

STERLING COOPER, INC. GUIDE TO GLOBAL CORPORATE DOMICILES

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GUIDE TO GOING GLOBAL | CORPORATE



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INTRODUCTION

GUIDE TO GOING GLOBAL ¹CORPORATE

Global Expansion Handbook

Welcome to the Sterling Cooper's Guide to Global Corporate Expansion.

Navigating the Global Landscape To achieve success in the modern business world, companies must expand their operations internationally. This path, however, is filled with unique challenges, as each country has its own distinct legal frameworks, regulations, and business customs. To assist our clients in navigating these complexities, We have created this handbook to provide essential information for entering and operating in new countries. Our "Global Expansion Handbook" covers key corporate, employment, intellectual property, technology, executive compensation, and tax laws in major global markets.

WE CAN ASSIST YOU IN SETTING UP A BUSINESS IN ANY OF THESE JURISDICTIONS, FOR A FLAT FEE UTILIZING OUR EXPERIENCED LOCAL ACCOUNTING, LAW FIRMS AND INCORPORATING SET-UP ENTITIES, AND PROVIDE ALL NECESSARY DOCUMENTATION AND IN ADDITION CAN PROVIDE ACTUAL OR VIRTUAL OFFICES, AND IF AND WHEN NECESSARY, FULL STAFFING. JUST INQUIRE AS TO YOUR NEEDS ON OUR WEBSITE: www.sterlingcooper.info

The Corporate Guide This specific corporate guide/handbook is a product of extensive research, our direct experience, and valuable feedback from both established and emerging clients who have expanded their businesses internationally. This handbook covers fundamental corporate topics in 54 key jurisdictions across the Americas, Asia Pacific, Europe, and the Middle East. We address a broad range of corporate matters relevant to international expansion, including:

- Establishing a corporate presence and choosing the right legal entity.
- Liability considerations.
- Tax presence and filing requirements.
- Capital requirements.
- The formation process for new entities.
- Requirements for directors, officers, and shareholders.
- Registration procedures.
- Office leasing processes.
- Potential exit strategies.

With a global consulting team, in collaboration with its worldwide affiliates, Sterling Cooper's Corporate Consulting Group is among the best (in our opinion) in the world, offering a vast geographical footprint and expertise across all areas necessary for international growth. We combine our global perspective with local knowledge to partner with clients wherever they operate, helping them find solutions and manage risks to achieve their goals.

Please note that this guide offers general information and is not a substitute for professional legal or accounting advice. We highly recommend seeking counsel for your specific circumstances.

This publication is provided to you as a courtesy, and it does not establish a client relationship between STERLING COOPER, Inc., and/or its affiliates and you, or any other person or entity that receives it, until such is established through a written agreement and agreed fees.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer or experienced accountant regarding the impact of any of these regimes in any particular instance.

STERLING COOPER, Inc., accepts no liability for errors or omissions appearing in this publication and, all information is subject to updated information for every jurisdiction. Please note that law is dynamic, and the legal regime in the countries surveyed could change.

YOU WILL NOTE THAT COMPARED TO THE EASE OF INCORPORATING A BUSINESS ENTITY IN ANY STATE IN THE UNITED STATES OF AMERICA, WHICH OFTEN CAN BE ACCOMPLISHED IN A SINGLE DAY, USING FOR EXAMPLE OUR INCORPORATION SERVICES FOR ONLY \$39, OTHER COUNTRIES REGARD AN INCORPORATED BUSINESS AS A MONEY GENERATING OFTEN COMPLICATED EXPENSIVE PROCESS.

MANY COUNTRIES REQUIRE SIGNIFICANT L TO BE INVESTED AT THE START-UP AND OTHERS REQUIRE ANNUAL AUDITED FINANCIAL REPORTS TO BE SUBMITTED TO THE TAXING AUTHORITIES.

