



Newsletter

| 54th Edition, March 2025 |

الحموري ومشاركونه

**HAMMOURI
& PARTNERS**

ATTORNEYS

Welcome to the 54th edition of our newsletter. In this edition, we will present to our readers the following:

Section A will highlight the convening of general assembly meetings and board of directors meetings for public and private shareholding companies, as well as limited liability companies, under the **Instructions for Adopting Electronic Means for Company-Related Procedures for the Year (2021)**.

Section B, dedicated to matters pertinent to the jurisdiction of Iraq, dives into the topic of **Judicial Precedents in Iraqi Labor Courts**.

Section C, dedicated to matters pertinent to SMEs, will cover **Franchise Agreements: Safeguarding Franchisee Legal Interests**.

“These instructions represent a strategic step toward reinforcing digital transformation within the economic sector.”

- Instructions for Adopting Electronic Means for Company-Related Procedures for the Year 2021

| Topic | Page Numbers |
|--|--------------|
| Section A: General Assembly and Board Meetings Under the 2021 Instructions for Adopting Electronic Means for Company-Related Procedures | |
| Introduction | 3 |
| First: General Assembly Meetings | 4-5 |
| Second: Management Committee Meetings | 5-6 |
| Conclusion: | 6-7 |
| Section B: Hammouri & Partners' Iraq Office | |
| Judicial Precedents in Iraqi Labor Courts. | 7-8 |
| Section C: START UPS & SMEs | |
| Franchise Agreements: Safeguarding Franchisee Legal Interests | 9-10 |

SECTION A: A GLIMPSE INTO JORDANIAN LEGISLATION

“General Assembly and Board Meetings Under the 2021 Instructions for Adopting Electronic Means for Company-Related Procedures”

Introduction

Amid the rapid digital transformations occurring across various fields, technology has become a fundamental element in enhancing work efficiency and streamlining procedures. In this context, the *Instructions for Adopting Electronic Means for Company-Related Procedures for the Year 2021* were introduced, reflecting a forward-looking approach toward integrating modern technologies into the legal and administrative sectors.

These instructions represent a strategic step toward reinforcing digital transformation within the economic sector. They serve as a response to the technological advancements that have become integral to all aspects of daily life, including corporate governance. The implementation of these instructions aims to simplify and streamline legal and administrative procedures while reducing reliance on traditional paper-based methods and manual signatures.

These instructions are, in essence, a manifestation of the adoption of electronic means to enhance the effectiveness and efficiency of interactions between companies and the Companies Control Department. They outline the procedures for holding meetings, signing minutes, and completing electronic transactions in a manner aligned with the requirements of the digital age. This, in turn, promotes transparency, accelerates procedures, and facilitates access to legal information and documents at any time and from any location.

In this context, these instructions establish a more flexible and efficient legal framework that enables companies to conduct their business with greater ease and security while reducing traditional obstacles that may hinder workflow. The adoption of electronic means will contribute to increased fluidity and transparency in corporate operations, providing a legal platform that supports innovation in both local and international business environments. This, in turn, enhances transparency and accountability in commercial and administrative transactions, strengthening confidence in the legal system and fostering a sustainable and resilient business environment.

This newsletter will focus on the procedures for holding board of directors and/or management committee meetings conducted from within the Hashemite Kingdom of Jordan via electronic means, as well as general assembly meetings held through the same methods. Each aspect will be examined separately, with a detailed discussion of the specific provisions governing them.

First: General Assembly Meetings

As part of efforts to promote digital transformation and streamline legal and administrative procedures, these instructions establish a legal framework that allows general assembly meetings for limited liability companies, private shareholding companies, and public shareholding companies to be held via electronic means. This aligns with global trends to reduce reliance on traditional methods and enhance business management efficiency, as previously mentioned.

Under these instructions, public and private shareholding companies, as well as limited liability companies, are permitted to conduct general assembly meetings using electronic means. This facilitates access to information, enables shareholders and partners to actively participate in meetings regardless of their location, and reduces constraints related to distance and time. As a result, efficiency is improved, and costs are minimized.

