Newsletter

| 68th Edition, May 2026 |

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Newsletter

|68th Edition, May 2026|

Welcome to the 68th edition of our newsletter. In this edition, we cover the following:

Section A of this issue, dedicated to matters relating to the jurisdiction of Jordan, will shed light on the topic of the Mechanism for Distributing Profits to Shareholders in Public Shareholding Companies under the Provisions of the Jordanian Companies Law No. (22) of 1997.

Section B of this issue, dedicated to matters relating to SMEs, will cover the topic of Green Finance: Its Nature, Importance for Startups and SMEs, and Legal Risks.

Section C of this issue, dedicated to matters relating to the jurisdiction of Iraq, dives into the topic of Legal Research on the Crime of Money Laundering.

Section D of this issue, dedicated to matters relating to the jurisdiction of UAE, will cover the topic of The Legal Framework of the Holding Company and the Corporate Group: A Comparative Study.

Section E of this issue, dedicated to matters relating to the jurisdiction of Syria, dives into the topic of Capital Companies in the Syrian Arab Republic.

" Profit generation also serves as a means for the company to strengthen its financial standing, support its reserves, and finance future projects. It further enhances investor confidence in the capital market and encourages investment in public shareholding companies. "

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Newsletter

|68th Edition, May 2026|

SECTION A: Jordan office – Corporate Department: The Mechanism for Distributing Profits to Shareholders in Public Shareholding Companies under the Provisions of the Jordanian Companies Law No. (22) of 1997

Introduction

In light of modern economic developments and the expanding role of public shareholding companies in supporting economic activity and attracting investment, there is an increasing need for a clear legal framework regulating the mechanism of profit distribution to shareholders. Such a framework ensures transparency and fairness, prevents the misuse of corporate funds, and avoids distributions that may harm the company's financial position. For this purpose, the Jordanian Companies Law No. (22) of 1997, as amended, has dedicated a set of provisions specifying the conditions and procedures to be followed when deciding on the distribution of profits to shareholders.

Profit generation is one of the principal objectives pursued by shareholders through their investment in public shareholding companies. However, the distribution of such profits does not occur automatically upon their realisation; rather, it is subject to precise legal regulation designed to balance the shareholders' interest in receiving financial returns with the interests of the company, its creditors, and the stability of its financial position. Accordingly, the Jordanian legislator has surrounded the process of profit distribution with a series of controls, conditions, and procedures governing the disposition of realised profits and the decision-making mechanism for their distribution.

Profit generation also serves as a means for the company to strengthen its financial standing, support its reserves, and finance future projects. It further enhances investor confidence in the capital market and encourages investment in public shareholding companies. Regular profit generation and distribution in accordance with legal requirements contribute to safeguarding shareholders' rights and upholding the principles of justice and equality among them, thereby positively impacting the stability of economic and commercial transactions in general.

Consequently, clarifying the mechanism of profit distribution in public shareholding companies assumes significant legal and practical importance, given its close connection with the protection of shareholders' rights, corporate stability, and the soundness of economic activity. This necessitates setting out the legal provisions governing this process under the relevant Jordanian legislation.

This legal bulletin will highlight the conditions that must be satisfied prior to adopting a decision to distribute profits to shareholders, the steps required to effect such distribution, the rules governing the determination of entitlement dates, and the notifications and disclosures required to regulatory authorities under the Companies Law. Each aspect will be addressed separately and in detail.

First: Conditions to be Observed Prior to Adopting a Decision to Distribute Profits to Shareholders

The Jordanian Companies Law regulates the distribution of profits to shareholders in public shareholding companies and prescribes a set of controls and conditions that must be satisfied before any decision to distribute profits is taken, as follows:

1. **Settlement of Previous Losses**
   The public shareholding company must settle all accumulated losses from previous years before adopting a decision to distribute profits to shareholders.
2. **Deduction of the Statutory (Compulsory) Reserve**
   The company is obliged to deduct ten per cent (10%) of its annual net profits to the compulsory reserve account. No profits may be distributed to shareholders until this deduction has been made. The deduction may not be discontinued until the

accumulated compulsory reserve equals one quarter of the company's authorised capital. However, with the approval of the general assembly, the company may continue making this annual deduction until the reserve equals the full authorised capital.

3. **Determination of Shareholders Entitled to Profits**
   The right to receive profits, upon issuance of the distribution decision, accrues only to the holder of shares as of the date of the general assembly meeting at which the distribution is resolved, in accordance with the shareholders' registers deposited in the company's file and with the Securities Depository Centre.