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ARGENTINA



FORM OF ENTITY

Corporation (*Sociedad Anónima* or SA)

Separate and distinct legal entity. Admits a minimum of two shareholders. Managed by a board of directors who are elected by the stockholders of the corporation.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Separate and distinct legal entity. Admits exclusively one shareholder. SAUs are not allowed to be incorporated or wholly owned by SAUs. Managed by a board of directors who are elected by the only stockholder of the corporation.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Separate and distinct legal entity. Admits one or more shareholders. Managed by a board of directors who are elected by the stockholders. There is an established form of bylaws and public notice that, if used, shall enable the registration of the SAS within 24 hours in the City of Buenos Aires. This new corporate type aims to be more agile and economic alternative, both in its incorporation and in the administration and management. Its incorporation and development are entirely digital.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Separate and distinct legal entity. Admits a minimum of 2 members and a maximum of 50. Managed by a single manager or several managers with full powers who may act individually, or by a Board of Managers acting by majority, appointed by the members.

ENTITY SET UP

Corporation (*Sociedad Anónima* or SA)

Two or more shareholders

The local management is in charge of a board of directors, which may have at least one member, no **GUIDE TO GOING GLOBAL** 'CORPORATE' number (at least three directors and one alternative director in case the company's capital stock exceeds ARS\$50 million). Directors shall last between one and three years in office, as provided in the bylaws. They may be reelected. The majority of the board of directors must be composed of Argentine residents

The president of the board is the legal representative of the company

Statutory auditor is optional. Mandatory if capital stock exceeds ARS\$50 million

Typical charter document: bylaws

Corporate Books: stock ledger, shareholders' meeting minutes, board of directors' meeting minutes and attendance records book

Should cash be paid out as consideration for the stock; only 25% needs to be paid up upfront, and the balance is paid within two years after that. When considerations for the stock are contributions in kind, the stock must be fully paid off at the time of subscription of the shares

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Only one shareholder

The local management is in charge of a board of directors, which may have at least one member, no maximum number (at least three directors and one alternative director in case the company's capital stock exceeds ARS\$50 million). Directors shall last between one and three years in office, as provided in the bylaws. They may be reelected. The majority of the board of directors must be composed of Argentine residents

The president of the board is the legal representative of the company

Permanent control by government

Statutory auditor is mandatory (at least one regular and one alternate statutory auditor) Typical charter document: bylaws

Corporate books: stock ledger, shareholders' meeting minutes, board of directors' meeting minutes and attendance records book

Capital stock shall be fully paid up upon execution of bylaws

SAUs are not allowed to be incorporated or wholly owned by another SAU

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

One or more shareholders

The managers must be individuals, who may be appointed for an indefinite period. At least one director needs to be an Argentinean resident (provided that the Argentinian resident director is the legal representative of the company)

Statutory auditor is optional

Corporate books: carried by electronic means (stock ledger, minutes and attendance records book)

Should cash be paid out as consideration for the stock; only 25% needs to be paid up upfront, and the balance is paid within two years after that. When considerations for the stock are contributions in kind, the stock must be fully paid off at the time of subscription of the shares

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Two or more members

The local management is in charge of single or several managers with full powers who may act individually, or a board of managers acting by majority. Managers may be appointed for an indefinite term. The majority of the board of managers must be composed of Argentine residents

The legal representative of the company can be a single manager. All managers or a president of the board of managers are entitled with full powers

Statutory auditor is optional. Mandatory if capital stock exceeds ARS\$10 million (at least one regular and one alternate member)

Typical charter document: bylaws

Corporate books: minutes

Should cash be paid out as consideration for the stock; only 25% needs to be paid up upfront, and the balance is paid within two years after that. When considerations for the stock are contributions in kind, the stock must be fully paid off at the time of subscription of the shares.

MINIMUM CAPITAL REQUIREMENT

Corporation (*Sociedad Anónima* or SA)

Minimum capital of SA is ARS\$100,000.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Minimum capital of SAU is ARS\$100,000.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Minimum capital of SAS shall be twice the national minimum vital and mobile wage established at the time of its incorporation (as of March 2020: ARS\$33,750).

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

No minimum capital requirement.

LEGAL LIABILITY

Corporation (*Sociedad Anónima* or SA)

Directors must act honestly and in good faith in best interests of the company. Directors can be held personally liable to the company, shareholders and third parties if they fail to comply with their general legal duties or specific duties contained in Argentine Law 19,550.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Directors must act honestly and in good faith in best interests of the company. Directors can be held personally liable to the company, shareholders and third parties if they fail to comply with their general legal duties or specific duties contained in Argentine Law 19,550.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Liability of directors of a corporation under Law 19,550 is applicable to SAS managers. In addition, individuals who are not managers or legal representatives of an SAS, or legal persons acting as managers, are liable in the same way as managers, and their liability will be extended to the acts in which they did not intervene but which they habitually performed.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

In case of SRLs, when articles allow distribution of management powers among individual members of the board of managers, board's liability depends on the individual performance of each manager.

