



OMAN COMMERCIAL COMPANIES (IN SUMMARY)

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The incorporation of a commercial company in Oman is governed by the Commercial Companies Law, Foreign Capital Investment Law & the Commercial Register Law. Depending on the capital of the business, objectives of the parties involved and the type of business, the most common forms of commercial companies used in Oman are: limited liability company (LLC), joint stock company (closed) (SAOC), joint stock company (public) (SAOG), joint venture and general partnership.

Limited Liability Company (LLC)	Joint-Stock Company (Closed) (SAOC)	Joint-Stock Company (Public) (SAOG)	Joint Venture (JV)	General Partnership
Company Name				
<ul style="list-style-type: none"> ▪ Any name including the word "Oman" will require minimum capital of OMR 500,000 in the under formation bank account ▪ Any name which may include the name of one or more partners in the company is acceptable ▪ "LLC" must follow the name of the company 	<ul style="list-style-type: none"> ▪ Any name other than the name of a natural person ▪ The name may not include the name of a natural person unless it is registered as a patent ▪ "SAOC" to follow the name of the company 	<ul style="list-style-type: none"> ▪ Any name other than the name of a natural person ▪ The name may not include the name of a natural person unless it is registered as a patent ▪ "SAOG" to follow the name of the company 	<p>Does not have a name of its own since it is essentially an agreement between two or more natural or juristic persons establishing legal relationships between its members without affecting third parties. It has no juristic personality and not subject to registration with any government authority.</p>	<ul style="list-style-type: none"> ▪ Any name which may include the name of one or more partners ▪ "General Partnership" must follow the name of the company
Shareholders				
<ul style="list-style-type: none"> ▪ Minimum of 2 partners 	<ul style="list-style-type: none"> ▪ Minimum of 3 partners 	<p>Same as SAOC</p>	<ul style="list-style-type: none"> ▪ Minimum of 2 JV partners 	<ul style="list-style-type: none"> ▪ Formed by two or more

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				natural or legal persons
Constitutional Documents				
<ul style="list-style-type: none"> Constitutive Contract 	<ul style="list-style-type: none"> Constitutive Contract and Articles of Association (must be) approved by the Directorate General of MOCI 	Same as SAOC	<ul style="list-style-type: none"> JV Agreement 	<ul style="list-style-type: none"> Partnership's memorandum of association
Minimum Capital Requirement				
<ul style="list-style-type: none"> Minimum capital of OMR 20,000 for wholly Omani owned companies In case of foreign investment minimum capital of OMR 150,000 or minimum capital of OMR 20,000 for foreign investment applicable under US-Oman Free Trade Agreement and Gulf Co-operation Council (GCC) reciprocal arrangements Has merely issued capital; no authorized capital No public subscription of shares Issued capital to be fully paid-up on subscription The capital of the company may only be increased or reduced by a unanimous decision of the partners 	<ul style="list-style-type: none"> Minimum capital of OMR 500,000 Authorized capital can be more than issued capital as per the Articles of Association No public subscription of shares At least half of issued capital to be paid-up on subscription 	<ul style="list-style-type: none"> Minimum capital of OMR 2,000,000 Authorized capital can be more than issued capital as per the Articles of Association Public subscription of shares At least half of issued capital to be paid-up on subscription 	Not applicable	Not applicable
Shares				
<ul style="list-style-type: none"> Single class of shares with equal nominal value Each partner shall have the right to attend partners' meeting and one vote for each share he owns Joint ownership of shares permissible Shares cannot be mortgaged Assignment of shares subject to preemptive rights exercisable by the other shareholders Share transfer to be effected at the Commercial Registry 	<ul style="list-style-type: none"> Different classes of shares and preferential rights (i.e. voting rights and rights of subscription to new shares) permissible Preferential and concessionary shares shall be included in the company's Articles of Association or after the approval of an extraordinary general meeting A share to be owned by a single person (except under special circumstances) Loan stocks or bonds may be issued Shareholders shall be confined to the payment of 	<ul style="list-style-type: none"> Promoters shall subscribe neither less than 30% nor more than 60% of the company's shares and offer the remaining for public subscription Shares offered for public subscription are required to be fully subscribed. As an exception the promoters may upon the approval of the Directorate General of Commerce cover the unsubscribed shares prior to the holding of the constituent assembly Different classes of shares and preferential rights (i.e. voting rights 	Not applicable	<ul style="list-style-type: none"> Partner's share not represented by negotiable certificates The ownership of a partner's share can only be transferred to a third party with the consent of all partners or in compliance with the partnership's memorandum of association

