

COMPANIES REGULATIONS

QFZ
هيئة المناطق الحرة - قطر
Qatar Free Zones Authority

Introduction

This document is intended to provide an overview of the Companies Regulations ('Regulations'). It does not replace the Regulations in any way, nor does it remove the need for an investor to seek its own professional advice if it considers this to be prudent. It is not intended to be a comprehensive description of the Regulations.

Background

Law No. (34) of 2005, as amended by Decree-Law No. (21) of 2017 established the Free Zones Authority (the 'Authority') which in summary, is responsible for managing specific Free Zones within the State of Qatar.

The Free Zones are dedicated areas of land within the State of Qatar that have been identified as economic zones; these economic zones have been designed in way that enables investors to benefit from economic incentives over and above those available to companies investing within the State of Qatar.

Currently, there are two (2) free zones:

- 1) Ras Bufontas – known as an 'Airport Free Zone and 4 km² in size; this particular zone is some 6 km away from Hamad International Airport. This zone is intended to provide for industries such as logistics, consumer products, light manufacturing, services, technology and applications, and pharmaceuticals.
- 2) Umm Alhoul – located near Hamad Port, this zone being 30 km² in size will primarily cater for maritime industries, polymers and plastics, advances manufacturing and logistics.

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PART 1

Preliminary Rules

ARTICLE 1 CITATION

These Regulations will be cited as the Companies Regulations.

ARTICLE 2 DEFINITIONS

Article 2 prescribes a list of definitions which apply to the Regulations.

ARTICLE 3 INTERPRETATION

Article 3 provides guidance on references to some concepts and terms used in the Regulations.

ARTICLE 4 APPLICATION

Article 4 prescribes that, these Regulations govern the incorporation, registration, management, and administration of Free Zone Entities (incorporated Companies and registered Branches) in the Free Zone. the

Licensing, regulation, and incorporation of entities in the Free Zone and the carrying out of Permitted Activities in or from the Free Zone will be governed exclusively by the provisions of and be regulated as provided by and pursuant to the Free Zones Legislation.

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PART 2

Companies

ARTICLE 5 INCORPORATION OF A COMPANY

Article 5 prescribes the procedure to be followed when incorporating a Company with the Free Zones Authority (Authority) prior to the Authority issuing a certificate of incorporation. A Company's legal personality will only take effect once it has received its certificate of incorporation and secondly, after the Authority has included its name in the Register.

ARTICLE 6 MODEL ARTICLE OF ASSOCIATION

Articles 6 provides that the Authority may prescribe a model form of Articles of Association and a Company may adopt wholly or with amendments.

ARTICLE 7 FORM, CONTENT AND REQUIREMENTS OF THE ARTICLES OF ASSOCIATION

Articles 7 deals with the requirements pertaining to the Articles of Association. The amendment of the Articles of Association requires a Special Resolution being approved by at least 75% of the Shareholders representing at least 75% of the Company's share capital and furthermore the amendments being approved by the Authority.

ARTICLE 8 RESTRICTIONS ON A COMPANY'S NAME

Article 8 states the restrictions on the company's name and requires that any name given to the Company to end with 'Limited Liability Company Registered in the Free Zone-Qatar' or alternatively 'QFZ LLC'.

ARTICLE 9 CHANGE OF A COMPANY NAME

Article 9 prescribes the procedure for changing a company name.

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ARTICLE 10 POWERS AND OBJECTS OF A COMPANY

Article 10 states that the objects of a Company as stated in the Articles of Association must be consistent with and do not contravene the Permitted Activities issued by the Authority and the terms upon which the Company has been licenced.

ARTICLE 11 SHAREHOLDERS

Article 11 caters for the requirements relating to the Company's Shareholders. Each Company it required to have at least one Shareholder, where such a Shareholder is a natural person there is no requirement for that person to neither be a Qatari national or to hold a residence or work permit in the State of Qatar.