In this context, we will highlight the key aspects related to holding general assembly meetings through electronic means.

A. Meeting Invitation

These instructions allow companies to hold general assembly meetings (ordinary and extraordinary) via electronic means, provided they comply with the specified regulations and procedures. One key requirement is that these meetings must be managed from within the Hashemite Kingdom of Jordan.

B. Proxies and Authorizations

For electronically conducted general assembly meetings, shareholders or partners must submit all necessary documents verifying their legal right to attend the meeting electronically. These include proxies, authorizations, and power of attorney slips, in accordance with the company's adopted procedures.

Shareholders or partners must send these documents before the scheduled meeting date, allowing the company sufficient time to verify and approve them to ensure the legality of their participation in the electronic meeting.

C. Asking Questions

Under the provisions of these instructions, shareholders or partners are required to submit their inquiries through the company's website before the scheduled meeting date. The company must respond to these inquiries and document the responses in the official meeting minutes.

As for questions raised during the meeting, they are generally not permitted unless submitted by a shareholder or partner holding at least **10%** of the total shares or interests represented in the meeting. This restriction aims to regulate the process of addressing questions during meetings, ensuring compliance with procedural requirements while maintaining a balance between shareholders' rights and the need for organized and transparent discussions.

D. Hybrid Attendance

The provisions of these instructions grant public and private shareholding companies,

as well as limited liability companies, the right to hold general assembly meetings in a hybrid format—combining both in-person and electronic attendance—provided that the nature of the meeting is explicitly stated in the invitation. This option offers flexibility for shareholders or partners who are unable to attend in person.

E. Signing Meeting Minutes

General assembly meeting minutes are an essential part of the official records documenting the details of discussions and resolutions made during meetings. These minutes are legally binding on all relevant parties and must be signed in accordance with legal requirements.

In this regard, the *Instructions for Adopting Electronic Means for Company-Related Procedures* permit the electronic signing of meeting minutes, offering greater flexibility in corporate governance. However, the electronic signature must be authenticated and meet all legal requirements stipulated under the *Electronic Transactions Law*.

F. Validation of Meeting Legitimacy

According to the *Instructions for Adopting Electronic Means for Company-Related Procedures*, the chairman of the board (or the vice chairman in their absence) and the company secretary in public and private shareholding companies must verify the legitimacy of the meeting and the validity of its minutes. They are responsible for ensuring that all procedures followed in convening the meeting comply with applicable laws and regulations.

This verification process guarantees that the meeting adheres to legal provisions from the moment it is convened until it concludes, making it binding on all parties. This step is essential for ensuring transparency and accuracy in documenting the decisions and procedures undertaken during the meeting.

It is also worth noting that the aforementioned instructions require the chairman of the management committee of a limited liability company—or the vice chairman in their absence, or the general manager, as applicable—to certify the validity of the meeting minutes and confirm the legality of the meeting's convening.

Second: Management Committee Meetings

As part of efforts to promote digital transformation and streamline administrative and governance procedures, these instructions establish a legal framework allowing public and private shareholding companies, as well as limited liability companies, to hold board meetings through electronic means.

This approach aims to enable board members to actively participate in making strategic and managerial decisions without being constrained by geographical or time limitations. By doing so, it enhances efficiency and reduces costs. Moreover, this digital enablement aligns with sound governance principles, improving institutional effectiveness.

In this context, we will highlight the key legal and procedural aspects related to holding board meetings via electronic means, as set forth in these instructions.

A. Convening Meetings via Electronic Means

The provisions of these instructions grant limited liability companies and public and private shareholding companies the right to hold board of directors and management committee meetings using electronic means. This is permitted as long as the meetings are conducted from within the Hashemite Kingdom of Jordan and all conditions and provisions set forth by the Jordanian legislator in the relevant laws and regulations are met.

B. Meeting Invitation

To promote the use of electronic means in corporate procedures, these instructions allow public and private shareholding companies, as well as limited liability companies, to send invitations for board or management committee meetings via electronic means. However, the invitation must be sent at least one day before the meeting date while also considering any special provisions outlined in the company's articles of association and bylaws.