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	<p>the value of the shares subscribed</p> <ul style="list-style-type: none"> Shares shall be represented by negotiable certificates At least half the nominal value of the issued share must be paid upon subscription Assignment of shares to be pursuant to the Capital Market Law Approval of the Board of Directors not a prerequisite for share sale 	<p>and rights of subscription to new shares) permissible</p> <ul style="list-style-type: none"> Preferential and concessionary shares shall be included in the company's Articles of Association or after the approval of an extraordinary general meeting A share to be owned by a single person (except under special circumstances) Loan stocks or bonds may be issued Shareholders shall be confined to the payment of the value of the shares subscribed Shares shall be represented by negotiable certificates At least half the nominal value of the issued share must be paid upon subscription Assignment of shares to be pursuant to the Capital Market Law Approval of the Board of Directors not a prerequisite for share sale 		

Rights and Obligations Accruing From Ownership Of Shares

<ul style="list-style-type: none"> Right to receive dividends and obligation to bear losses in line with share in issued capital Pre-emption right to purchase new shares Right of first refusal to purchase shares sold by other partners 	<ul style="list-style-type: none"> Right to receive dividends and obligation to bear losses in line with share in issued capital Preferential right to subscribe for new shares 	Same as SAOC	<p>The agreement establishing the JV</p> <ul style="list-style-type: none"> Shall govern the rights and obligation of partners Will also govern distribution of the profits and losses 	<ul style="list-style-type: none"> Right to receive profits The partners shall be jointly and severally liable for obligations to the full extent of their personal assets Non- partners who agree to include their name in the name of the partnership shall be
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Limited Liability Company (LLC)	Joint-Stock Company (Closed) (SAOC)	Joint-Stock Company (Public) (SAOG)	Joint Venture (JV)	General Partnership
				responsible (for the partnership's debt as a general partner) to any third party
Management & Decision Making				
<ul style="list-style-type: none"> ▪ Managed by one or more managers whose appointment and tenure is determined by the Constitutive Contract ▪ A partner may also be a manager ▪ The managers may not perform certain acts without the partners' authorization ▪ The company is bound by the acts of the managers acting within the scope of their authority as per the Constitutive Contract ▪ Managers are liable to the company, shareholders and third parties for damages caused by breach of their duties ▪ No specific rules of corporate governance applicable ▪ Appointment and removal of managers by a decision of the partners' meeting ▪ The partners shall generally act by way of resolutions adopted by voting at partners' meetings ▪ Partners' meetings shall not be valid unless attended by partners or proxies who represent at least fifty percent of the capital of the company ▪ Resolutions of the partners' meeting shall be adopted by the relative majority of votes cast in respect of a given resolution, except where a greater majority is required by the law or the Constitutive Contract. 	<ul style="list-style-type: none"> ▪ The management of the company shall be entrusted to a board of directors ▪ Members of the board of directors should be a minimum of three and maximum of twelve directors ▪ Director's compensation and term of office to be determined by applicable law/Articles of Association ▪ Ordinary general meeting to elect the members of the board of directors in accordance with applicable law/Articles of Association ▪ The general meeting shall determine the annual remuneration and the allowance of attending the board meetings, the total of which should not exceed 5% of the annual net profit (a maximum of OMR 200,000) ▪ A director, if shareholder, to have the minimum number of shares specified in the Articles of Association ▪ The board of directors has full authority to perform all acts for the management of the Company (except those explicitly barred by the law or reserved for decision by a general meeting) ▪ The company is bound by the acts of the board of directors, its chairman and other executives acting within the scope of their authority ▪ The directors not to have any direct or indirect 	<ul style="list-style-type: none"> ▪ The management of the company shall be entrusted to a board of directors ▪ Minimum of five and maximum of twelve directors ▪ Director's compensation and term of office to be determined by applicable law/Articles of Association ▪ The general meeting shall determine the annual remuneration and the allowance of attending the board meetings, the total of which should not exceed 5% of the annual net profit (a maximum of OMR 200,000) ▪ Ordinary general meeting to elect the members of the board of directors in accordance with applicable law/Articles of Association ▪ A director, if shareholder, to have the minimum number of shares specified in the Articles of Association ▪ The board of directors has full authority to perform all acts for the management of the Company (except those explicitly barred by the law or reserved for decision by a general meeting) ▪ The company is bound by the acts of the board of directors, its chairman and other executives 	<p>Management of affairs of JV to be governed by JV Agreement</p>	<ul style="list-style-type: none"> ▪ The management to be by one or more managers who shall be natural persons and who may be partners or non-partners (all partners deemed to be managers though) ▪ A manager of the partnership has full authority to perform all acts in furtherance of its business affairs (except those explicitly barred by law/partnership's memorandum of association) ▪ Managers may be appointed by one or more partners in accordance with the partnership's memorandum of association ▪ The authority of the managers may be restricted by the

