPERTY

Subject to the provisions of any enactment as to preferential payments, an Offshore Company's property shall on winding up be realised and applied in satisfaction of the Offshore Company's liabilities *pari passu* and, subject to that application, shall (unless the articles or law otherwise provide) be distributed among the members according to their rights and interests in the Offshore Company.

97. QUALIFICATIONS OF LIQUIDATOR

- 97.1. A person who is not an individual is not qualified to act as a liquidator.
- 97.2. The Registrar may prescribe the qualifications required for any person to act as a liquidator.
- 97.3. An appointment made in contravention of this Regulation is void.
- 97.4. A person who acts as liquidator when not qualified to do so commits an Offence.
- 97.5. A liquidator shall vacate office if he ceases to be a person qualified to act as a liquidator.

98. CORRUPT INDUCEMENT AFFECTING APPOINTMENT AS LIQUIDATOR

A person who gives or agrees or offers to give to a member or Creditor of an Offshore Company any valuable benefit with a view to securing his own appointment or nomination, or to securing or preventing the appointment or nomination of some person other than himself, as the Offshore Company's liquidator, commits an Offence.

99. NOTIFICATION BY LIQUIDATOR OF RESIGNATION, ETC.

- 99.1. A liquidator who resigns, is removed or for any other reason vacates office shall within 14 days after the resignation, removal or vacation of office give notice thereof, signed by him, to the Registrar and in the case of a Creditors' winding up (except where the removal is pursuant Regulation 87.3 to the creditors.
- 99.2. If a liquidator fails to comply with Regulation 99.1 he commits an Offence.

100. NOTIFICATION THAT OFFSHORE COMPANY IS IN LIQUIDATION

- 100.1. When an Offshore Company is being wound up, every invoice, order for goods or services or business letter issued by or on behalf of the Offshore Company, or a liquidator of the Offshore Company, being a document on or in which the name of the Offshore Company appears, shall contain a statement that the Offshore Company is in liquidation.
- 100.2. In the event of failure to comply with this Regulation, the Offshore Company and every Officer of it who is in default commits an Offence.

101. LIABILITY AS CONTRIBUTORIES OF PRESENT AND PAST MEMBERS

- 101.1. When an Offshore Company is wound up, every present and past member is liable to contribute to its assets to an amount sufficient for payment of its liabilities, and the expenses of the winding up, and for the adjustment of the rights of the contributories among themselves:
 - (a) a past member is not liable to contribute if he has ceased to be a member for one Year or more before the commencement of the winding up;

- (b) a past member is not liable to contribute in respect of a Liability of the Offshore Company contracted after he ceased to be a member,
- (c) a past member is not liable to contribute unless it appears to the court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of these Regulations;
- (d) no contribution is required from a past or present member exceeding the amount (if any) unpaid on the shares in respect of which he is liable;

a sum due to a member of the Offshore Company (in his character of a member) by way of dividends, profits or otherwise is not deemed to be a Liability of the Offshore Company, payable to that member in a case of competition between himself and any other Creditor not a member of the Offshore Company, but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves.

102. DISPOSAL OF RECORDS

102.1. When an Offshore Company has been wound up and is about to be dissolved, its Records and those of a liquidator may be disposed of as follows:

- (a) in the case of a summary winding up, in the way that the Offshore Company by Resolution directs; and
- (b) in the case of a Creditors' winding up, in the way that the liquidation committee or, if there is no such committee, the Offshore Company's creditors, may direct.

102.2. After 10 Years from the Offshore Company's dissolution no responsibility rests on the Offshore Company, a liquidator, or a person to whom the custody of the Records has been committed, by reason of any record not being forthcoming to a person claiming to be interested in it.

102.3. The Registrar may direct that for such period as it thinks proper (but not exceeding 10 Years from the Offshore Company's dissolution), the Records of an Offshore Company, which has been wound up, shall not be destroyed.

102.4. If a person acts in contravention of a direction made for the purposes of this Regulation, he commits an Offence.

PART 14: INVESTIGATIONS

103. APPOINTMENT OF INSPECTORS BY REGISTRAR

103.1. The Registrar, on being satisfied that there is good reason to do so, may appoint one or more competent inspectors to investigate the affairs of an Offshore Company and to report on them as the Registrar may direct.

103.2. The appointment may be made on the application of the Registrar, the Offshore Company or a member, Officer or Creditor of the Offshore Company.

103.3. The Registrar may, before appointing inspectors, require the applicant, other than the Registrar, to give security, to an amount not exceeding Dhs 50, 000 or such other sum as may be Prescribed for payment of the costs of the investigation.

103.4. This Regulation applies whether or not the Offshore Company is being wound up.

104. POWERS OF INSPECTORS

104.1. If inspectors appointed under Regulation 103 to investigate the affairs of an Offshore Company think it necessary for the purposes of their investigation to investigate also the affairs of another

body corporate which is or at any relevant time has been the Offshore Company's subsidiary or holding company, or a subsidiary of its holding company or a holding company of its subsidiary, they shall with the approval of the Registrar have power to do so; and they shall report on the affairs of the other body corporate so far as they think that the results of their investigation of its affairs are relevant to the investigation of the affairs of the first mentioned Offshore Company.

104.2. Inspectors so appointed may at any time in the course of their investigation, without the necessity of making an interim report, inform the Registrar of matters coming to their knowledge as a result of the investigation tending to show that an Offence has been committed.

105. PRODUCTION OF RECORDS AND EVIDENCE TO INSPECTORS

105.1. If inspectors appointed under Regulation 103 consider that any person is or may be in possession of information relating to a matter, which they believe to be relevant to the investigation, they may require him:

- (a) to produce and make available to them all Records in his custody or power relating to that matter;
- (b) at reasonable times and on reasonable notice, to attend before them; and
- (c) otherwise to give them all assistance in connection with the investigation, which he is reasonably able to give, and it is that person's duty to comply with the requirement.