Second: Steps Required to Complete the Process of Profit Distribution to Shareholders

- **Step One:**
  Preparation of the company's financial statements for the concluded fiscal year and their audit by the statutory auditor in accordance with applicable standards. These statements must demonstrate that the company has achieved net profits for the fiscal year, after verifying settlement of previous losses, if any, and deduction of ten per cent (10%) for the compulsory reserve, thereby evidencing the existence of actual profits eligible for distribution.
- **Step Two:**
  The board of directors reviews the audited financial statements and the company's results. It convenes to deliberate on the profits achieved and decides whether it is in the company's interest to reinvest these profits in its capital or to recommend their distribution to shareholders. The board's role is to safeguard the company's interests and rights as the body entrusted with managing all corporate affairs.
- **Step Three:**
  Should the board resolve to recommend distribution of a portion of the profits, its decision must be documented in duly dated and signed minutes of the board meeting, containing the resolution to distribute profits and the recommendation to the general assembly for approval. The board then issues invitations to all shareholders to attend the general assembly meeting, dispatched by ordinary mail or electronic means under the Electronic Transactions Law, at least fourteen days prior to the scheduled meeting. Invitations may also be delivered by hand against signature. The invitation must include the agenda, the board's report on the profit distribution recommendation, the annual balance sheet, final accounts, the auditors' report, and explanatory notes.
- **Step Four:**
  The ordinary general assembly convenes lawfully with the requisite quorum under the Companies Law to deliberate on the financial statements, the board's report, and the auditors' report, including the board's recommendation regarding profit distribution. The assembly may approve or reject the recommendation, depending on whether shareholders deem it in the company's interest to reinvest profits or retain them to strengthen the financial position or support future plans. Every shareholder registered in the company's records at least one day prior to the meeting is entitled to participate in deliberations and vote in proportion to the number of shares held, either personally or by proxy. The Companies Law permits attendance by proxy through a written authorisation on a form prepared by the board and deposited

- with the Companies Controller three days before the meeting, or by a notarised power of attorney. Attendance by a guardian, trustee, agent, or representative of a corporate shareholder is deemed lawful attendance, even if such person is not a shareholder.
- **Step Five:**
  If the general assembly approves the board's recommendation, it issues a resolution ratifying the distribution of the specified percentage of profits to shareholders by majority of votes present. This approval is documented in dated minutes of the general assembly meeting, specifying the percentage of profits to be distributed and the timeframe for payment, in accordance with the period stipulated in the Companies Law. Profits are then distributed to shareholders in proportion to their shareholding in the company's capital, pursuant to the procedures prescribed in the Companies Law, the articles of association, and the company's by-laws.
- **Step Six:**

  The board of directors must announce the general assembly's resolution regarding profit distribution in at least two local daily newspapers and other media within one week of the resolution date. Notification of the Companies Controller and the capital market forms part of the legal transparency requirements.

Third: Controls Relating to the Determination of the Entitlement Date for Profits Resolved for Distribution and the Mechanism of Payment

Regarding the determination of the entitlement date for profits:
Under the Jordanian Companies Law, a public shareholding company is obliged to pay the percentage of profits resolved for distribution to shareholders within forty-five (45) days from the date of the general assembly meeting at which the resolution approving the board of directors' recommendation to distribute a specified percentage of profits was adopted. Should the company fail to pay the specified percentage of profits to shareholders, each in proportion to their shareholding in the company's capital, within the prescribed period, the company becomes liable to pay interest to shareholders at the prevailing rate of interest on time deposits for the period of delay. However, the delay in payment of profits resolved for distribution may not exceed six months from the date of entitlement, i.e. from the date of the ordinary general assembly's resolution approving the distribution and its documentation in duly dated minutes of the general assembly meeting, as previously outlined.

Regarding the mechanism of profit payment:
The means or mechanism for disbursing profits to shareholders following the general assembly's resolution approving distribution is not regulated in detail under the Companies Law. This indicates that the Jordanian legislator has left companies free to determine the appropriate mechanism for profit payment in line with their business nature and adopted financial procedures. Accordingly, the company may adopt any suitable means of payment, such as certified bank cheques or direct bank transfers to shareholders' accounts. From a legal perspective, it is preferable to adopt a payment method that allows clear evidence and documentation of the profit distribution, thereby safeguarding the company and confirming fulfilment of its obligations towards shareholders. Certified bank cheques or documented bank transfers are recommended. The company may also specify the payment mechanism explicitly in the minutes of the general assembly meeting resolving the distribution, while retaining documents and records evidencing payment, in order to uphold transparency and ensure the integrity of financial and legal procedures.