This measure aligns with the broader shift toward adopting technology to simplify administrative processes while ensuring compliance with legal requirements.

C. Meeting Minutes

The instructions covered in this newsletter permit the electronic signing of board of directors and management committee meeting minutes in accordance with the law. This reflects progress toward integrating technology into administrative procedures, thereby streamlining documentation and enhancing the efficiency of corporate governance.

The legal validity and enforceability of electronic signatures ensure that meeting minutes are securely and reliably recorded while maintaining the same legal standing as traditional signatures. This approach is consistent with modern legislation that supports digital transformation in legal and administrative transactions.

D. Hybrid Meetings

These instructions also allow public and private shareholding companies, as well as limited liability companies, to conduct board meetings in a hybrid format, combining in-person and electronic attendance. To implement this option, the meeting invitation must explicitly state the hybrid format and comply with relevant legal provisions. This flexibility facilitates participation for shareholders or partners who are unable to attend in person, ensuring their engagement in decision-making and expediting corporate procedures.

Conclusion

In conclusion, the *Instructions for Adopting Electronic Means for Company-Related Procedures for the Year 2021* represent a critical and necessary step in the digital transformation of the legal and administrative sectors. These instructions align with rapid technological advancements worldwide, enhancing efficiency and flexibility in corporate governance by enabling board and general assembly meetings to be conducted electronically.

This modern framework allows companies to conduct meetings efficiently without requiring members and shareholders to be physically present in the same location. It allows for seamless participation from different geographical areas at convenient times for all attendees.

Digital transformation in this context not only simplifies procedures but also creates new opportunities for communication and interaction among members, helping companies achieve their objectives more quickly and effectively. Additionally, this approach enhances transparency, ensures a balanced process among stakeholders, and reduces the time and effort traditionally spent on in-person meetings, ultimately improving overall corporate performance.

We hope this newsletter has provided a comprehensive and precise understanding of how to leverage these instructions and implement them in a manner that aligns with your needs to enhance and streamline your administrative processes.

SECTION B:

“Judicial Precedents in Iraqi Labor Courts.”

Introduction:

The Iraqi Federal Court of Cassation has issued numerous judicial precedents under the effective Iraqi Labor Law, aligning with current circumstances, promoting an investment-friendly environment, and modernizing certain provisions of the law. As part of its authority, the Federal Court of Cassation has the right to amend and/or interpret legal provisions in a manner that aligns with practical and operational realities. Some notable examples include:

1. Decision No. (433/Civil Panel/Labor/2025) – Issued on 16/01/2025

In a legal precedent, the Federal Court of Cassation issued a ruling protecting corporate rights by prohibiting the imposition of a fivefold increase in fines under Article (96) of the Workers' Pension and Social Security Law No. (18) of 2023. Instead, the court limited fines to the first paragraph of the article, setting a financial penalty ranging from IQD 1,000,000 (one million Iraqi dinars) to a maximum of IQD 5,000,000 (five million Iraqi dinars). The ruling was interpreted as a measure to safeguard employers' rights while also fostering a favorable investment climate rather than deterring investors.

2. Decision Upholding Wasit Labor Court Ruling No. (142/Labor/2023) – Issued on 21/05/2023

In a unique judicial precedent, the Federal Court of Cassation ruled that an employee is not entitled to an end-of-service gratuity if the Minister of Labor and Social Affairs has granted approval to reduce and/or lay off workers from a project. The court reasoned that an employer should not be considered arbitrary in terminating an employee's service if the termination was due to business losses or reduced profits, necessitating workforce downsizing.

Additionally, the court reinterpreted the eligibility criteria for the end-of-service gratuity, stating that it is payable only in cases of (1) **voluntary resignation by the employee** or (2) **unfair dismissal without adherence to legal termination procedures**. This ruling significantly strengthened employers' rights, granting them greater flexibility in terminating employment contracts in cases of financial loss, reduced profitability, or insolvency.