106. POWER OF INSPECTORS TO CALL FOR DIRECTORS' BANK ACCOUNTS

If inspectors appointed under Regulation 103 have reasonable grounds for believing that a Director, or past Director, of the Offshore Company or other body corporate whose affairs they are investigating maintains or has maintained a bank account of any description, whether alone or jointly with another person, into or out of which there has been paid money which has been in any way connected with an act or omission, or series of acts or omissions, which constitutes misconduct (whether fraudulent or not) on the part of that Director towards the Offshore Company or other body corporate or its members, the inspectors may require the Director to produce and make available to them all Records in the Director's possession or under his control relating to that bank account.

107. INSPECTORS' REPORTS

107.1. The inspectors may, and if so directed by the Registrar shall, make interim reports to the Registrar and on the conclusion of their investigation shall make a final report to the Registrar.

107.2. The Registrar may:

- (a) forward a copy of any report made by the inspectors to the Offshore Company's registered office;
- (b) furnish a copy on request and on payment of the Prescribed fee to any person whom the Registrar deems appropriate.

108. EXPENSES OF INVESTIGATING AN OFFSHORE COMPANY'S AFFAIRS

The expenses of and incidental to an investigation by inspectors shall be defrayed in the first instance by the Registrar, but the Registrar may in his absolute discretion order any person or body corporate to make repayment to the Registrar to the extent specified in his order.

PART 15: UNFAIR PREJUDICE

109. POWER FOR MEMBER TO APPLY TO COURT

A member of an Offshore Company may apply to the court for an order under Regulation 107 on the ground that the Offshore Company's affairs are being or have been conducted in a manner which is unfairly prejudicial to the interests of its members generally or of some part of its members (including at least himself) or that an actual or proposed act or omission of the Offshore Company (including an act or omission on its behalf) is or would be so prejudicial.

110. POWERS OF COURT

110.1. If the court is satisfied that an application under Regulation 109 is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.

110.2. The court's order may (without limitation):

- (a) regulate the conduct of the Offshore Company's affairs in the future;
- (b) require the Offshore Company to refrain from doing or continuing an act complained of by the applicant or to do an act which the applicant has complained it has omitted to do;
- (c) authorise civil proceedings to be brought in the name and on behalf of the Offshore Company by such person or persons and on such terms as the court may direct; and/or
- (d) provide for the purchase of the rights of any members of the Offshore Company by other members or by the Company itself and, in the case of a purchase by

the Offshore Company itself, the reduction of the Offshore Company's capital accounts accordingly.

- 110.3. If an order under this Regulation requires the Offshore Company not to make any, or any specified, alterations in the memorandum and articles of association, the Offshore Company shall not then without leave of the court make such alterations in breach of that requirement.
- 110.4. An alteration in the Offshore Company's memorandum and articles of association made by virtue of an order under this Regulation is of the same effect as if duly made by Resolution of the Offshore Company, and the provisions of the memorandum and articles of association apply to the Regulations as so altered accordingly.
- 110.5. The Order of the court recording the making of an order under this Regulation altering, or giving leave to alter, an Offshore Company's memorandum and articles of association shall, within 14 days from the making of the order or such longer period as the court may allow, be delivered by the Offshore Company to the Registrar for registration, and if an Offshore Company fails to comply with this Regulation, the Offshore Company commits an Offence.

PART 16: TRANSFER OF INCORPORATION

111. TRANSFER OF INCORPORATION TO THE ZONE

- 111.1. A foreign Company may, if authorized by the laws of the jurisdiction in which it was incorporated, apply to the Registrar for the continuation of the foreign Company as an Offshore Company.
- 111.2. An application for continuation shall be made to the Registrar in the manner Prescribed in these Regulations and shall:
 - (a) be executed under seal and signed by an Officer of the foreign company and verified by an affidavit, or other similar sworn statement, of the person signing the application;
 - (b) be accompanied by memorandum and articles of continuation that complies with these Regulations; and
 - (c) be accompanied by any other document Prescribed by the Registrar.
- 111.3. The memorandum and articles of continuation shall make any amendments to the original memorandum and articles of association and any amendments thereto necessary to make the memorandum and articles of continuation conform to these Regulations and any other relevant law applicable in the Zone.

112. CERTIFICATE OF CONTINUATION

- 112.1. Once the Registrar approves the application, the Registrar shall:
 - (a) issue a certificate of continuation on the terms and conditions the Registrar considers appropriate;
 - (b) register the Offshore Company; and

- (c) allocate to the Offshore Company a number, which shall be the Offshore Company's registered number.

112.2. The Registrar may refuse to issue a certificate of continuation if he considers it appropriate to do so. This decision is final and not subject to appeal or review by the Court.

112.3. The Registrar is not required to provide reasons for refusing to issue a certificate of continuation.

113. **EFFECT OF CERTIFICATE OF CONTINUATION**

From the date of continuation stated in the certificate of continuation:

- (a) the foreign Company becomes an Offshore Company to which these Regulations apply as if it has been incorporated under these Regulations;
- (b) the memorandum and articles of continuation become the memorandum and articles of association of the Offshore Company; and
- (c) the certificate of continuation is treated as the certificate of incorporation of the Offshore Company.

114. **COPY OF CERTIFICATE OF CONTINUATION**

The Registrar shall send a copy of the certificate of continuation to the appropriate official or public body in the jurisdiction in which the application for continuation was authorized.

115. **RIGHTS AND LIABILITIES**

Where a foreign company is continued as an Offshore Company under these Regulations, the Offshore Company:

- (a) continues to have all the property, rights and privileges and is subject to all the liabilities, limitations and debts that it had before the continuation; and
- (b) remains a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.

116. **TRANSFER OF INCORPORATION FROM THE ZONE TO ANOTHER JURISDICTION**

116.1. An Offshore Company may, if it is authorized by:

- (a) a Resolution; and
- (b) the Registrar in the manner Prescribed in these Regulations,

apply to the appropriate official or public body of a foreign jurisdiction to transfer its incorporation to the foreign jurisdiction and request that the Offshore Company be continued as a foreign company.

116.2. An Offshore Company shall not apply under Regulation 116.1 unless the laws of the foreign jurisdiction provide that the foreign company:

- (a) will continue to have all the property, rights and privileges and is subject to all the liabilities, limitations and debts that it had before the continuation; and
- (b) will remain a party in any legal proceedings commenced in any jurisdiction in which it was a party before the continuation.