TAX PRESENCE

Sociedad Anónima (Corporation) and SRL (LLC)

An S.A., same as an SRL (LLC), is considered an Argentine resident for tax purposes and is obligated to pay taxes on income obtained worldwide, whether earned within Argentina or abroad. An S.A. may take the sums effectively paid abroad for analogous taxes, for activities carried out abroad as a payment for taxes (within certain limits).

INCORPORATION PROCESS

Corporation (*Sociedad Anónima* or SA)

File bylaws for registration with the Public Registry. An "urgent" registration process may be followed to obtain the company's registration and its tax ID within 24 hours, in case no observations are made by the Public Registry in the City of Buenos Aires.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

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File bylaws for registration with the Public Registry. An "urgent" registration process may be followed to obtain the company's registration and its tax ID within 24 hours, in case no observations are made by the Public Registry in the City of Buenos Aires.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

File bylaws for registration with the Public Registry. There is an established form of bylaws and public notice that, if used, shall enable the registration of the SAS within 24 hours through digital means in the City of Buenos Aires.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

File bylaws for registration with the Public Registry. An "urgent" registration process may be followed to obtain the company's registration, its tax ID and corporate books within 24 hours, in case no observations are made by the Public Registry in the City of Buenos Aires.

BUSINESS RECOGNITION

Corporation (*Sociedad Anónima* or SA)

Well regarded and widely used.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

This new corporate type was introduced in Argentina in August 2016 pursuant the Argentine Civil and Commercial Code modification and is beginning to be used.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

This new corporate type aims to be more agile and economic alternative, both in its incorporation and in administration and management. Its incorporation and development will entirely be in digital form.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Well regarded and widely used. This is the type of company usually preferred by foreign shareholders due to tax purposes.

SHAREHOLDER MEETING REQUIREMENTS

Corporation (*Sociedad Anónima* or SA)

Required to hold annual meeting of shareholders to approve the financial statements of the company. Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Required to hold annual meeting of shareholders to approve financial statements of the company. Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

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Required to hold annual meeting of shareholders to approve financial statements of the company. Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Required to hold annual meeting of members to approve financial statements of the company.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Corporation (*Sociedad Anónima* or SA)

The board shall meet at least once every three months.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Periodical meetings of the board are not required.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Periodical meetings of the board are not required.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Periodical meetings of managers are not required.

ANNUAL COMPANY TAX RETURNS

All corporations must annually file tax returns with federal and state tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Corporation (*Sociedad Anónima* or SA)

Initial registration is required, as well as annual filings (financial statements of the company before the Public Registry and the Tax Authority). Every appointment or resignation of directors, change of domicile or bylaws' amendments must be filed with the Public Registry for registration.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Initial registration is required, as well as annual filings (financial statements of the company before the Public Registry and the Tax Authority). Every appointment or resignation of directors, change of domicile or bylaws' amendments must be filed with the Public Registry for registration.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Initial registration is required. SAS doesn't file its financial statements with the Public Registry, but these documents must be filed with the Tax Authority. Every appointment or resignation of directors, change of domicile or bylaws' amendments must be filed with the Public Registry for registration.

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Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Initial registration is required. Only SRLs which capital stock exceeds ARS\$50 million shall file their annual financial statements with the Public Registry. However, all SRLs must file their financial statements with the tax authorities.

BUSINESS EXPANSION

Corporation (*Sociedad Anónima* or SA)

No need to change as business expands.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

If the number of shareholders exceeds one, the SAU must convert to an SA or SAS.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

No need to change as business expands.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

If the number of members exceeds 50, the SRL must convert to an SA or SAS.

EXIT STRATEGY

Any corporate type shall file dissolution documents with the Public Registry.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Corporations and single-shareholders corporations must pay annual fee to the Public Registry.

DIRECTOR / OFFICER REQUIREMENTS

Not applicable for this jurisdiction.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT Not applicable for this jurisdiction.