Fourth: Notifications and Disclosures Required to Regulatory Authorities

Public shareholding companies whose shares are listed for trading on the Amman Stock Exchange are obliged to disclose any material information that may affect the company's financial position or the price of traded securities. Disclosure must be made to the Securities Commission, as the competent regulatory authority supervising the issuance and trading of securities, regulating the work of issuing companies, and ensuring their compliance with disclosure and transparency requirements under applicable legislation.

As profit distribution constitutes material information requiring disclosure under the Instructions on Disclosure by Issuing Companies and the Accounting and Auditing Standards of 2004, as amended in 2019, companies must provide the Securities Commission with information and data relating to the profit distribution resolution within the prescribed periods and procedures. Accordingly, companies must disclose the following:

- **Disclosure of the board of directors' resolution recommending profit distribution:** Upon issuance of a resolution by the board of directors recommending to the general assembly the distribution of a specified percentage of profits, the board must disclose this resolution to the Securities Commission via the company's designated website at the Commission. The disclosure must include a summary of the resolution, the proposed percentage of profits, the date of the resolution, together with the Commission's approved form relating to the board's recommendation.

- **Disclosure of the annual ordinary general assembly meeting:**

  The board of directors must invite the Securities Commission to attend the annual ordinary general assembly meeting and provide it with the meeting agenda, including the item on ratification of profit distribution. This must be done via the company's designated website at the Commission, together with the Commission's approved form relating to the invitation.

- **Disclosure of the outcomes of the ordinary general assembly meeting:**

  The board of directors must notify the Securities Commission of the outcomes of the ordinary general assembly meeting and the resolutions adopted, whether approving or rejecting, particularly the resolution ratifying profit distribution. This ensures compliance with the disclosure instructions referred to above.

- **Prescribed disclosure period:**

  Under the disclosure instructions, the board of directors must provide the Securities Commission with a detailed report on any material information, including profit distribution, together with a copy of a paid announcement published in at least one daily newspaper, within one week of the occurrence of the material information.

Conclusion

In conclusion, the regulation of provisions governing profit distribution in public shareholding companies under the Jordanian Companies Law constitutes a fundamental matter carefully addressed by the legislator, given its direct impact on the protection of shareholders' rights, preservation of the company's financial position, and safeguarding of creditors' rights. This regulation also strengthens principles of transparency within companies and achieves a balance between the shareholder's right to a return on investment and the necessity of maintaining the company's continuity and financial stability.

The legal framework for profit distribution establishes clear conditions and procedures to be followed before adopting a distribution resolution, ensuring that the process is based on actual distributable profits and consistent with recognised accounting and legal standards. It reflects the Jordanian legislator's commitment to providing a stable and secure investment environment that enhances confidence in public shareholding companies and supports economic activity more broadly.

This legal bulletin aims to provide a clear and comprehensive understanding of the legal provisions and procedures governing profit distribution in public shareholding companies under the Jordanian Companies Law, thereby clarifying the regulatory controls applicable to this process and its resulting implications.

SECTION B: Jordan office – Start-Ups and SMEs Department - Green Finance: Its Nature, Importance for Startups and SMEs, and Legal Risks

Introduction

With the global shift toward environmental sustainability, green finance has emerged as one of the most prominent modern tools attracting the attention of startups and small and medium-sized enterprises (SMEs). It provides access to new sources of funding and enhances their ability to expand into projects with direct environmental impact. Green finance is not limited to renewable energy or water and waste management projects; it encompasses any economic activity aimed at reducing emissions and preserving natural resources. This makes it a strategic approach that cannot be overlooked in light of current environmental and economic challenges.

This paper highlights three main pillars:

1. The definition and nature of green finance.
2. Its importance for startups and SMEs.

The legal risks and challenges associated with it.

I. Definition and Nature of Green Finance

Green finance refers to financing directed toward projects with a direct environmental impact, such as renewable energy, waste management, or emission reduction. It represents a global trend linking investment decisions to environmental considerations, where the objective is not merely profit but also contributing to climate and environmental solutions. In practice, this financing is provided by financial institutions and local banks through loans or financial instruments offered under favourable conditions to environmentally oriented projects.