116.3. An Offshore Company ceases to be an Offshore Company within the meaning of these Regulations when the Offshore Company is continued as a foreign company and when the foreign company files with the Registrar a copy of the certificate or instrument of continuation certified by the appropriate official of the foreign jurisdiction.

116.4. When the Registrar receives the foreign jurisdiction's certificate or instrument of continuation, the Registrar must strike the name of the Offshore Company off the Register.

117. REFUSAL TO GRANT AUTHORISATION TO TRANSFER INCORPORATION TO ANOTHER JURISDICTION

The Registrar may refuse to authorise an Offshore Company to apply to transfer incorporation under Regulation 116.

PART 17: CONVERSION OF COMPANIES

118. CONVERSION OF AN OFFSHORE COMPANY TO A FREE ZONE COMPANY

118.1. An Offshore Company may by a Resolution apply to the Registrar for its corporate form to be converted to, and on conversion, to continue as a Free Zone Company.

118.2. An Offshore Company may apply to the Registrar for the conversion and continuation through an application form containing the following:

- (a) the name, nationality, address and other details of the shareholders of the Offshore Company;
- (b) the amount of capital of the Free Zone Company; which should comply with the requirements under the JAFZA Companies Regulations;
- (c) any other information required by the Registrar.

118.3. An application made under Regulation 118 shall be accompanied with:

- (a) the Resolution referred to in 118.1 above;
- (b) draft memorandum and articles of association for a Free Zone Company;

- (c) a legal opinion confirming that the draft memorandum or association complies with the applicable law;
- (d) a copy of the valid certificate of incorporation of the Offshore Company;

118.4. On receipt of the application and accompanying information, the Registrar may:

- (a) offer premises to be leased, which may be reserved by the prospective shareholders till the completion of the incorporation process on terms and conditions offered by the Registrar; and
- (b) issue to the Offshore Company a written pre-approval to be converted to a Free Zone Company, subject to conditions Prescribed in the pre-approval.

118.5. On satisfaction of the conditions of the pre-approval, and of other requirements of the process for the conversion of the Offshore Company to a Free Zone Company to the satisfaction of the Registrar, the Registrar may in its discretion, to reflect the conversion, issue:

- (a) a licence;
- (b) a certificate of formation; and
- (c) a revised memorandum and articles of association.

118.6. The Offshore Company will be deemed to be converted to a Free Zone Company on the issuance of a certificate of formation.

118.7. Once the Offshore Company is converted to a Free Zone Company, the date of incorporation of the Free Zone Company will be that of the Offshore Company and all rights and obligations of the Offshore Company shall continue with the Free Zone Company. The Free Zone Company shall comply with all provisions of the JAFZA Companies Regulations

The Registrar may issue guidelines or additional requirements for conversion of an Offshore Company to a Free Zone Company, which are to be read in conjunction with Part 17.

PART 18: REGISTRAR

119. REGISTRAR AND OTHER OFFICERS

119.1. There shall be appointed an Officer known as the Registrar of Offshore Companies and such other Officers as may be necessary to assist the Registrar in the exercise of his functions under these Regulations.

119.2. Any functions of the Registrar under these Regulations may, to the extent authorised by him, be exercised by any Officer of his staff.

120. FEES AND FORMS

120.1. There shall be paid to the Registrar by an Offshore Company the fees referred to in Schedule 2. The Registrar may by order amend the amount of the fees from time to time.

120.2. The Registrar may by order require the payment to the Registrar of such fees as may be Prescribed in respect of:

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

120.3. The Registrar may charge a fee for any services provided by him otherwise than in pursuance of an obligation imposed on him by these Regulations.

120.4. Where a fee is provided for or charged under this Regulation for the performance of an act or duty by the Registrar, no action need be taken by him until the fee is paid, and where the fee is payable on the receipt by him of a document required to be delivered to him, he shall be deemed not to have received it until the fee is paid.

120.5. The Registrar may prescribe forms to be used for any of the purposes of these Regulations and the manner in which any document to be delivered to the Registrar is to be authenticated.

120.6. Unless otherwise provided by or under these Regulations, any document delivered to the Registrar by an Offshore Company pursuant to these Regulations shall be signed by an Officer or the secretary of the Offshore Company.

121. ENFORCEMENT OF OFFSHORE COMPANY'S DUTY TO MAKE RETURNS

121.1. If an Offshore Company, having failed to comply with a provision of these Regulations which requires it to deliver to the Registrar any document, or to give notice to him of any matter, does not make good the failure within 14 days after the service of a notice on the Offshore Company requiring it to do so, the Registrar may make an order directing the Offshore Company and any Officer of it to make good the failure within a time specified in the order.

121.2. The Registrar's order may provide that all costs of and incidental to the application shall be borne by the Offshore Company or by any Officers of it responsible for the failure.

121.1. Nothing in this Regulation prejudices the operation of any Regulation imposing penalties on an Offshore Company or its Officers in respect of a failure mentioned above.

122. REGISTRAR MAY STRIKE DEFUNCT OFFSHORE COMPANY OFF REGISTER

122.1. If the Registrar has reason to believe that an Offshore Company is not carrying on business or is not in operation, he may send to the Offshore Company by post a letter inquiring whether the Offshore Company is carrying on business or in operation.

- 122.2. If the Registrar receives an answer to the effect that the Offshore Company is not carrying on business or is not in operation, or does not within one month after sending the letter receive an answer, he may send to the Offshore Company by post, a notice that at the end of three months from the date of that notice the name of the Offshore Company, unless reason is shown to the contrary, be struck off the Register and the Offshore Company will be dissolved.
- 122.3. If, where an Offshore Company is being wound up in a Creditors' winding up, the Registrar has reason to believe either that no liquidator is acting, or that the affairs of the Offshore Company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months, the Registrar shall send to the Offshore Company or the liquidator (if any) a notice similar to that provided for in Regulation 122.2
- 122.4. At the end of the period mentioned in the notice the Registrar may, unless reason to the contrary is previously shown by the Offshore Company or a member, creditor or liquidator of it, strike its name off the Register; and on the striking off the Offshore Company is dissolved; but the Liability (if any) of every Director and member of the Offshore Company continues and may be enforced as if the Offshore Company had not been dissolved.