3. Decision No. (6255/Civil Panel/Labor/2024)

In another judicial precedent, the Federal Court of Cassation ruled that an employee forfeits all entitlements, including social security benefits and registration, if they sign a full and final settlement agreement. The court based its decision on the principle that "**an admission is binding upon the declarant and cannot be divided**", thereby recognizing financial settlements made outside the court—a factor that labor courts had previously disregarded.

The Iraqi Federal Court of Cassation has played a crucial role in amending several judicial decisions to uphold employer rights while also balancing worker protections. These rulings reflect modern legal considerations, encourage investment in Iraq, and ensure financial rights are equitably upheld.

SECTION C: START UPS & SMEs “Franchise Agreements: Safeguarding Franchisee Legal Interests.”

A franchise agreement is a legally binding contract in which the franchisor, as the owner of the franchise system, grants the franchisee the right to operate a business using the its brand, trademarks, and business model. In return, the franchisee pays an initial franchise fee along with ongoing royalties to the franchisor (the “Agreement”). For Business, concluding a franchise agreement is often perceived as a shortcut to success, allowing Business to operate under an established brand with a proven business model and dedicated business support. However, the Agreement governs critical aspects, including rights, obligations, financial commitments, and operational restrictions, all of which require thorough legal review. In this edition of Hammouri & Partners Newsletter, we will explore the key legal components of franchise agreements, highlighting the clauses that businesses must carefully evaluate before signing to ensure they fully understand the scope of their commitments and risks.

The franchisor’s primary objective is to maintain brand integrity and uniformity across all franchise locations. To achieve this, they impose strict operational restrictions that limit the franchisee’s ability to make independent decision-making. While these restrictions help ensure consistency, they can also limit the franchisee’s ability to adapt to local market demands, effectively transforming them from business owners into operators.

Many franchisees enter the Agreement under the assumption that they will retain a degree of control over their operations. In reality, the key contractual clauses, such as the grant of rights, often dictate the extent of their independence. This clause specifies whether the franchisee has exclusive territorial rights or if the franchisor retains the right to establish competing franchises within the same market. Understanding these territorial restrictions is crucial, as they directly impact business expansion and return on investment.



الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

Moreover, the financial structure of the Agreement can significantly impact its profitability and sustainability. A lack of transparency in some agreements can lead to increased financial strain, as hidden costs—such as mandatory training fees, supplier contracts, and operational support charges—significantly add to the franchisee’s financial obligations. If not carefully examined, these unforeseen expenses can create unexpected financial burdens, making the venture far less profitable than initially expected.

The renewal terms in some agreements may give the franchisor the discretion to modify key terms, including increasing fees or imposing new operational requirements. Franchisees should avoid automatic renewal clauses and assess whether they will have the financial and strategic flexibility to continue under revised conditions. Additionally, termination clauses can pose another challenge, often favoring the franchisor by allowing them to terminate the Agreement with minimal notice, potentially leaving the franchisee with substantial financial losses and limited legal recourse.

Given the complexities of this Agreement, Business must take proactive legal measures before signing, such as seeking specialized legal advice, as franchise contracts are drafted primarily to protect the franchisor’s interests. A lawyer can review the terms, identify potential risks, and negotiate adjustments that better protect the franchisee.

In conclusion, Franchising can serve as a powerful growth strategy, offering brand recognition, proven business models, and operational support. However, without careful legal review, it can also trap businesses in restrictive contracts, excessive fees, and unforeseen liabilities. The only way to ensure a profitable and sustainable franchise operation is through a well-structured Agreement that protects the franchisee’s interests as much as the franchisors.

If you would like to discuss further any aspects of this Newsletter, please feel free to get in touch with one of our lawyers, using the contact details in the Contributors section below.

If you feel that other persons would be interested in reading this Newsletter, please feel free to share.

If you wish not to have our upcoming Newsletter or if you wish to amend the contact details, please inform us by sending an email to info@hammourilaw.com, titled “*non-subscription*” and/or “*amending the contact details*”.