ARTICLE 12 CERTIFICATION OF DOCUMENTS

Documents requiring certification by a Company can be effected on its behalf by one of its Officers, by virtue of Article 12.

PART 3 Share Capital

ARTICLE 13 COMPANY SHARE CAPITAL REQUIREMENTS

Article 13 relates to share capital and the requirements placed upon the Company, a requirement to maintain an appropriate level of share capital to undertake its Permitted Activities being one key aspect. Unless the Authority otherwise approves, all capital of company must be subscribed in full and in cash only by default.

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ARTICLE 14 **POWER OF COMPANY TO INCREASE ITS SHARE CAPITAL**

Article 14 enables share capital to be increased. A Company must not create a share capital denominated in a currency other than Qatari Riyals without the consent of the Authority.

ARTICLE 15 **POWER OF COMPANY TO REDUCE ITS SHARE CAPITAL**

Under Article 15, reducing of share capital can only be undertaken with the Authority's consent, with share transfer being permissible in accordance with the Articles of Association or Companies Regulations.

ARTICLE 16 **NATURE AND TRANSFER OF SHARES**

Articles 16 prescribes the nature and transfer of the shares. The shares may be transferable in a manner provided by the Articles of Association and subject only to the restrictions provided therein or in the Companies Regulations.

ARTICLE 17 **TRANSFER BY ESTATE REPRESENTATIVE**

Article 17 provides the manner to transfer of the shares of a deceased Shareholder.

ARTICLE 18 **DIVIDENDS AND OTHER DISTRIBUTIONS**

Article 18 prescribes that a Company will not declare, make or pay any dividend or other distribution if there are reasonable grounds.

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PART 4

Registered Office

ARTICLE 19 REGISTERED OFFICE OF A COMPANY

Article 19 stipulates that the Company must at all times have a registered office in a Free Zone (or in such other location as may be permitted by the Authority) to which all communications and notices may be addressed.

ARTICLE 20 CHANGE OF REGISTERED OFFICE

Article 20 prescribes requirements relating to changing the Company's registered office.

ARTICLE 21 SERVICE OF DOCUMENTS

Under Article 21, documents will be deemed to have been delivered when they have been left at the registered office of the Company in the Free Zone.

ARTICLE 22 PUBLICATION OF NAME AND REGISTERED OFFICE OF COMPANY

Article 22 prescribes that every Company must have its name, registration number and registered office mentioned in legible characters in all business documentation of the Company.

ARTICLE 23 NAME TO APPEAR OUTSIDE THE PLACE OF BUSINESS

By virtue of Article 23 the Company must place its name outside of every office or premises which is occupied by it, in a conspicuous position and in letters easily legible.

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PART 5

Officers

ARTICLE 24 **MANAGEMENT OF A COMPANY**

Article 24 deals with the management of a Company and prescribes that the affairs of a Company will be managed by a sole Manager or by a Management Board established in accordance with Article 25.

Managers, unless limited by the Articles of Association or General Assembly Meeting resolution will have the full power to manage the Company.

ARTICLE 25 **ESTABLISHMENT OF THE MANAGEMENT BOARD**

Under Article 25, the restrictions on the Managers has been stated and stipulated that the Management Board must comprise, at least three (3) Managers.

ARTICLE 26 **REMOVAL OF MANAGERS**

Article 26 prescribes the procedure for removing a Manager.

ARTICLE 27 **REGISTRATION REQUIREMENTS**

Article 27 deals with the registration requirements relating to the appointment and subsequent departure of a Manager.

ARTICLE 28 **MANAGER'S INTERESTS**

Article 28 places a positive obligation on the Manager to disclose its interests where the Company or its subsidiary proposes to enter into a transaction in circumstances which could give rise to a direct or indirect interest in the transaction.

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ARTICLE 29 APPOINTMENT OF A COMPANY SECRETARY

Articles 29 deals with the appointment of a company secretary. Company secretary may also be a Manager.