123. REGISTRAR MAY STRIKE COMPANY OFF REGISTER

123.1. Where it appears to the Registrar that:

- (a) an Offshore Company is acting in breach of Regulation 14; or
- (b) it is necessary to protect the good repute of the Zone as a center for Offshore business activities that an Offshore Company should be struck off the Register,

the Registrar may send to the Offshore Company a letter setting out the reasons for that belief and requesting the Offshore Company to show reason why it should not be struck off.

- 123.2. If within one month after sending the letter the Registrar does not receive an answer, the Registrar may send to the Offshore Company by post, a notice that at the end of the three months from the date of the notice the Offshore Company will unless reason is shown to the contrary be struck off the Register and the Offshore Company will be dissolved.
- 123.3. At the end of the period mentioned in the notice the Registrar may, unless reason to the contrary is previously shown by the Offshore Company or a member, creditor or liquidator of it, strike its name off the Register, and on the striking off the Offshore Company is dissolved, but the Liability (if any) of every Director and member of the Offshore Company continues and may be enforced as if the Offshore Company had not been dissolved.
- 123.4. Where an Offshore Company has been dissolved under Regulations 122 or 123, the Authority may, on an application made for the purpose by a liquidator of the Offshore Company or by any other person appearing to the Authority to be interested, make an order, on such terms as the Authority thinks fit, declaring the dissolution to be void and the Authority may by the order give such directions and make such provisions as seem just for placing the Company and all other persons in the same position as if the Company had not been dissolved. Thereupon such proceedings may be taken which might have been taken if the Company had not been dissolved.

124. REGISTRAR MAY STRIKE COMPANY OFF REGISTER FOR NON-PAYMENT OF FEES

- 124.1. If an Offshore Company has failed to pay any fees required to be paid to the Registrar under Regulation 120 the Registrar may send to the Offshore Company a letter requiring the Offshore Company to make the required payment within 30 days failing which the name of the Company may be struck off the Register.
- 124.2. If the Offshore Company fails to pay the required fee due under Regulation 120 before the expiration of two months from the time specified in Regulation 124.1, the Registrar may strike the name of the Offshore Company off the Register.
- 124.3. An Offshore Company, the name of which has been struck off the Register under Regulation 124.2, remains liable for all claims, debts, liabilities and obligations of the Offshore Company, and the striking off does not affect the liability of any of its members, Directors, Officers or agents.
- 124.4. If the name of an Offshore Company has been struck off the Register under Regulation 124.2 the Offshore Company or a Creditor, member of liquidator of the Offshore Company may, within two years following the date of the striking off, apply to the Registrar to have the name of the Offshore Company restored to the Register and, upon payment of all fees due under Regulation 120 and any penalties imposed by the Registrar, the Registrar shall restore the name of the Offshore Company to the Register. Upon restoration of the name of the Offshore Company to the Register, the name of the Offshore Company is deemed never to have been struck off the Register.

PART 19: TAKEOVERS

125. TAKEOVER OFFERS

- 125.1. In this Part, "a takeover offer" means an offer to acquire all the shares in an Offshore Company (other than shares, which at the date of the offer are already held by the Offshore), being an offer on terms which are the same in relation to all the shares to which the offer relates.
- 125.2. In Regulation 125.1, "shares" means shares which have been allotted on the date of the offer but a takeover offer may include among the shares to which it relates all or any shares that are subsequently allotted before a date specified in or determined in accordance with the terms of the offer.
- 125.3. The terms offered in relation to any shares shall for the purposes of this Regulation be treated as being the same in relation to all the shares notwithstanding any variation permitted by Regulation 125.4.
- 125.4. A variation is permitted by this paragraph where:
- (a) the Regulations of a country or territory outside the Zone precludes the acceptance of an offer in the form or any of the forms specified or precludes it except after compliance by the Offshore with conditions with which he is unable to comply or which he regards as unduly onerous; and
 - (b) the variation is such that the persons by whom the acceptance of an offer in that form is precluded are able to accept an offer otherwise than in that form but of substantially equivalent value.

- 125.5. The reference in Regulation 125.1 to shares already held by the Offshore includes a reference to shares which he has contracted to acquire but that shall not be construed as including shares which are the subject of a contract binding the holder to accept the offer when it is made, being a contract entered into by the holder for nothing other than a promise by the Offshore to make the offer.
- 125.6. Where the terms of an offer make provision for their revision and for acceptances on the previous terms to be treated as acceptances on the revised terms, the revision shall not be regarded for the purposes of this Part as the making of a fresh offer and references in this Part to the date of the offer shall accordingly be construed as references to the date of which the original offer was made.
- 125.7. In this Part "the Offshore " means, subject to Regulation 130, the person making a takeover offer and "the Offshore Company" means the Offshore Company whose shares are the subject of the offer.

126. RIGHT OF OFFEROR TO BUY OUT MINORITY SHAREHOLDERS

- 126.1. If, the Offshore has by virtue of acceptances of the offer acquired or contracted to acquire not less than nine-tenths in value of the shares to which the offer relates he may give notice to the holder of any shares to which the offer relates which the Offshore has not acquired or contracted to acquire that he desires to acquire those shares.
- 126.2. No notice shall be given under Regulation 126.1 or 126.2 unless the Offshore has acquired or contracted to acquire the shares necessary to satisfy the minimum specified in that Regulation before the end of the period of four months beginning with the date of the offer; and no such notice
- shall be given after the end of the period of two months beginning with the date on which he has acquired or contracted to acquire shares which satisfy that minimum.
- 126.3. When the Offshore gives the first notice in relation to an offer he shall send a copy of it to the Offshore Company together with a declaration by him that the conditions for the giving of the notice are satisfied.
- 126.4. Where the Offshore is a body corporate (whether or not an Offshore Company within the meaning of these Regulations) the declaration shall be signed by a Director.
- 126.5. Any person who fails to send a copy of a notice or a declaration as required by Regulation 126.3 or makes such a declaration for the purposes of that paragraph knowing it to be false or without having reasonable grounds for believing it to be true commits an Offence.
- 126.6. If a person is charged with any Offence for failing to send a copy of a notice as required by Regulation 126.3 it is a defence for him to prove that he took reasonable steps for securing compliance with that paragraph.
- 126.7. Where during the period within which a takeover offer can be accepted the Offshore acquires or contracts to acquire any of the shares to which the offer relates but otherwise than by virtue of acceptances of the offer, then if:
- (a) the value of that for which they are acquired or contracted to be acquired ("the acquisition value") does not at that time exceed the value of that which is receivable by an acceptor under the terms of the offer; or