Warm regards,

HAMMOURI & PARTNERS ATTORNEYS AT-LAW

الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

CONTRIBUTORS TO THE EDITION IN ENGLISH

(Section A – A Glimpse into Jordanian Legislation:

“General Assembly and Board Meetings Under the 2021 Instructions for Adopting Electronic Means for Company-Related Procedures”.)



TARIQ M. HAMMOURI, Ph.D.
MANAGING PARTNER
tariq@hammourilaw.com



YOTTA PANTOULA-BULMER
OF-COUNSEL,
HEAD OF THE INTERNATIONAL
DEPARTMENT
yotta.b@hammourilaw.com

With the contribution of:

YAZAN HERZALLAH

LEGAL INTERN

yazan.h@hammourilaw.com

الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

CONTRIBUTORS TO THE EDITION IN ARABIC

(Section A –A Glimpse into Jordanian Legislation “General Assembly and Board Meetings Under the 2021 Instructions for Adopting Electronic Means for Company-Related Procedures”.)



TARIQ M. HAMMOURI, Ph.D.
MANAGING PARTNER
tariq@hammourilaw.com



AHMED KHALIFEH
SENIOR ASSOCIATE,
HEAD OF CORPORATE DEPARTMENT
ahmed.k@hammourilaw.com



WASAN AL-RESHEQ
LEGAL TRAINEE
wasan.r@hammourilaw.com

الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

**CONTRIBUTORS TO THE EDITION IN ENGLISH
(Section B – Hammouri & Partners Iraq
“Judicial Precedents in Iraqi Labor Courts.”)**



TARIQ M. HAMMOURI, Ph.D.
MANAGING PARTNER
tariq@hammourilaw.com



YOTTA PANTOULA-BULMER
OF-COUNSEL, HEAD OF THE
INTERNATIONAL DEPARTMENT
yotta.b@hammourilaw.com

With the contribution of:
YAZAN HERZALLAH
LEGAL INTERN
yazan.h@hammourilaw.com



الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

**CONTRIBUTORS TO THE EDITION IN ARABIC
(Section B – Hammouri & Partners Iraq Office
“Judicial Precedents in Iraqi Labor Courts.”)**



TARIQ M. HAMMOURI, Ph.D.
MANAGING PARTNER
tariq@hammourilaw.com



OMAR SAWADHA
SENIOR ASSOCIATE,
HEAD OF LITIGATION DEPARTMENT
omar.s@hammourilaw.com



MUSTAFA BAQQAL
PARTNER – IRAQ OFFICE
mustafa.b@hammourilaw.com

With the contribution of:
BAKR ALWASMI
ASSOCIATE LAWYER
Bakr.w@hammourilaw.com



الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

CONTRIBUTORS TO THE EDITION IN ENGLISH

(Section C – Startups & SMEs: “Franchise Agreements: Safeguarding Franchisee Legal Interests”.)



OMAR ABU AYYASH
ASSOCIATE LAWYER,
HEAD OF THE SMEs
DEPARTMENT
omar.a@hammourilaw.com



YOTTA PANTOULA-BULMER
OF-COUNSEL,
HEAD OF THE INTERNATIONAL
DEPARTMENT
yotta.b@hammourilaw.com



MARINA ALJBOOR
JUNIOR ASSOCIATE
LAWYER
marina.j@hammourilaw.com



الحموري ومشاركوه

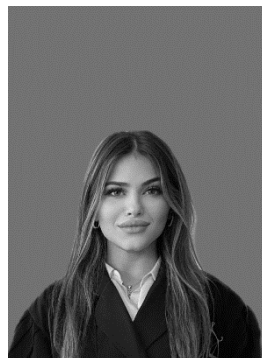
HAMMOURI & PARTNERS

ATTORNEYS

**CONTRIBUTORS TO THE EDITION IN ARABIC
(Section C – Startups & SMEs: “Franchise Agreements:
Safeguarding Franchisee Legal Interests”).**