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	<p>interest in transactions or contracts concluded by the company for the account of the company and shall not utilize the information accessible to them without the prior consent of the ordinary general meeting</p> <ul style="list-style-type: none"> Limited rules of corporate governance applicable The general meeting empowered to remove any or all members of the board even if the Articles of Association provide otherwise Meetings of board of directors are not valid unless it is attended by at least half the members or their representatives Board to make its decisions by relative majority of members present, generally 	<p>acting within the scope of their authority</p> <ul style="list-style-type: none"> The directors not to have any direct or indirect interest in transactions or contracts concluded by the company for the account of the company and shall not utilize the information accessible to them without the prior consent of the ordinary general meeting Limited rules of corporate governance applicable The general meeting empowered to remove any or all members of the board even if the Articles of Association provide otherwise Meetings of board of directors are not valid unless it is attended by at least half the members or their representatives Board to make its decisions by relative majority of members present, generally Rules of corporate governance applicable 		<p>partnership's memorandum of association and registered in the commercial register</p> <ul style="list-style-type: none"> A General Partnership is bound by the acts of its managers acting within the scope of their authority Partnership's decisions shall generally be reached by an absolute majority of the votes of all its managers Removal of managers is accomplished by a unanimous decision taken by all the partners or if partnership's memorandum of association provides so, by a decision of a majority exceeding half of all the partners

Auditors

<p>It is obligatory to appoint an auditor only under any of the following circumstances:</p> <ul style="list-style-type: none"> The number of partners exceeds 10 The share capital exceeds OMR 50,000 The partners representing more than one fifth of the 	<ul style="list-style-type: none"> Appointment of independent auditor mandatory who shall be appointed by the ordinary general meeting Auditors liable to the company, shareholders and third parties for failure to discharge their duties professionally 	Same as SAOC	Not Applicable	Not Applicable
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capital request it	[Note: Oman’s New Code of Corporate Governance imposes additional responsibilities vis-à-vis internal and external auditors.]			
Liquidation				
<ul style="list-style-type: none"> ▪ May be dissolved for reasons specified in the Constitutive Contract or as otherwise provided by law ▪ May be dissolved at any time by a favorable vote of partners representing three quarters of the capital 	<ul style="list-style-type: none"> ▪ May be dissolved for reasons specified in the Articles of Association or as otherwise provided by law ▪ May be dissolved by an extraordinary general meeting upon erosion of three quarters of the capital 	Same as SAOC	No juristic personality; therefore, no question of liquidation. However, the JV Agreement can be terminated as per contractually agreed provisions	<ul style="list-style-type: none"> ▪ May be dissolved for reasons specified in the partnership’s memorandum of association or as otherwise provided by law ▪ Deemed dissolved upon the death, declaration of insolvency or bankruptcy or withdrawal of one of the partners ▪ The competent court may upon the request of one of the partners decide the dissolution of the partnership due to the failure of one or more partner to fulfill his obligation

Al Alawi & Co., Advocates & Legal Consultants

Al Alawi Law Firm Building, Bldg No. 785, Way No. 2708, Qurum 29, P.O. Box 3746, P.C. 112, Muscat, Sultanate of Oman.

T: +968 24699761/2

F: +969 24699763

E: contact@alalawico.com

www.alalawico.com