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LOCAL OFFICE LEASE REQUIREMENT

In some circumstances, the Tax Authority requires evidence of the declared domicile.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

A company must provide its registered address. In certain circumstances, a law firm office can provide the registered address until the local entity hires an office. In this case, the company is requested to move its registered office to its new location.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

A company shall provide a local director. In certain circumstances, a law firm may provide a local director service at a monthly rate.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Corporation (*Sociedad Anónima* or SA)

Majority of members of the board need to be Argentinean residents.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Majority of the members of the board need to be Argentinean residents.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

At least one director needs to be Argentinean resident (provided that the Argentinean resident director is the legal representative of the company).

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

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Majority of the members of the board need to be Argentinean residents.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Not applicable for this jurisdiction.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS Corporation (*Sociedad Anónima* or SA)

Two or more shareholders

Board of directors, which must have at least one member, no maximum number requirement (at least three directors and one alternative director in case the company's capital stock exceeds ARS\$50 million)

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

One shareholder

Board of directors, which must have at least one member, no maximum number requirement (at least three directors and one alternative director in case the company's capital stock exceeds ARS\$50 million)

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

One or more shareholders

The managers must be individuals, who can be appointed for an indefinite period

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

Two or more members (within a maximum of 50 members)

The local management is maintained by a single manager, several managers with full powers who may act

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individually, or a board of managers acting by majority. Managers may be appointed for an indefinite term

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Corporation (*Sociedad Anónima* or SA)

At least two or more shareholders.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

Only one shareholder is admitted.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

At least one shareholder.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

At least two or more members.

REMOVAL OF DIRECTORS OR OFFICERS

Removal of directors or managers shall be approved by the shareholders meeting and then registered in the Public Registry.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS Corporation (*Sociedad Anónima* or SA)

The Board makes decisions by a simple majority of directors present at the relevant meeting, with a quorum of an absolute majority of total number of directors, unless the company's articles provide for a higher quorum and majority.

In case of annual or regular shareholders' meetings, the required quorum shall be constituted by shareholders representing the majority of the voting shares. If quorum is not reached, the meeting can be held at a second call. In this case, the meeting is duly constituted with any number of shareholders present. On the other hand, special

meetings require the presence of shareholders representing 60% of the voting shares, unless the articles provide

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for a higher quorum. If quorum is not reached, the meeting can be held at a second call. In this case, the meeting is duly constituted with the presence of shareholders representing 30% of the voting shares, unless the articles provide otherwise.

Single-Shareholder Corporation (*Sociedad Anónima Unipersonal* or SAU)

The board makes decisions by a simple majority of directors present at the relevant meeting, with a quorum of an absolute majority of total number of directors, unless the company's articles provide for a higher quorum and majority.

In the case of shareholders' meeting, quorum is reached if at least one shareholder of the company is present. Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

Meetings may be held physically or through digital means (video or teleconference). Managers and members may call themselves to hold deliberations, with no need of prior notice. The management body's resolutions are valid as long as all members attend, and the majority as stated in the bylaws approve the agenda. Member's resolutions will be valid, provided that all partners attend and the agenda is passed unanimously.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

The board makes decisions by a simple majority of the managers present at the relevant meeting, with a quorum of an absolute majority of total number of directors, unless the company's articles provide for a higher quorum and majority.

In case of annual or regular members' meetings, required quorum is constituted by the shareholders representing the majority of the voting shares. If quorum is not reached, meeting can be held at a second call. In this case, the meeting is duly constituted with any number of shareholders present. On the other hand, special meetings require the presence of members representing 60% of voting shares, unless articles provide for a higher quorum. If quorum is not reached, a meeting can be held at a second call. In this case, the meeting is duly constituted with the presence of members representing 30% of voting shares, unless the articles provide otherwise.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not applicable for this jurisdiction.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

All companies need to have at least annual financial statements audited. The auditor must be located in Argentina and the company's corporate and accounting books must be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

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Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

When approving annual financial statements, shareholders' meeting can resolve to distribute dividends, which will be transferred to respective shareholders.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Corporation (*Sociedad Anónima* or SA)

No restrictions, unless otherwise provided in bylaws. Transfers are reported to the company and recorded in Stock Ledger Book.