- (b) those terms are subsequently revised so that when the revision is announced the acquisition value, at the time mentioned in subparagraph (a), no longer exceeds the value of that which is receivable by an acceptor under those terms'

the Offshore shall be treated for the purposes of this Regulation as having acquired or contracted to acquire those shares by virtue of acceptances of the offer; but in any other case those shares shall be treated as excluded from those to which the offer relates.

127. EFFECT OF NOTICE UNDER REGULATION 126

127.1. The following provisions shall, have effect where a notice is given in respect of any shares under Regulation 126.

127.2. The Offshore shall be entitled and bound to acquire those shares on the terms of the offer.

127.3. Where the terms of an offer are such as to give the holder of any shares a choice of payment for his shares the notice shall give particulars of the choice and state:

- (a) that the holder of the shares may within six weeks from the date of the notice indicate his choice by a written communication sent to the Offshore at an address specified in the notice; and
- (b) which payment specified in the offer is to be taken as applying in default of his indicating a choice as aforesaid, and the terms of the offer mentioned in Regulation 127.2 shall be determined accordingly.

127.4. Regulation 127.3 applies whether or not any time-limit or other conditions applicable to the choice under the terms of the offer can still be complied with; and if the payment chosen by the holder of the shares:

- (a) is not cash and the Offshore is no longer able to make that payment; or
- (b) was to have been made by a third party who is no longer bound or able to make that payment,

the payment shall be taken to consist of an amount of cash payable by the Offshore, which at the date of the notice is equivalent to the chosen payment.

127.5. At the end of six weeks from the date of the notice the Offshore shall forthwith:

- (a) send a copy of the notice to the Offshore Company; and
- (b) make payment to the Offshore Company for the shares to which the notice relates.

127.6. The copy of the notice sent to the Offshore Company under sub-paragraph (a) of Regulation 127.5 shall be accompanied by an instrument of transfer executed on behalf of the shareholder by a person appointed by the Offshore; and on receipt of that instrument the Offshore Company shall register the Offshore as the holder of those shares.

127.7. Where the payment referred to in sub-paragraph (b) of Regulation 127.5 is to be made in shares or securities to be allotted by the Offshore the reference in that paragraph to

the making of payment shall be construed as a reference to the Allotment of the shares or securities to the Offshore Company.

- 127.8. Any sum received by an Offshore Company under sub-paragraph (b) of Regulation 127.5 and any other payment received under that paragraph shall not be the property of the Offshore Company, but shall be held by the Offshore Company on behalf of the person entitled to the shares in respect of which the sum or other payment was received.
- 127.9. Any sum received by an Offshore Company under sub-paragraph (b) of Regulation 127.5 and any dividend or other sum accruing from any other payment received by an Offshore Company under that paragraph, shall be paid into a separate bank account, being an account the balance on which bears interest at an appropriate rate and can be withdrawn by such notice (if any) as is appropriate.

128. RIGHT OF MINORITY SHAREHOLDER TO BE BOUGHT OUT BY OFFEROR

128.1. If a takeover offer relates to all the shares in an Offshore Company and at any time before the end of the period within which the offer can be accepted:

- (a) the Offshore has by virtue of acceptances of the offer acquired or contracted to acquire some (but not all) of the shares to which the offer relates; and
- (b) those shares, with or without any other shares in the Offshore Company which he has acquired or contracted to acquire, amount to not less than nine-tenths in value of all the shares in the Offshore Company,

the holder of any shares to which the offer relates who has not accepted the offer may by a written communication addressed to the Offshore require him to acquire those shares.

128.2. Within one month of the time specified in Regulation 128.1 the Offshore shall give any shareholder who has not accepted the offer notice of the rights that are exercisable by him under that Regulation; and if the notice is given before the end of the period mentioned in that Regulation it shall state that the offer is still open for acceptance.

128.3. A notice under Regulation 128.2 may specify a period for the exercise of the rights, conferred by this Regulation and in that event the rights shall not be exercisable after the end of that period; but

no such period shall end less than three months after the end of the period within which the offer can be accepted.

128.4. Regulation 128.3 does not apply if the Offshore has given the shareholder notice in respect of the shares in question under Regulation 126.

128.5. If the Offshore fails to comply with Regulation 128.2 he and, if the Offshore is an Offshore Company, every Officer of the Offshore Company who is in default or to whose neglect the failure is attributable, commits an Offence.

128.6. If an Offshore other than an Offshore Company is charged with an Offence for failing to comply with Regulation 128.2 it is a defence for him to prove that he took all reasonable steps for securing compliance with that Regulation.

129. EFFECT OF REQUIREMENT UNDER REGULATION 128

129.1. The following provisions shall have effect where a shareholder exercises his rights in respect of any shares under Regulation 128.

129.2. The Offshore shall be entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

129.3. Where the terms of an offer are such as to give the holder of shares a choice of payment for his shares the holder of the shares may indicate his choice when requiring the Offshore to acquire them and the notice given to the holder under Regulation 128.2

(a) shall give particulars of the choice and of the rights conferred by this paragraph; and

(b) may state which payment specified in the offer is to be taken as applying in default of his indicating a choice, and the terms of the offer mentioned in Regulation 129.2 shall be determined accordingly.

129.4. Regulation 129.3 applies whether or not any time limit or other conditions applicable to the choice under the terms of the offer can still be complied with; and if the payment chosen by the holder of the shares:

(a) is not cash and the Offshore is no longer able to make that payment; or

(b) was to have been made by a third party who is no longer bound or able to make that payment,

the payment shall be taken to consist of an amount of cash payable by the Offshore, which at the date when the holder of the shares requires the Offshore to acquire them is equivalent to the chosen payment.