OMAR ABU AYYASH
ASSOCIATE LAWYER,
HEAD OF THE SMEs DEPARTMENT
omar.a@hammourilaw.com



MARINA ALJBOOR
JUNIOR ASSOCIATE
LAWYER
marina.j@hammourilaw.com

ABOUT HAMMOURI & PARTNERS ATTORNEYS AT-LAW

Hammouri & Partners Attorneys at-Law, is a Jordanian multi-practice law firm, founded over two decades ago (established in 1994) by the late Professor Mohammad Hammouri. Professor Hammouri was a renowned Jordanian attorney and an arbitrator, a former Minister of Culture and National Heritage and a former Minister of Higher Education, who wrote a plethora of books, primarily on constitutional rights.

Professor Mohammad Hammouri also founded the first School of Law in the Hashemite Kingdom of Jordan at The University of Jordan, in which he was its first dean. Today, the firm is managed by Dr. Tariq Hammouri, a distinguished academic and attorney and a former Minister of Industry, Trade and Supply. Dr. Tariq Hammouri is both an experienced attorney and an arbitrator, an expert in the Corporate sector, Commercial Transactions, Financial Markets, Banking Law and International Trade. He is an Associate Professor at the School of Law, University of Jordan and (formerly) the Dean of the School of Law. Dr. Hammouri is also an officially appointed member of the International Center for Settlement of Investment Disputes (ICSID) Panel of Arbitrators upon designation by the Government of the Hashemite Kingdom of Jordan, for the period of 2020 to 2026.

Hammouri & Partners' team consists of more than 30 attorneys and a number of other professionals working in the firm's specialized departments, providing professional legal services at a local, regional and international level. We also have a strong presence in Iraq, with an office located in Baghdad, the capital of the Republic of Iraq, and a branch in Erbil, within the Kurdistan Region, to offer comprehensive legal services across the country. The Iraq office has been operational since September 2023.

The firm's legal services cover numerous areas of practice, including the following: Corporate and Commercial Law (whether that is corporate set-up or drafting of all types of commercial agreements), Intellectual Property Law, Banking and Finance Law (the Firm advises local and international banks regarding all Banking Transactions and Regulatory Compliance). Additionally, the Firm's Litigation and Arbitration department have the capabilities and competence to represent parties in the most complex and novel legal matters, as it encompasses expertise in several areas of law, whether it is before courts or arbitral tribunals. Hammouri & Partners Attorneys at-Law was one of the first firms in Jordan to establish a specialized International Department to cater for the needs and requirements of international clients on an array of tasks with cross-border elements, such as those regarding bilateral and international trade negotiations, projects, contracts and others.

In addition to what has previously been stated, Hammouri & Partners provides legal advice and consultation to various industries such as those of Construction & Infrastructure, Manufacturing, Engineering, Trade, Securities and Energy, as some of its clients are major energy, healthcare, information technology and telecoms companies.

Hammouri & Partners Attorneys at-Law provides its broad services throughout Jordan as well as worldwide, through established collaborations with reputable law firms in the MENA region, Europe, the United Kingdom and the USA. Hammouri & Partners has earned regional and international acclaim by the most reputable legal directories. Chambers and Partners Global, International Financial Law Review (IFLR 1000) and the Legal 500, all highlight Hammouri & Partners as a leading law firm in the Jordanian legal services industry.

الحموري ومشاركوه

HAMMOURI & PARTNERS

ATTORNEYS

Jordan, Amman,

Shmeisani, Alsharif Nasser Bin Jamil Street,
Cairo Amman Bank Building, # 96, 2nd & 3rd Floor,
P.O. Box: 930084 - Amman, 11193- Jordan
Tel: +962 6 5691112 , +962 6 5699590
Fax: +962 6 5691128

Iraq, Baghdad,

Almansour, Alrwad Str.

Kurdistan, Erbil.

Waziran, mhla 213, zaqaq 57
Hammouri & Partners Attorneys at-Law ©2025
Email: info@hammourilaw.com
Website: www.hammourilaw.com