Single-Shareholder Corporation (*Sociedad por Acciones Unipersonal* or SAU)

No restrictions, unless otherwise provided in bylaws. Transfers are reported to the company and recorded in Stock Ledger Book.

Simplified Corporation (*Sociedad por Acciones Simplificada* or SAS)

No restrictions, unless otherwise provided in bylaws. Transfers are reported to the company and recorded in Stock Ledger Book.

Limited Liability Company (*Sociedad de Responsabilidad Limitada* or SRL)

No restrictions, unless otherwise provided in bylaws. Transfers shall be reported and registered with the Public Registry of Commerce.

OBTAINING A NAME AND NAMING REQUIREMENTS

Corporate name must contain the type of company it adopted. Name may be reserved before registering the company by paying and filing a form with the Public Registry, in case chosen name is available.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Amendments to bylaws in all companies must be approved by shareholders or members' meeting and then filed for registration by the Public Registry.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION Not applicable for this jurisdiction.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY Not applicable for this jurisdiction.

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AUSTRALIA



FORM OF ENTITY

Branch

It is possible for foreign companies to conduct business in Australia through a branch office. A foreign company can establish a branch in Australia by registering with the Australian Securities and Investments Commission (ASIC) as a foreign company carrying on business in Australia. It must also appoint a local agent who will be responsible for ensuring the foreign company's compliance with the Corporations Act 2001 (Cth) (Corporations Act).

Proprietary company

A proprietary company is a limited liability company designed for 50 shareholders or fewer. It is the most common type of company in Australia, and it has the advantage of being simpler and less expensive to administer than a public company. It is managed by a board of directors, which is responsible for making business decisions and overseeing the general affairs of the company. Directors can be appointed by other directors or by shareholders and can be removed by an ordinary resolution of the shareholders.

Public company

Similar in concept to a proprietary company but there is no limit on the number of shareholders. There is also no limit on the ability of a public company to raise funds from the public (subject to satisfying applicable disclosure requirements).

ENTITY SET UP

Branch

To establish a branch, the foreign company must be registered with ASIC and assigned an Australian Registered Body Number (ARBN)

A branch is not a separate legal entity. The foreign company has full legal responsibility for the actions of the Australian branch

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Must appoint at least one local agent

The local agent is responsible for the foreign company's compliance with the Corporations Act and may be personally liable for any breaches or penalties

Must maintain a registered office in Australia

Taxed as a separate entity in Australia; taxed on all income sourced from Australia

Foreign Investment Review Board approval may be required before agreements to acquire shares, assets or real

property can be entered into

Proprietary company

Must have at least one but no more than 50 shareholders (excluding employees shareholders) Generally, no personal liability of the shareholders beyond the amount agreed to be subscribed for shares Taxed on its earnings at the corporate level; can frank dividends distributed to shareholders Usually has a constitution setting out operational procedures

Board of directors has overall management responsibility

Shareholders purchase shares in the company at an issue price per share which is generally determined by the board of directors from time to time by reference to their directors' duties. May have numerous classes of shares

Cannot engage in fundraising activities that would require disclosure to investors under the Corporations Act (*eg*, requiring a prospectus to be issued)

Public company

Must have at least one shareholder, but there is no maximum

Generally, no personal liability of the shareholders beyond amount agreed to be subscribed for shares Taxed on its earnings at the corporate level; can frank dividends distributed to shareholders Usually has a constitution setting out operational procedures

Board of directors has overall management responsibility

Shareholders purchase shares in the company at an issue price per share which is generally determined by the board of directors from time to time by reference to their directors' duties. May have numerous classes of shares

Can offer shares to the public, but must comply with requirements of the Corporations Act, including

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issuing a disclosure document such as a prospectus

Note: In addition to the above, there are other legal entities that can be established under Australian law, such as unlimited liability companies, companies limited by guarantee and no liability companies. However, these are very rarely used for business purposes and are not considered further.

MINIMUM CAPITAL REQUIREMENT

Branch

No specified minimum capital requirement.

Proprietary company

No specified minimum capital requirement.

Public company

No specified minimum capital requirement.

LEGAL LIABILITY

Branch

A foreign company has full legal responsibility for the actions of the Australian branch, and can sue and be sued in Australia. A local agent may also be personally liable for penalties imposed on the foreign company for contraventions of the Corporations Act.