130. JOINT OFFERS

130.1. A takeover offer may be made by two or more persons jointly and in that event this Part has effect with the following modifications.

130.2. The conditions for the exercise of the rights conferred by Regulations 126 and 128 shall be satisfied by the joint offerors acquiring or contracting to acquire the necessary shares jointly (as respects acquisitions by virtue of acceptances of the offer) and either jointly or separately (in other cases); and, subject to the following provisions, the rights and obligations of the Offshore under those Regulations and Regulations 127 and 129 shall be respectively joint rights and joint and several obligations of the joint Offshore.

130.3. It shall be a sufficient compliance with any provision of those Regulations requiring or authorising a notice or other document to be given or sent by or to the joint Offshore that it is given or sent by or to any of them; but the declaration required by Regulation 127.3 shall be made by all of them and, in the case of a joint Offshore being an Offshore Company, signed by a Director of that company.

130.4. In Regulation 125, Regulation 127.7 and Regulation 131 references to the Offshore shall be construed as references to the joint Offshore or any of them.

130.5. In Regulation 127.6 references to the Offshore shall be construed as references to the joint Offshore or such of them as they may determine.

130.6. In Regulation sub-paragraph (a) of 127.4 and sub-paragraph (a) of Regulation 129.4 references to the Offshore being no longer able to make the relevant payment shall be construed as references to none of the joint Offshore being able to do so.

131. ASSOCIATES

131.1. The requirement of Regulation 125.1 that a takeover offer must extend to all the shares in an Offshore Company shall be regarded as satisfied notwithstanding that the offer does not extend to shares which associates of the Offshore hold or have contracted to acquire; but, subject to Regulation 131.2 shares which any such associate holds or has contracted to acquire, whether at the time when the offer is made or subsequently, shall be disregarded for the purposes of any reference in this Part to the shares to which a takeover offer relates.

131.2. Where during the period within which a takeover offer can be accepted any associate of the Offshore acquires or contracts to acquire any of the shares to which the offer relates, then, if the condition specified in sub-paragraph (a) or (b) of Regulation 125.7 is satisfied as respects those shares they shall be treated for the purpose of that Regulation as shares to which the offer relates.

131.3. In sub-paragraph (b) of Regulation 125.1 the reference to shares which the Offshore has acquired or contracted to acquire shall include a reference to shares which any associate of his has acquired or contracted to acquire.

131.4. In this Regulation, "associate", in relation to an Offshore, means:

- (a) a nominee of the Offshore;
- (b) a holding company, subsidiary or fellow subsidiary of the Offshore or a nominee of such a holding company, subsidiary or fellow subsidiary; or
- (c) a body corporate in which the Offshore is substantially interested.

131.5. For the purposes of sub-paragraph (b) of Regulation 131.4 an Offshore Company is a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is a subsidiary of the other.

131.6. For the purposes of sub-paragraph (c) of Regulation 131.4 an Offshore has a substantial interest in a body corporate if:

- (a) that body or its Directors are accustomed to act in accordance with his directions or instructions; or
- (b) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body.

131.7. Where the Offshore is an individual his associates shall also include his spouse and any minor child or stepchild of his.

PART 20: MISCELLANEOUS AND FINAL PROVISIONS

132. FORM OF OFFSHORE COMPANY'S RECORDS

132.1. The Records, which an Offshore Company is required by these Regulations to keep, may be kept in the form of a bound or loose-leaf book, or photographic film, or may be entered or recorded by a system of mechanical or electronic data processing or any other information storage device that is capable of reproducing any required information in intelligible written form within a reasonable time.

132.2. An Offshore Company must keep a copy of its Records with its Registered Agent.

132.3. An Offshore Company shall take reasonable precautions:

- (a) to prevent loss or destruction of;
- (b) to prevent falsification of entries in; and
- (c) to facilitate detection and correction of inaccuracies in,

the Records required by these Regulations to be kept, and an Offshore Company, which fails to comply with the provisions of this paragraph, commits an Offence.

133. EXAMINATION OF RECORDS AND ADMISSIBILITY OF EVIDENCE

If any record referred to in Regulation 132.1 is kept otherwise than in intelligible written form, any duty imposed on the Offshore Company by these Regulations to allow examination of, or to furnish extracts from, such record shall be treated as a duty to allow examination of, or to furnish a copy of the extract from, the record in intelligible written form.

134. PRODUCTION AND INSPECTION OF RECORDS WHERE OFFENCE SUSPECTED

134.1. If, on an application by the Registrar, there is shown to be reasonable cause to believe that a person has, while an Officer of an Offshore Company, committed an Offence in connection with the management of the Offshore Company's affairs and that evidence of the commission of the Offence is to be found in any records of or under the control of the Offshore Company, the court may make an order:

- (a) authorising a person named in it to inspect the records in question, or any of them, for the purpose of investigating and obtaining evidence of the Offence; or
- (b) requiring the secretary of the Offshore Company or an Officer of it named in the order to produce and make available the records (or any of them) to a person named in the order at a place so named.

134.2. Regulation 134.1 applies also in relation to records of a person carrying on the business of banking so far as they relate to the Offshore Company's affairs, as it applies to records of or under the control of the Offshore Company, except that no order referred to in subparagraph (b) of Regulation 134.1 shall be made by virtue of this paragraph.

134.3. The decision of the court on an application under this Regulation is not appeal able.

135. PUNISHMENT OF OFFENCES

- 135.1. Schedule 3 has effect with respect to the way in which Offences under these Regulations are punishable.
- 135.2. In relation to an Offence under a provision of these Regulations specified in the first column of Schedule 3 (the general nature of the Offence being described in the second column) the third column shows in relation to the Offence the maximum punishment under these Regulations which may be imposed on a person found guilty of the Offence.
- 135.3. The fourth column shows (in relation to an Offence for which there is an entry in that column) that a person found guilty of the Offence after continued contravention is liable to a daily default fine; that is to say he is liable on a second or subsequent or subsequent commission of the Offence to the fine specified in that column for each day on which the contravention is continued (instead of the penalty specified for the Offence in the third column).
- 135.4. For the purposes of any Regulation of these Regulations where under or pursuant to these Regulations an Officer of an Offshore Company or other body corporate who is in default commits an Offence, the expression 'officer in default' means any officer of the Offshore Company or body corporate who knowingly and willfully authorises or permits the default, refusal or contravention mentioned in the Regulation.

