

**FEDERAL LAW NO. (25) of 2001**  
**AMENDING SOME OF THE PROVISIONS**  
**OF THE FEDERAL LAW NO. (8) OF 1984 REGARDING**  
**COMMERCIAL COMPANIES.**

**FEDERAL LAW NO.  
(25) FOR THE YEAR 2001**

**AMENDING SOME OF THE PROVISIONS  
OF THE FEDERAL LAW NO. (8) OF 1984 REGARDING  
COMMERCIAL COMPANIES.**

We, Zayed bin Sultan Al Nahyan, President of United Arab Emirates; After perusal of the Constitution,

And, the Federal Law No. (1) of 1971 on the competence of Ministries and Powers of the Ministers and the laws amending thereto

And, the Federal Law No. (8) of 1984 in respect of Commercial Companies and the laws amending thereto

And, the Federal Law No. (4) of 2000 in respect of Emirates Stock Exchange and Commodities Market

And, in accordance with the proposal of the Minister of Economy and Commerce, the approval of the Council of Ministers and the ratification of the Supreme Council of the Federation,

Have promulgated the following laws

### **Article (1)**

The provision of Article (168) of the Federal Law No. (8) of 1984 in respect of Commercial Companies shall be replaced by the following provision:

#### **Article 168**

The company may not mortgage its own shares nor purchase such shares unless purchase is intended to reduce the capital or to amortize the shares, thence the shares acquired by the Company shall not have voting rights at the general assembly.

Nevertheless, the Company may purchase some of its shares not exceeding 10% of such shares with the intention to sell them if the market value of such shares have become less than their book value in accordance with the following rules:

1. a resolution must be adopted by the extraordinary general assembly of the Company approving purchase and authorizing the board of directors to execute purchase with in a period not exceeding six months from the date of the resolution.
2. the Company must obtain approval of the Stock Exchange and Commodities Board prior to purchase in accordance with the regulations laid down by the Board in the respect.
3. the Company must have cash surplus to meet such purchase and not to use the capital or he legal reserve in the purchase operation.
4. the purchase operation must be announced to the public on two daily Arabic newspapers, and a period of not less than two weeks must lapse between the date of announcement of the company's desire to purchase and the date of actual purchase.
5. the purchased shares must be sold within a period not exceeding one year from the date of last purchase and if sale do not take place within the year's period, purchase transaction shall be deemed for reduction of the capital and accordingly the purchased shares shall be disposed of.
6. sale shall not take place within the period of six months prescribed for purchase.
7. purchase and sale shall take place in one of the stock markets licensed to operate in the State.
8. the company must not issue any new shares before sale of the purchased shares is completed.
9. the company must not re-submit the matter before its extra-ordinary general assembly with regard to purchase of its own share with the intention to sell them except after expiry of a period of not less than two years from the date of last sale of its purchased shares by virtue of a former resolution issued by such assembly.
10. the company-if a bank-must obtain the approval of the central bank prior to purchase and shall undertake to finance the purchase transaction from the

financing resources in accordance with the rules determined by the Central Bank in this respect.

The shares purchased with the intention to be sold shall lose their right in profit and in voting at the general assembly till being re-sold.

**Article 2**

Any provision conflicting or inconsistent with the provisions of this law shall be repealed.

**Article 3**

The law shall be published on the Official Gazette and shall come into force from the date of publication.

**Zayed bin Sultan Al Nahyan**  
President of the United Arab Emirates

Issued at the Presidential Palace in  
Abu Dhabi, on 18 Shaban 1422 H  
Corresponding to 4th November 2001.