Proprietary company

A company's shareholders' liability is generally limited to the extent of their initial investment, and the amount, if any, of the issue price of their shares which is unpaid.

Public company

A company's shareholders' liability is generally limited to the extent of their initial investment, and the amount, if any, of the issue price of their shares which is unpaid.

TAX PRESENCE

Branch

A foreign company is taxed as a separate entity in Australia and taxed on all income sourced from Australia. As the foreign company is carrying on an enterprise in Australia, it will also be required to register for Goods and

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Services Tax (GST).

Proprietary company

The company is taxed at a fixed rate on its income (and capital gains). Profits are usually distributed by way of dividend. Dividends may be "franked" in effect to give Australian tax resident recipient shareholders a credit for the tax paid by the company.

Public company

The company is taxed at a fixed rate on its income (and capital gains). Profits are usually distributed by way of dividend. Dividends may be "franked" in effect to give Australian tax resident recipient shareholders a credit for the tax paid by the company.

INCORPORATION PROCESS

Branch

A foreign company's registration with ASIC has the effect of establishing a branch office. The foreign company wishing to apply for registration should reserve the company's name to ensure that it is available in Australia and must lodge with ASIC an application form, together with a certified (and translated if not in English) copy of the company's certificate of registration and constituent documents. Once the application is lodged, processing may take up to 28 days.

Proprietary company

An application for registration as an Australian company is required to be lodged with ASIC with the prescribed fee. Upon incorporation, ASIC will issue to the company a certificate of incorporation and an Australian company number (ACN). Taxation registrations are separate from the incorporation process.

Public company

An application for registration as an Australian company is required to be lodged with ASIC with the prescribed fee. Upon incorporation, ASIC will issue to the company a certificate of incorporation and an ACN. Taxation registrations are separate from the incorporation process.

BUSINESS RECOGNITION

Branch

Less common (and thus less well known to third parties) than a subsidiary.

Proprietary company

Well regarded and widely used.

Public company

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Well regarded and widely used. All Australian companies listed on the Australian Securities Exchange (ASX) are public companies.

SHAREHOLDER MEETING REQUIREMENTS

Branch

Not applicable for this jurisdiction.

Proprietary company

Not required to hold an annual general meeting but actions requiring shareholder approval require a resolution to be passed by the shareholders holding the requisite majority of voting shares at a shareholders' meeting or approved by all shareholders by way of a written resolution. The requisite majority is most commonly a simple majority but it is 75% for certain matters.

Public company

Must hold an annual general meeting within 18 months of incorporation and within 5 months of the end of its financial year.

Other meetings may be held as required.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Branch

Not applicable for this jurisdiction..

Proprietary company

As required (no prescribed minimum). Usually at least one meeting is held each year (*eg*, to approve accounts or confirm solvency).

Public company

As required (no prescribed minimum). Usually at least one meeting is held each year (*eg*, to approve accounts or confirm solvency).

ANNUAL COMPANY TAX RETURNS

Branch

Must lodge a (federal only) company tax return each year, even if the business doesn't expect to pay any income tax.

Proprietary company

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Must lodge a (federal only) company tax return each year, even if the business doesn't expect to pay any income tax.

Public company

Must lodge a (federal only) company tax return each year, even if the business doesn't expect to pay any income tax.

BUSINESS REGISTRATION FILING REQUIREMENTS

Branch

A balance sheet, profit and loss account, and cash flow statement must be lodged with ASIC each year. Proprietary company

A company must confirm its corporate details and pay a review fee to ASIC each year. See also "Annual Corporate Maintenance Requirements."

Public company

A company must confirm its corporate details and pay a review fee to ASIC each year. See also "Annual Corporate Maintenance Requirements."

BUSINESS EXPANSION

Branch

No need to change as business expands.

Proprietary company

No need to change as business expands (but financial statement filing requirements depend on revenue, gross assets and number of employees).

Public company

No need to change as business expands.

EXIT STRATEGY

Branch

Cessation – within seven days after ceasing to carry on business in Australia, a registered foreign company must lodge written notice that it has so ceased.

Dissolution of foreign company – if ASIC receives notice from a local agent of a registered foreign company that

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the foreign company has been dissolved or deregistered in its place of incorporation, ASIC must remove the foreign company's name from the register.