Green finance requires genuine commitment from companies to adopt clear environmental policies. Companies seeking such financing must demonstrate tangible environmental outcomes, such as reduced emissions or improved resource efficiency. Lenders typically impose strict standards to verify the seriousness of projects, requiring licenses, approvals, and evidence of environmental impact.

The Jordanian legislator has addressed green finance within the framework of climate change regulation. Article 2 of the Jordanian Climate Change Regulation No. 79 of 2019 defines it as: “the use of financial products and services such as loans, insurance, shares, capital investments, bonds, and others to finance environmentally friendly projects.” Under this regulation, the Central Bank of Jordan was tasked with studying and promoting green finance, launching the **National Green Finance Strategy (2023–2028)** in cooperation with the World Bank. This made Jordan one of the first countries in the region to regulate green finance, aligning with global practices to mitigate climate change risks and support environmentally friendly investments.

II. Importance of Green Finance for Startups and SMEs

Green finance opens new horizons for startups and SMEs by providing access to funding under favourable terms and enhancing their market reputation. Companies that adopt sustainability standards gain easier access to financing facilities tailored to sustainable projects, strengthening investor and customer confidence and securing a competitive edge.

Moreover, green finance often offers more favourable conditions than traditional financing, such as lower interest rates or longer repayment periods. This reduces financial burdens and enables companies to expand without

excessive debt. Such advantages are particularly critical for startups and SMEs, which typically operate with limited resources and require supportive financing tools to grow sustainably.

Importantly, green finance is not merely a financial tool but a structured mechanism requiring companies to meet specific obligations. For example, a startup applying for solar energy project financing must clearly define the project and link it to measurable environmental objectives, such as emission reduction or energy efficiency.

III. Legal Risks and "Greenwashing"

Despite its advantages, green finance carries legal risks if not managed properly. One of the most significant risks is **greenwashing**—a misleading marketing practice where companies falsely present their products or policies as environmentally friendly to exploit consumer interest in sustainability. Such practices expose companies to legal liability and reputational damage.

Additionally, proving environmental impact requires accurate reporting, which imposes extra costs in terms of time and resources. Green finance contracts often include long-term obligations; failure to comply may result in penalties such as contract termination or financial sanctions. Companies are also bound by disclosure and transparency standards, and any misrepresentation or concealment of material facts may lead to legal accountability.

Thus, the real risk lies not in green finance itself but in superficial or non-compliant engagement with it. Companies that approach green finance without genuine commitment may face unexpected obligations or disputes. Conversely, those that adopt a legally sound and transparent approach can transform green finance into a strategic opportunity that strengthens sustainability and competitiveness.

Conclusion

Green finance is no longer a passing global trend; it has become a strategic tool shaping the reality of startups and SMEs. It provides access to favourable funding, enhances market reputation, and improves competitiveness. However, these opportunities can only be realized through genuine compliance with environmental standards and demonstrable project outcomes, avoiding misleading claims or superficial practices.

At the same time, the legal risks associated with green finance require companies to approach it with awareness and responsibility. Entering this field entails strict compliance with regulations, accurate reporting, and readiness to bear additional costs to ensure adherence. The safest path for companies is to leverage green finance as a means of enhancing efficiency and sustainability, while maintaining legal oversight as a safeguard against risks. Green finance may accelerate access to funding, but it does not diminish responsibility—speed in securing support must be matched by precision in legal compliance.

Section C: Iraq office - Legal Research on the Crime of Money Laundering

Introduction

With the advancement of civilisation and modern technological development, the rate of crime worldwide has increased. These crimes may be social, psychological, or economic in nature, such as the crime of money laundering, which will be examined in detail in this research.

Chapter One

The Nature and Sources of Money Laundering
Definition of Money Laundering
Money laundering is defined as a series of stages through which large amounts of illicit funds are transformed into lawful money available for use. This is achieved by employing unlawful means, such as drug

trafficking.

Distinction Between Money Laundering and "Whitening" of Money

Money laundering and "whitening" of money are two sides of the same coin. Both terms refer to the methods and techniques by which illegal manoeuvres are employed to confer a lawful character upon illicit funds, thereby making them appear legitimate. Such funds may originate from drug trafficking, embezzlement, or fraud in commercial activities.

Sources of Illicit Funds

The term "money laundering" first appeared in the United States between 1920 and 1930, originating from mafia gangs in the 1930s. The sources of illicit funds are diverse, the most significant of which include:

1. **Unlawful Trade**

Drug-related sources: Psychoactive substances have been known since antiquity, the earliest being opium, which produces derivatives such as heroin and morphine. Drug traffickers generate enormous profits from the production and sale of narcotics. To launder these proceeds, they must be channelled into economic activities, passing through several stages until they are deposited in banks.