SCHEDULE 1 INTERPRETATION

1. In these Regulations, unless the context otherwise requires, the following terms shall have the following meaning:

"Allotment", in relation to shares, means a transaction by which a person acquires the unconditional right to be included in an Offshore Company's Register of members in respect of the shares;

"Authority" means the Jebel Ali Free Zone Authority;

"Creditors" includes present, future and contingent creditors;

"Director" means a natural person occupying the position of a director;

"Financial Period" means a period for which a profit and loss account of an Offshore Company is made up in accordance with these Regulations;

"Free Zone Company" means a free zone limited liability company incorporated in the Zone in accordance with the Jebel Ali Free Zone Companies Implementing Regulations 2016;

"Liability" includes any debt or obligation;

"Nominee Director" means a body corporate director, other than the registered agent, approved by the Authority.

"Nominee Secretary" means a body corporate secretary, other than the registered agent, approved by the Authority.

"Officer or Officers" in relation to a body corporate, means a director or liquidator;

"Offence" means an offence under these Regulations, as listed within Schedule 3 of these Regulations.

"Offshore Company" means a limited liability company registered under these Regulations;

"Paid Up" includes credited as paid up;

"Personal Representative" means the executor or administrator for the time being of a deceased person;

"Prescribed" means prescribed by order made by the Registrar;

"Records" means documents and other records however stored;

"Register" means the register of members under Regulation 23;

"Registered Agent" has the meaning prescribed under Regulation 32;

"Registrar" means the registrar of companies appointed pursuant to Regulation 119;

"Resolution" means a resolution passed by 75% of such members as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a general meeting of which notice specifying the intention to propose the Resolution has been duly given;

"Secretary" means a natural person occupying the position of a secretary;

"Year" means a calendar year;

"Zone" means the Jebel Ali Free Zone in Jebel Ali, Dubai.

2. References in these Regulations to a body corporate include a body corporate incorporated outside the Zone;
3. A reference in these Regulations to a Part, Regulation or Schedule by number only, and without further identification, is a reference to the Part, Regulation or Schedule of that number in these Regulations.
4. A reference in a Regulation or other division of these Regulations to a paragraph, sub-paragraph or Regulation by number or letter only, and without further identification, is a reference to the paragraph, sub-paragraph or Regulation of that number or letter contained in the Regulation or other division of these Regulations in which that reference occurs.
5. Unless the context otherwise requires, where these Regulations refers to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.
6. Meaning of "holding company", "subsidiary" and "wholly-owned subsidiary"

For the purposes of these Regulations, a company is a subsidiary of another company only if:

- (a) It is controlled by:
 - (i) That other company; or
 - (ii) That other company and one or more companies each of which is controlled by that other company; or
- (b) (b) It is a subsidiary of a subsidiary of that other company.

For the purposes of these Regulations, a company is the holding company of another only if that other company is its subsidiary.

For the purposes of these Regulations, one company is affiliated with another company only if one of them is the subsidiary of the other or both are subsidiaries of the same company or each them is controlled by the same person.

For the purposes of these Regulations, a company is controlled by another company or person or by two or more companies only if:

- (a) Shares of the first-mentioned company carrying more than 50 percent. Of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of that other company or person or by or for the benefit of those other companies; and
- (b) The votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the first-mentioned company.

SCHEDULE 2 - FEES TO BE PAID TO THE REGISTRAR

| Matters in respect of which fee is payable | Amount of fee (in UAE Applicable Dirhams) |
|--|--|
| Filing of application for certificate of incorporation under regulation 5 | 10,000 |
| In respect of renewal of an offshore company registered under the regulations after 12 months from date of registration. | 2,500 |
| Good standing certificate | 200 |
| Upon registration by the registrar of an amendment of the memorandum or article of a company incorporated under these regulation | 500 |
| Upon the issue by the registrar of a certificate of incorporation, other than at the time of the registration of a company | 200 |
| For an inspection of each entry in the registrar of the offshore companies | 50 |
| For an inspection of the documents kept by the registrar of the offshore companies | 50 |
| Upon the submission to the registrar documents referred to in regulation 79 | 500 |
| Application for appointment an inspectors | 1,000 |
| Register agent registration fee | 10,000 |
| Renewal of Register agent registration after 12 months from date of registration | 2,500 |
| CONVERSION OF AN OFFSHORE COMPANY TO FZE/FZCO/PLC | 3,000 |

TRANSFER OF Foreign offshore to JAFZA Offshore (Re-Domiciliation) **1,000**

Certificate of Incumbency **500**

SCHEDULE 3 - PUNISHMENT OF OFFENCES

| General nature of offence | Punishment | Daily default Fine |
|---|-------------------|-----------------------------------|
| FFSHORE COMPANY FAILING TO CHANGE NAME ON DIRECTION OF REGISTRAR | 1,000 | 200 |
| OFFSHORE COMPANY ENGAGING IN BUSINESS OTHERWISE THAN IN COMPLIANCE WITH REGULATION 14 | 50,000 | |
| OFFSHORE COMPANY FAILING TO KEEP A REGISTER OF MEMBERS | 1,000 | 200 |
| REFUSAL OF INSPECTION OF MEMBERS' REGISTER | 1,000 | |
| OFFSHORE COMPANY DEFAULT IN COMPLIANCE WITH REGULATION 27.1 (CERTIFICATES TO BE MADE READY FOLLOWING ALLOTMENT OR TRANSFER OF SHARES) | 1,000 | |
| OFFSHORE COMPANY DEFAULT IN COMPLIANCE WITH REGULATION (29) REDUCTION OF CAPITAL | 1,000 | 200 |
| OFFSHORE COMPANY FAILING TO COMPLY WITH REGULATION 32 | 2,000 | |
| DEFAULT IN COMPLYING WITH REGULATION 45.1 AND 45.2 (KEEPING REGISTER OF DIRECTORS AND SECRETARIES, REFUSAL OF INSPECTION) | 2,000 | 200 |
| | 10,000 | |

