

Federal Law No (18) of 2006
Amending Certain Provisions of Federal Law No. (8) of 1984
Concerning Commercial Companies

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We, Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates,

After perusal of the constitution; and

Federal Law No. (1) of 1972 concerning the Jurisdictions of Ministries and the Powers of Ministers as amended; and

Federal Law No. (5) of 1975 concerning the Commercial Register; and

Federal Law No. (10) of 1980 concerning the Central Bank, Monetary System and the Organization of banking professions as amended; and

Federal Law No. (8) of 1984 concerning Commercial Companies as amended; and Civil Transactions Law of the United Arab Emirates promulgated by Federal Law No. (5) of 1985 and amended; and

Federal Law No (4) of 2000 concerning the Securities and Commodities Authority as amended; and

Acting on the submissions made by the Minister of Economy, the approval of the Council of Ministers and the ratification of the Federal Supreme Council,

Have promulgated the following law:

Article 1

The text of Article (168) of the Commercial Companies Law referred to above shall be replaced with the following text:

Article (168):

“The company may not pledge its shares or purchase such shares unless the purchase aims at reducing the capital or redeeming the shares, in which case such shares shall have no votes at the deliberations of the General Meeting or dividends.

However, the company may purchase a percentage of its shares not exceeding 10% of such shares with intent of sale according to the following conditions:

1. The company must obtain the approval of the Securities and Commodities Authority before the purchase transaction under the conditions laid by the Authority in this regard.
2. The company board of directors must carry out the purchase transaction within a period not exceeding one year from the date of obtaining the Authority’s approval.
3. The company must have a monetary surplus to undertake the purchase transaction and must not use the capital or the statutory reserve for the purchase transaction.
4. Subject to the provisions of clause 9 of this Article, the purchase transaction must be announced to the public in two widely circulated dailies including at least one in Arabic, and a period of at least two weeks must elapse between the date of announcing the company’s intention of purchasing and the date of the actual execution of purchase.

5. The company must not carry out any sale transaction while it is pursuing the announced purchase transactions, and the shares purchased must be sold within a period not exceeding two years from the date of the last purchase. Unless the sale is made within the period granted, the purchase transaction shall be considered effected for reducing the capital and the shares purchased shall be depreciated accordingly.
6. The sale and purchase must be made through one of the licensed financial markets of the State.
7. The company must not issue any new shares before completing the sale transaction of the purchased shares.
8. The company must not purchase its shares within 15 days before and 3 days after announcing the financial details of the company and any essential information liable to affect the share price upwards or downwards.
9. The company must not apply for an approval for itself to purchase its shares for selling them except after the lapse of a period no less than one year from the date of the last sale of its purchased shares.
10. If the company is a bank, it must obtain the approval of the Central Bank before transacting the purchase and finance the purchase transaction from financing resources according to the rules to be determined by the Central Bank in this regard.
11. No member of the company board of directors or its executive directors must be a party to the sale or purchase transaction effected by the company.
12. The purchase and sale transaction in respect of the company's shares must be disclosed in the quarterly report issued by the company.

The shares purchased for sale shall forfeit their right to dividends and voting at the General Meetings until they are resold.

Article 2

Any provision contrary or contradictory to the provisions hereof shall be repealed.

Article 3

This law shall be published in the official gazette and applied from the date of issue.

Signed

Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates

Issued by us at the Presidential Palace, Abu Dhabi

On : 15 Jumada AL Awwal 1427

A.H. Corresponding to : 11 June 2006 A.D.

Signed
Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates

Issued by us at the Presidential Palace, Abu Dhabi
On : 7 Jumada AL Awwal 1427
A.H. Corresponding to : 3 June 2006 A.D.