- Illegal trade in firearms: A distinction must be drawn between traditional weapons (non-firearms) such as daggers, sticks, and swords, and firearms such as pistols, rockets, launchers, and mortars. The focus here is on firearms traded clandestinely beyond the reach of law enforcement. Specialised criminal groups engage in the purchase and sale of such weapons, thereby generating unlawful profits.
- **Trafficking in children and women:** Criminal gangs abduct children and women and traffic in their organs. This phenomenon contravenes the dignity bestowed upon humankind by God Almighty in the verse: "*And We have certainly honoured the children of Adam and carried them on land and sea …*" These gangs earn millions from such practices, transferring the funds across borders to launder them and render them available for use in commercial activities.

2. Fraud and Deception

- **Fraud**: Concealing the true nature of goods and presenting them differently, then selling and investing them without the other party's knowledge of their defects. Examples include:
  - Fraud in the sale and purchase of foodstuffs, such as concealing expiry dates or altering original specifications.
  - Commercial fraud, such as altering the trade name or trademark of a product.
- **Deception (Swindling)**: Hidden methods intended to achieve unlawful gain, including:
  - Identity fraud, such as impersonating a police officer.
  - Fraudulent fundraising, where individuals claim to collect donations for charitable organisations.

- Fake offices, unregistered by law, purporting to issue travel documents or work permits.
- Sale of counterfeit currency in markets, involving manipulation or imitation of genuine currency.

3. Bribery and Tax Evasion

- **Bribery**: A widespread form of corruption whereby a public official solicits money, gifts, or benefits for personal gain in return for performing duties that fall within his official responsibilities. This crime undermines and corrupts society.
- **Tax evasion**: The act of avoiding payment of taxes, either wholly or partially. While the evader may believe he has achieved financial gain, in reality such evasion causes crises and societal problems. Taxes are collected to provide essential services such as healthcare, education, and security.

4. Black Markets

Participants in black markets achieve substantial profits by exploiting legal systems that prohibit trade in certain goods. They capitalise on scarcity and sell such goods at inflated prices.

Chapter Two

The Process of Money Laundering and Its Consequences

Methods of Money Laundering

There are several methods by which money laundering is carried out, the most notable of which include:

- Investing illicit funds in the purchase of shares.
- Buying cars and real estate and registering them under other persons' names.
- Using unlaundered funds to purchase tickets and passports.
- Defrauding banks by obtaining loans and mixing them with illicit funds.

Stages of Money Laundering

The laundering process passes through three stages:

- **Placement**: This is considered the most dangerous stage, where large amounts of illicit funds are disposed of by depositing them in banks or converting them into other currencies.
- **Layering**: At this stage, the illicit origin of the funds is concealed through complex banking operations, such as electronic transfers or moving funds from one bank to another.
- **Integration**: After this stage, it becomes impossible to distinguish between lawful and unlawful funds, except through covert surveillance of the gangs and groups engaged in laundering activities.

Consequences of Money Laundering

Money laundering produces numerous adverse effects on society, including:

- Rising prices and collapse of the stock market.
- Spread of corruption and bribery in public office.
- Weakness and instability in financial and banking sectors.
- Damage to the reputation of the state where laundering is prevalent.
- Decline in living standards due to worsening unemployment.
- Erosion of social values (honesty,

trustworthiness, loyalty) and widespread drug abuse.

- Fragility of the national economy and erosion of the middle class.
- Threats to international peace and security due to the growing number of criminals engaged in laundering.

Chapter Three

Legal and Religious Provisions on Money Laundering

Money Laundering in Islamic Law

Islamic Sharia strictly prohibits money laundering, as it is based on investment practices that contravene Islamic values and rulings. No Muslim may engage in such practices, whether residing in Islamic or non-Islamic countries.

Illicit funds must be disposed of by returning them to their rightful owners, destroying them, or donating them to charitable organisations. Accordingly, money laundering is both legally and religiously prohibited. Any Muslim who engages in or facilitates such practices is subject to legal accountability in this world and divine punishment in the hereafter.

Penalties for Money Laundering

According to Article (37) of the Anti-Money Laundering Law No. 20 of 2015, the penalties are as follows:

- If the predicate offence is a misdemeanour: imprisonment for not less than one year and not more than three years, plus a fine not less than the value of the laundered funds.
- If the predicate offence is a felony: imprisonment for not less than three years and not more than fifteen years, plus a fine not less than the value of the laundered funds.
- Any person who incites, assists, facilitates, consults, or attempts to commit money laundering is subject to the same penalty as the principal offender.