Proprietary company

Deregistration – if there are no liabilities and minimal assets. Application to deregister is lodged with ASIC.

Liquidation – if there are insolvent or significant assets or liabilities to be dealt with. A formal process involving the appointment of a liquidator, providing proof of debts, realizing assets, paying creditors and distributing any surplus to shareholders.

Public company

Deregistration – if there are no liabilities and minimal assets. Application to deregister is lodged with ASIC.

Liquidation – if there are insolvent or significant assets or liabilities to be dealt with. A formal process involving the appointment of a liquidator, providing proof of debts, realizing assets, paying creditors and distributing any surplus to shareholders.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Branch

Once the foreign company is registered, it is required to lodge the following with ASIC, at least once every calendar year and at intervals of not more than 15 months:

A copy of its balance sheet, profit and loss statement, and cash flow statement

Any other documents it is required by law to lodge in its country of origin, and

Payment of the ASIC the prescribed lodgment fee

Changes to directors of the foreign company need to be notified as they occur.

Proprietary company

A proprietary company must confirm its corporate details and pay a review fee to ASIC each year. Depending on whether it qualifies as a "large proprietary company" (determined by reference to revenue, gross assets and number of employees) financial statements may need to be filed each year. The accounting requirements imposed on a proprietary company under the Corporations Act depend on whether the company is classified as a "small proprietary company" or a "large proprietary company." Unless granted relief from ASIC, large proprietary companies are required to prepare an annual financial report which must be audited. A company is classified as a large proprietary company for a particular financial year if it satisfies at least two of the following tests:

Consolidated revenue of the company and the entities it controls is AU\$25 million or more for the financial year

Value of the gross assets of the company and the entities it controls is AU\$12.5 million or more at the end

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of the financial year and

The company and the entities it controls have 50 or more employees at the end of the financial year Public company

A company must confirm its corporate details and pay a review fee to ASIC each year. An annual financial report must be prepared and audited.

DIRECTOR / OFFICER REQUIREMENTS

Branch

Not required to have a local director but a registered foreign company must have one local agent. Proprietary company

Must have at least one director, and at least one director must ordinarily reside in Australia. Public company

Must have at least three directors, at least two of whom must ordinarily reside in Australia.

LOCAL CORPORATE SECRETARY REQUIREMENT

Branch

Not required to have a secretary.

Proprietary company

Not required to have a company secretary, but if a company has one or more, at least one of them must ordinarily reside in Australia.

Public company

Must have at least one company secretary, and at least one company secretary must ordinarily reside in Australia.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT Branch

None beyond the required local agent.

Proprietary company

None beyond the required director.

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Public company

None beyond the required directors and company secretary.

LOCAL OFFICE LEASE REQUIREMENT

Branch

Must have a registered office in Australia. This does not have to be owned or leased by the foreign company. Proprietary company

Must have a registered office in Australia. This does not have to be owned or leased by the company, but the person who owns or leases that property must consent to it being the registered office of the company. Corporate records are generally required to be maintained at the registered office.

Public company

Must have a registered office in Australia. This does not have to be owned or leased by the company, but the person who owns or leases that property must consent to it being the registered office of the company. Corporate records are generally required to be maintained at the registered office.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Branch

Not applicable for this jurisdiction.

Proprietary company

Not applicable for this jurisdiction.

Public company

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Branch

No. A registered foreign company must display its name in a conspicuous position outside every office and place of business in Australia. It must also display its place of origin and the words "Registered Office" at its registered office.

Proprietary company

No. Each proprietary company must have a registered office in Australia. On registration, the address specified in

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the application for registration becomes the address of the registered office. The registered office can be changed by resolution of directors, and any change must be notified to ASIC.

Public company

No, each company must have a registered office in Australia. On registration, address specified in the application for registration becomes the address of the registered office. The registered office can be changed by resolution of directors and any change must be notified to ASIC.

A public company must have its registered office open to the public during specified hours.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Branch

Allowed.

Proprietary company

Allowed.

Public company

Allowed, but the registered office of a public company must be open to the public each business day from at least 10:00 a.m. to noon and from at least 2:00 p.m. to 4:00 p.m., or for at least three hours – chosen by the company between 9:00 a.m. and 5:00 p.m. each business day. A public company must also display its name and the words "Registered Office" prominently at its registered office.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Branch

Provision of a local agent by a third-party service provider is allowed (but internal rules/insurance limitations may restrict law firm professionals from taking on this role).

