

30 January 2019

CORPORATE COMPLIANCE REQUIREMENT OF AN ANNUAL GENERAL ASSEMBLY MEETING

Dear Clients,

The compliance requirements under UAE laws have reached new standards since the entry into force of the new UAE Federal Commercial Company Law No. 2 of 2015 as well as the VAT Decree-Law No. 8 of 2017, the Tax Procedures Law No. 7 of 2017 and the UAE Federal Bankruptcy Law No. 9 of 2016. In the past these aspects were disregarded by most companies and the absence or rarity of sanctions from the Ministry of Economy or the Ministry of Finance made various of the legal requirements subject of this newsletter relevant for those companies with more than one shareholder.

With these new laws in force, the situation has changed and sanctions do exist in case records of companies do not show compliance with the legal and compliance requirements.

For instance, up from year 2018 onwards, every company has to ensure that it organizes and holds an Annual General Assembly, and follows the protocols related to it. In a nutshell, please note that the Annual General Assembly of a Limited Liability Company shall be convened by an invitation from the Manager or the Board of Directors (for free zone companies) at least once in a year during the four months following the end of the financial year of the company, i.e. in most cases before the 1st May 2019.

The Agenda must include the consideration and decision-making in the following issues:

1. The Managers' report regarding the activity and the financial position of the company during the ended financial year, the auditor's report and the Supervisory Board's report;
2. The balance sheet and the account of profits and losses and the approval thereof;
3. The profits to be distributed among the partners;
4. To appoint the Managers and to determine their remuneration;
5. To appoint the members of the Board of Managers (if any);
6. To appoint the members of the Supervisory Board (if any);
7. To appoint the members of the Internal Shariah Control Committee and the Shariah Controller if the company conducts its activity in accordance with the provisions of the Islamic Shariah;
8. To appoint and determine the remuneration of the auditor(s); and
9. Any other matters within the powers of the General Assembly in accordance with the provisions of this Law or the Memorandum of Association of the company.

For instance, when it comes to distribution of dividends, the UAE Federal Tax requirements co-relate the distribution to the director/manager's report and the auditor's report, and other regulations apply with which the distribution must comply.

Should you need support on these matters and, at the least, prepare and hold an Annual General Assembly compliant with UAE regulations, please do not hesitate contacting us.

For any specific question, further clarification required and legal advices, please contact MENA LEGAL via info@mena-legal.com.

MENA LEGAL

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