Measures to Combat Money Laundering

Money laundering may be committed by individuals or groups, including company employees known as “money cleaners,” as well as couriers, bankers, lawyers, accountants, and others. Banks play a crucial role in combating this crime by monitoring client accounts and verifying their identities and activities. If a specialist discovers suspicious activity, they must report it to the competent authorities. The **Vienna Convention of 1988** called for collective cooperation among member states to curb money laundering. The **Basel Committee of 1988** established principles such as “Know Your Customer,” requiring banks to verify clients’ identities and activities, and encouraged co-operation between banking institutions to assist authorities in detecting laundering crimes. The **Palermo Convention of 2000** reinforced provisions from Vienna, criminalising money laundering and imposing penalties on offenders.

Conclusion

Money laundering is a global phenomenon afflicting all nations. Its roots trace back over two millennia, and it continues to spread, ranking as the third largest economic activity worldwide. The volume of laundered funds cannot be precisely measured, as the crime is part of the hidden economy and employs diverse methods that defy quantification. Therefore, while money laundering cannot be eradicated entirely, it can be mitigated through the measures outlined above.

Section D: UAE office - The Legal Framework of the Holding Company and the Corporate Group: A Comparative Study

Introduction

Both the holding company system and the corporate group constitute significant modern models for the organisation of economic activity. Their purpose is to unify administrative and financial control over a number of companies whilst preserving their separate legal

personality. The distinction between them lies in their legal nature, organisational structure, and mechanisms of control.

First: The Concept of Companies and Their Legal Definitions

Definition of a Holding Company

A holding company is one whose principal object is the ownership of shares or interests in other companies, its subsidiaries, and the management or supervision of such companies. Pursuant to Article (268) of Federal Decree-Law No. (32) of 2021 on Commercial Companies, a holding company may take the form of a limited liability company, a public joint stock company, or a private joint stock company.

Definition of a Corporate Group

A corporate group is an economic conglomerate composed of two or more companies bound together by a relationship of control or subordination, such that:

- There exists a controlling company (which may be either a holding or an operating company);
- Subsidiary companies are present;
- There is economic or administrative integration among them.

A corporate group is not a distinct legal type of company but rather an economic or structural description of a set of companies linked by a parent entity (which may be a holding company) that owns controlling interests in the subsidiaries.

Second: Points of Similarity Between the Holding Company and the Corporate Group

- **Existence of Control or Influence**
  Both systems are premised on the notion of a company exercising economic or administrative influence over other companies.
    - In a holding company: control is generally exercised through ownership of shares or interests.
    - In a corporate group: control may be exercised through ownership, management, or even contractual arrangements.
- **Independence of the Legal Personality of Subsidiaries**
  Each company retains its independent legal personality.
  Each company bears its own obligations and debts separately.

Third: Points of Difference Between the Holding Company and the Corporate Group

Legal Nature

- *Holding Company*: A defined legal entity expressly recognised under company law, with a specific definition, conditions, and regulated activities.
- *Corporate Group*: Not an independent legal entity; merely an economic/organisational description without a unified legal personality.
- Fundamental distinction: the holding company is a legal person, whereas the corporate group is an economic reality.

Purpose and Activities

- *Holding Company*: Its principal purposes, as set out in Article (269) of the Decree-Law, include:
    - Ownership of shares in other companies;

- Management of such companies;
- Ownership of immovable or movable property necessary for the activities of subsidiaries;
- Granting loans or guarantees to subsidiaries;
- Ownership of intellectual property rights or licensing their use to subsidiaries.

- *Corporate Group*: Its objectives are broader and more flexible, encompassing:
  - Integration among companies engaged in different activities;
  - Achievement of common interests;
  - Inclusion of operating companies, not merely investment entities.

Legal Liability

- *Holding Company*: Its liability is generally limited to the extent of its investment; it does not bear the debts of subsidiaries except in exceptional circumstances.
- *Corporate Group*: Issues of liability may arise; in certain judicial cases, "actual joint liability" has been recognised depending on the facts.

Conclusion

It is evident that both the holding company and the corporate group provide important frameworks for regulating economic relations among companies and for achieving efficiency in management and investment. Despite the similarity of objectives, each possesses a distinct legal and organisational nature that differentiates it from the other.