ARTICLE 30 APPOINTMENT OF A CHAIRMAN

Article 30 prescribes in what manner a chairman will be appointed and replaced.

ARTICLE 31 OFFICERS

Article 31 provides that the Company must at all times have one Officer who holds a valid residence or work permit and states Officer's duties.

PART 6 Meetings and Resolutions

ARTICLE 32 GENERAL ASSEMBLY MEETINGS

Article 32 prescribes the basis upon which General Assembly Meetings may convene. Meeting of the Shareholders may be held by means of such telephone, electronic, videoconference or other communication facilities.

ARTICLE 33 HOLDING AN ANNUAL GENERAL ASSEMBLY MEETING

Article 33 stipulates that the Company must hold an Annual General Assembly Meeting within four (4) months from the end of its financial year and specifies what the Shareholders will consider and approve during these meetings.

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ARTICLE 34 **CONVENING OF SPECIAL GENERAL ASSEMBLY MEETING ON REQUEST**

Article 34 allows Managers to convene a special General Assembly Meeting on the request of the Shareholders holding not less than five per cent (5%) of the share capital of the Company.

ARTICLE 35 **LENGTH OF NOTICE FOR CALLING GENERAL ASSEMBLY MEETINGS**

Article 35 prescribes the length of notice for calling General Assembly Meetings which is not less than seven (7) days' notice in writing to the Shareholders entitled to attend and vote at such meeting.

ARTICLE 36 **SHAREHOLDER RESOLUTIONS**

Article 36 stipulates the matters that will be decided by a Special Resolution in General Assembly Meetings.

ARTICLE 37 **VOTING AT GENERAL ASSEMBLY MEETINGS**

Article 37 regulates the voting rights of Shareholders at General Assembly Meetings and prescribes that each Shareholder will be entitled to one (1) vote for each share held by it.

ARTICLE 38 **RESOLUTION IN WRITING**

Article 38 provides that anything which may be done by resolution in a General Assembly Meeting may, without a meeting and without any previous notice being required, be done by resolution in writing signed by or on behalf of, all the Shareholders.

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ARTICLE 39 REPRESENTATION AT MEETINGS

Article 39 provides that a body corporate, if it is a shareholder or a creditor of a company, may authorise such person as it deems fit to act as its representative at any meeting of the Company.

ARTICLE 40 MANAGEMENT BOARD MEETINGS

Article 40 prescribes the manner within which the Management Board Meetings will be held.

ARTICLE 41 FILING OF RESOLUTIONS

Article 41 provides that a certified copy of every resolution or agreement to which this Article applies must be provided to the Authority within fourteen (14) days after it is passed or made.

ARTICLE 42 MINUTES OF MEETINGS

Article 42 stipulates the way of keeping, inspecting, and getting copies of minutes of meetings of both General Assembly Meetings and Management Board Meetings.

PART 7

Accounting and Auditing

ARTICLE 43 KEEPING OF BOOKS OF ACCOUNT

Articles 43 deals with the accounting procedures a Company must comply with. Every Company must maintain proper records of its accounts.

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ARTICLE 44 DUTY TO PREPARE COMPANY'S ACCOUNTS

Article 44 prescribes that the Managers must prepare for each financial year the Company's financial statements which should be in accordance with international standards.

ARTICLE 45 FINANCIAL STATEMENTS TO BE SUBMITTED BEFORE THE ANNUAL GENERAL ASSEMBLY MEETING

Article 45 lists the particulars of financial statements and gives the Managers duty to submit them for each financial year to the Shareholders in the Annual General Assembly Meeting.

ARTICLE 46 RIGHT TO RECEIVE COPIES OF FINANCIAL STATEMENTS

Article 46 regulates Shareholder's right to receive copies of financial statements, including every document required by the Regulations or the Articles of Association.

ARTICLE 47 APPOINTMENT OF AUDITOR

Article 47 prescribes the basis upon which appointing, removal, remuneration and term of the auditors.