| | | |
|--|-------|-----|
| OFFSHORE COMPANY DEFAULT IN COMPLYING WITH REGISTRAR'S DIRECTION TO HOLD OFFSHORE COMPANY MEETING | | |
| FAILURE TO GIVE NOTICE TO MEMBER ENTITLED TO VOTE AT OFFSHORE COMPANY MEETING, THAT HE MAY DO SO BY PROXY | 2,000 | |
| OFFSHORE COMPANY FAILING TO KEEP MINUTES OF PROCEEDINGS AT OFFSHORE COMPANY AND BOARD MEETINGS, etc. | 2,000 | 200 |
| REFUSAL OF INSPECTION OF MINUTES OF GENERAL MEETING FAILURE TO SEND COPY OF MINUTES ON MEMBER'S REQUEST | 1,000 | |
| OFFSHORE COMPANY FAILING TO COMPLY WITH REGULATION 558.1(KEEPING ACCOUNTING RECORDS) | 2,000 | |
| OFFSHORE COMPANY FAILING TO COMPLY WITH REGULATION 59 (RETAINING ACCOUNTING RECORDS) | 2,000 | |
| OFFSHORE COMPANY FAILING TO COMPLY WITH REGULATION 60 (PREPARING AND LAYING ACCOUNTS) | 2,000 | |
| OFFSHORE COMPANY FAILING TO SUPPLY COPY OF ACCOUNTS TO MEMBER ON DEMAND | 2,000 | 200 |
| OFFSHORE COMPANY FAILING TO APPOINT AUDITORS WHEN REQUIRED TO DO SO | 2,000 | |
| AUDITOR CEASING TO HOLD OFFICE FAILING TO DEPOSIT STATEMENTS AS REQUIRED BY REGULATION 65.7 | 2,000 | |
| REGULATION 65.8 OFFSHORE COMPANY FAILING TO SEND NOTICE OF AUDITOR'S RESIGNATION TO MEMBERS AND TO OTHER PERSONS ENTITLED TO RECEIVE NOTICE OF GENERAL MEETINGS | 2,000 | |
| PERSON WHO ACT AS AUDITOR IN CONTRAVENTION OF THE REGULATION | 2,000 | 200 |
| DIRECTOR OR LIQUIDATOR FAILING TO COMPLY WITH OBLIGATIONS UNDER REGULATION 76 (OFFSHORECOMPANY TO DISCHARGE LIABILITIES IN FULL WITHIN SIX MONTHS OF COMMENCEMENT OF | 5,000 | |

SUMMARY WINDING UP) DIRECTOR OR LIQUIDATOR FAILING TO PRESIDE AT CREDITOR'S MEETING

DIRECTOR OR LIQUIDATOR OF AN OFFSHORE COMPANY IN SUMMARY WINDING UP MAKING STATEMENT OF SOLVENCY WITHOUT HAVING REASONABLE GROUND FOR THAT OPINION **50,000**

DIRECTOR SIGNING CERTIFICATE FOR TERMINATION OF SUMMARY WINDING UP WITHOUT HAVING REASONABLE GROUND FOR BELIEVING TRUTH OF CONTENTS **50,000**

OFFSHORE COMPANY FAILING TO ADVERTISE RESOLUTION FOR CREDITOR'S WINDING UP **10,000**

OFFSHORE COMPANY OR DIRECTOR FAILING TO COMPLY WITH REGULATION 84 IN RESPECT OF CALLING OR GIVING NOTICE OF CREDITOR'S MEETING, DIRECTORS FAILING TO ATTEND CREDITOR'S MEETING **5,000**

LIQUIDATOR FAILING TO GIVE NOTICE OF APPOINTMENT **2,000** **200**

DIRECTORS EXERCISING POWER IN BREACH OF REGULATION 88, WHERE NO LIQUIDATOR **2,000** **200**

LIQUIDATOR FAILING TO CALL OFFSHORE COMPANY GENERAL MEETING AND CREDITORS' MEETING AT END OF EACH YEAR **2,000**

LIQUIDATOR FAILING TO GIVE REGISTRAR NOTICE OF FINAL MEETING **2,000** **200**

LIQUIDATOR FAILING TO CALL FINAL MEETING OF OFFSHORE COMPANY OR CREDITORS **2,000**

FAILURE TO CO-OPERATE WITH THE LIQUIDATOR **2,000** **200**

PERSON ACTING AS LIQUIDATOR WHEN NOT QUALIFIED TO DO SO **2,000** **200**

50,000

GIVING, OFFERING, ETC CORRUPT INDUCEMENT AFFECTING APPOINTMENT AS LIQUIDATOR

LIQUIDATOR FAILING TO GIVE NOTICE OF RESIGNATION etc. **10,000**

FAILURE TO STATE ONCORRESPONDENCE ETC THAT OFFSHORE COMPANY IS IN LIQUIDATION **10,000**

CONTRAVENING A DIRECTION REGARDING DESTRUCTION OF RECORDS OF OFFSHORE COMPANY WHICH HAS BEEN WOUND UP **50,000**

OFFEROR FAILING TO SEND TO OFFSHORE COMPANY WHOSE SHARES ARE THE SUBJECT OF THE OFFER NOTICE AND DECLARATION REQUIRED BY REGULATION 126.3 MAKING FALSE DECLARATION FOR PURPOSES OF REGULATION 126.5 **2,000** **200**

OFFEROR FAILING TO GIVE MINORITY SHAREHOLDER NOTICE OF RIGHTS EXERCISABLE UNDER REGULATION 128.2 **2,000** **200**

OFFSHORE COMPANY FAILING TO TAKE REASONABLE PRECAUTIONS TO PREVENT LOSS OR FALSIFICATION OF OFFSHORE COMPANY RECORDS **2,000**

Sultan Ahmed Bin Sulayem

Chairman of Ports, Customs & Free Zone Corporation

Issued in Dubai on **January 2018**