Section E: Syria office - Capital Companies in the Syrian Arab Republic

Introduction

Commercial companies in Syria are governed by their specific legislation, namely the Companies Law issued under Legislative Decree No. 29 of 2011, which replaced Companies Law No. 3 of 2008. For matters not expressly regulated therein, commercial companies are subject to the provisions of the Commercial Code (Article 2/3 of the Companies Law) and the Syrian Civil Code. Article 473 of the Civil Code defines a company as a contract whereby two or more persons undertake to contribute to a financial project by providing a share of money or work, with the aim of sharing any profit or loss arising from that project.

I. Commercial Companies: Concept and Types

Definition

Commercial companies are defined as contracts between two or more persons to engage in commercial activities for profit. Once registered in accordance with prescribed legal procedures and substantive and formal requirements, they acquire independent legal personality, enabling them to transact with third parties.

Types

- **Partnership Companies (Sharikāt al-Ashkhās)**: Based on mutual trust among partners.
- **Capital Companies (Sharikāt al-Amwāl)**: Focused primarily on capital, with limited emphasis on personal considerations.
- **Mixed Companies**: Combining features of both partnership and capital companies.

Article 6 of the Syrian Companies Law classifies companies into seven types:

1. Commercial companies
2. Joint ventures
3. Public joint-stock companies
4. Free zone companies
5. Holding companies
6. Offshore companies
7. Civil companies

The legislator adopted two criteria to distinguish between commercial and civil companies:

- **Objective criterion**: Based on the nature of the company's activities.
- **Formal criterion**: Based on the company's legal form, regardless of whether its activities are civil or commercial.

Key Characteristics of Commercial Companies

- Personal consideration in partnership companies.
- Financial consideration in capital companies.
- Independent legal personality.

II. Capital Companies under Syrian Law

Legislative Framework

Legislative Decree No. 29 of 2011 provides detailed provisions regulating capital companies in Syria. The Ministry of Economy and the Commercial Register are the competent authorities overseeing their establishment and operation.

Concept

Capital companies are those that rely primarily on capital contributions, with little regard for the identity of the shareholder. The decisive factor is the financial stake rather than personal attributes.

Legal Forms of Capital Companies

1. Limited Liability Company (LLC)
    - Composed of at least two persons, with liability limited to their capital contributions.
    - May also be formed by a single person, in which case it is termed a "Single-Member Limited Liability Company."

Key Features:

- Commercial status irrespective of its activity.
- Limited liability of partners, even if they manage the company.
- Exceptions to limited liability include:
    - Intentional overvaluation of in-kind contributions.
    - Failure to comply with incorporation procedures, rendering the company void.
- The company's name must reflect its purpose and include the phrase "Limited Liability Company."
- Capital must be disclosed in all official documents.
- Shares may be transferred to third parties or other partners under formal procedures.

2. Joint-Stock Company (Anonymous Company)
    - Public Joint-Stock Company: Requires at

least 10 shareholders; capital divided into equal shares, tradable and listed on the stock exchange; liability limited to the nominal value of shares.

- **Private Joint-Stock Company**: Requires at least 3 shareholders; capital divided into equal shares; liability limited to nominal share value.

Capital and Liability:

- Capital must be denominated in Syrian currency unless otherwise authorised.
- A minimum capital threshold is set by the Minister of Internal Trade and Consumer Protection.
- Shareholders' liability is limited to the nominal value of their shares.

3. Holding Company

- May be public or private joint-stock companies.
- Its activities are restricted to owning shares in LLCs or joint-stock companies, participating in their incorporation, and managing subsidiaries.
- Subject to the same rules and characteristics as joint-stock companies.

Conclusion

The primary objective of Syrian Companies Law No. 29 of 2011 is to regulate the incorporation and disclosure of capital companies, thereby ensuring a transparent and stable investment environment. The sanctions imposed for violations underscore the importance of compliance with legal requirements to safeguard the rights of all stakeholders. Adherence to these procedures is essential for the stability and success of companies operating in Syria.