ARTICLE 48 AUDIT

Article 48 provides that the auditor will audit any financial statements to be submitted pursuant to Article 45 of the Regulations so as to be able to report to the Shareholders.

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PART 8

Change of Control

ARTICLE 49 CHANGE OF CONTROL

Article 49 deals with change of control and requires the Company or a Branch to obtain the Authority's consent prior to assigning or transferring a benefit or interest or change in a Control or shareholding of a Company or Originating company.

PART 9

Liquidation, Winding-Up and Insolvency

ARTICLE 50 LIQUIDATION, WINDING-UP AND INSOLVENCY OF COMPANIES

Article 50 prescribes requirements regarding the liquidation, winding-up and insolvency of a Company. In the absence of any Free Zone Legislation on these subjects, the Authority may determine that the laws of the State governing liquidation, winding-up and insolvency will apply.

PART 10

Branches

ARTICLE 51 REGISTRATION OF A BRANCH

Articles 51 deals with matters relating to the registration of a Branch by an Originating Company. As is the case with a Company a Branch will not have a legal presence until it has both received a Certificate confirming its registration and has been included on the Authority's Register. Article 51 requires that a Branch must at all times have one Manger who holds a valid residence or work permit; a requirement that falls due upon the Branch assuming a legal presence.

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ARTICLE 52 RESTRICTIONS ON A BRANCH'S NAME

Article 52 presumes that Branches to share the same identical name as that of the Originating Company and end with 'Branch Registered in the Free Zone-Qatar' or 'OFZ Branch'.

ARTICLE 53 THE MANAGER OF A BRANCH

Article 53 assumes that Branch Managers will exercise complete authority, unless their power has been limited by a power of attorney or any resolution of the Originating Company.

ARTICLE 54 RECORDS TO BE KEPT BY BRANCHES

Article 54 prescribes the records that a Branch is required to maintain.

ARTICLE 55 LETTERHEADS AND SERVICE OF DOCUMENTS

Articles 55 deals with the manner within which a Branch is to publicise its presence.

ARTICLE 56 NAME TO APPEAR OUTSIDE OF PLACE OF BUSINESS

Article 56 stipulates that a Branch will ensure that its name is placed outside of every office or premises which is occupied by it, in a conspicuous position and in letters easily legible.

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PART 11

Powers of Authority

ARTICLE 57 **POWER TO REQUEST INFORMATION AND DOCUMENTATION**

Article 57 enables the Authority to request information and documentation.

ARTICLE 58 **POWER TO INVESTIGATE**

Under Article 58 the Authority may investigate Free Zone Entity's affairs.

ARTICLE 59 **RIGHT TO APPOINT INDEPENDENT AUDITORS**

Article 59 empowers the Authority to appoint reputable auditors to inspect a Free Zone Entity's business and books.

PART 12

Term, Expiry and Revocation of the Certificate

ARTICLE 60 **TERM AND EXPIRY OF A CERTIFICATE**

Article 60 prescribes that the Certificate issued to a Free Zone Entity is to remain valid save for its revocation or suspension, or where the entity is dissolved.

PART 13

General Provisions

ARTICLE 61 **FEES**

Article 61 enables the Authority to issue a Schedule of Fees which in turn apply to Free Zone Entities.

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ARTICLE 62 SANCTIONS

With Article 62, the Authority may issue a Schedule of Sanctions which can be enforced for contraventions, should the need arise.

ARTICLE 63 ALTERNATIVE CORPORATE STRUCTURES

Article 63 enables the Authority to issue Licences to persons to establish alternative forms of corporate structures or legal entities (other than Company or a Branch) within the Free Zone.

ARTICLE 64 AMENDMENTS OF THE REGULATIONS

Article 64 clarifies the Authority's power to amend these Regulations and waive any requirements.

ARTICLE 65 REVOCATION AND REPLACEMENT

Article 65 prescribes that The Companies Regulations 2018 revoked and replaced by these Regulations.

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