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,

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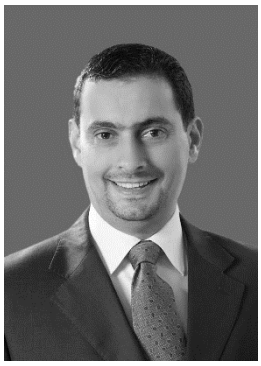

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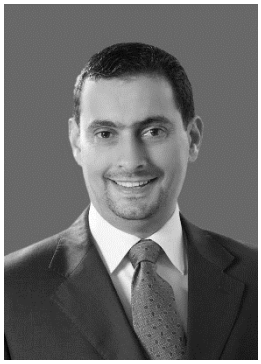

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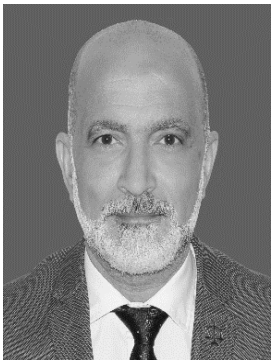

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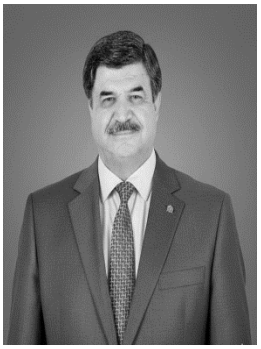

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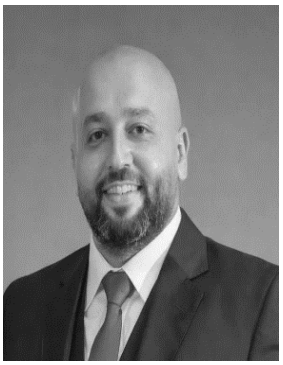

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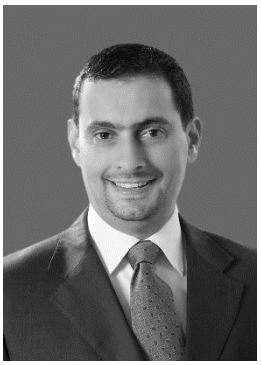

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Hammouri & Partners Attorneys at-Law global recognitions

Hammouri & Partners Attorneys at Law has been distinguished and ranked across multiple prestigious legal directories and platforms, including:

1- **Chambers Global Guide 2026**
Hammouri & Partners Law Firm has once again been recognised in the Chambers Global Guide 2026 for its excellence across multiple practice areas in Jordan. The Firm has been ranked in:

- **Corporate/Commercial Global – Band 2**
- **Dispute Resolution: Arbitration Global – Band 2**
- **Dispute Resolution: Litigation Global – Band 3**

With our Managing Partner, one Partner and three senior corporate lawyers recognised among a selected number of ranked lawyers in Jordan.

2- IFLR1000 2025 Edition

- Ranked our firm as a **Tier 2 law firm for Financial and Corporate practice in Jordan**
- Ranked our firm as a **Notable law firm in Iraq**

With one partner and three senior corporate lawyers in recognition.

3- **Legal 500 – 2025 Edition**
The Firm has been recognised in the Legal 500 – 2025 Edition for outstanding legal work in **Iraq as a leading law firm (Band 3).** Also, recognised for work **in Jordan** in three key practice areas:

- **Commercial, Corporate and M&A – Band 2**
- **Dispute Resolution – Band 2**
- **Projects and energy – Band 2**

With three Partners and three senior lawyers recognised through editorial mentions in Jordan and in Iraq.

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HAMMOURI & PARTNERS

ATTORNEYS

ABOUT HAMMOURI & PARTNERS ATTORNEYS AT-LAW

Hammouri & Partners Attorneys at-Law, is a Jordanian multi-practice law firm, founded more than three decades ago (established in 1994) by the late Professor Mohammad Hammouri. Professor Hammouri was a renowned Jordanian attorney and arbitrator, a former Minister of Culture and National Heritage and a former Minister of Higher Education, who wrote extensively, 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, where he served as 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 arbitrator, with expertise 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 served as Dean of the School of Law. Dr. Hammouri is also an officially appointed member of the International Centre for Settlement of Investment Disputes (ICSID) Panel of Arbitrators upon designation by the Government of the Hashemite Kingdom of Jordan, for the period from 2020 to 2026.

Hammouri & Partners' team consists of more than 30 attorneys and a number of other professionals working in the firm's specialised departments, providing professional legal services at 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, enabling us to offer comprehensive legal services across the country. The Iraq office has been operational since September 2023.

In early 2026, we expanded our presence into two new jurisdictions; in the UAE, with offices in Dubai and in Abu Dhabi and in Syria, with an office in Damascus. The new offices strengthen our regional footprint and cross-border capabilities.

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

In addition to the above, Hammouri & Partners provides legal advice and consultation to various industries, including Construction & Infrastructure, Manufacturing, Engineering, Trade, Securities and Energy. Its clients include 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.

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