Proprietary company

Allowed (but internal rules/insurance limitations may restrict law firm professionals from taking on this role). Public company

Allowed (but internal rules/insurance limitations may restrict law firm professionals from taking on this role).

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS,

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DIRECTORS AND OFFICERS

Branch

Must have at least one local agent – an Australian company or resident in Australia.

Proprietary company

Must have at least one director who must ordinarily reside in Australia. If a company has one or more company secretaries, at least one of them must ordinarily reside in Australia.

There are no nationality requirements for shareholders, but certain acquisitions of shares by non-Australian persons may require Foreign Investment Review Board approval.

Public company

Must have at least three directors, at least two of whom must ordinarily reside in Australia. Must have at least one company secretary, one of whom must ordinarily reside in Australia.

There are no nationality requirements for shareholders, but certain acquisitions of shares by non-Australian persons may require Foreign Investment Review Board approval.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

None.

Public company

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Branch

A local agent is answerable for the doing of all acts, matters and things that the foreign company is required by or under the Corporations Act to do.

Proprietary company

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Board of directors has overall management responsibility. Shareholders have no direct management rights but can appoint and remove directors and may be required to approve certain corporate actions (*eg*, a selective share buyback).

Public company

Board of directors has overall management responsibility. Shareholders have no direct management rights but can appoint and remove directors and shareholders may be required to approve certain corporate actions and significant transactions.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Branch

Details of the foreign company's director(s) and local agent(s) are publicly available on ASIC's database. Proprietary company

Details of directors and shareholders are publicly available on ASIC's database.

Public company

Details of directors are publicly available on ASIC's database. Although public companies are not required to advise

ASIC of changes relating to individual shareholders, the share register must still be updated for all shareholders' changes.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

There must be a minimum of one shareholder and a maximum of 50 shareholders, not including employee shareholders. For directors, there must be at least one director who must ordinarily reside in Australia.

Public company

There must be a minimum of one shareholder, and there is no maximum number. For directors, there must be at least three directors, at least two of whom must ordinarily reside in Australia.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Branch

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Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

One shareholder is sufficient.

Public company

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Branch

Not applicable – a registered foreign company must always have a local agent who is responsible for any obligations that the foreign company must meet. If a local agent ceases, the foreign company must appoint another agent and notify ASIC of the removal and appointment via lodgment of a form.

Proprietary company

Generally, directors may be removed by shareholders.

Public company

Generally, directors may be removed by shareholders.

REQUIRED AND OPTIONAL OFFICERS

Branch

Not applicable for this jurisdiction.

Proprietary company

Not applicable for this jurisdiction.

Public company

A public company must have at least one company secretary, who must ordinarily reside in Australia.

BOARD MEETING REQUIREMENTS

Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

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Formally nil, but there is usually at least one board meeting per year. Decisions of directors can be effected by a written resolution signed by all directors.

Public company

Formally nil, but there is usually at least one board meeting per year. Decisions of directors can be effected by a written resolution signed by all directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

Unless otherwise specified in the company's constitution, at least two shareholders must be present for the full meeting. A company may pass a resolution without a general meeting being held if all the shareholders entitled to vote on the resolution sign a document containing a statement that they are in favor of the resolution set out in the document.

Unless otherwise specified in the company's constitution, the quorum for a directors' meeting is two directors. The directors of a company may pass a resolution without a directors' meeting if all the directors entitled to vote on the resolution sign a document containing a statement that they are in favor of the resolution set out in the document.

Public company

Unless otherwise specified in the company's constitution, at least two shareholders must be present for the full meeting. A company may pass a resolution without a general meeting being held if all the shareholders entitled to vote on the resolution sign a document containing a statement that they are in favor of the resolution set out in the document.

Unless the directors determine otherwise, the quorum for a directors' meeting is two directors and the quorum must be present at all times during the meeting. The directors of a company may pass a resolution without a directors' meeting if all the directors entitled to vote on the resolution sign a document containing a statement that they are in favor of the resolution set out in the document.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Branch

Not necessary in order to register a foreign company.

Proprietary company

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Not necessary in order to incorporate.

Public company

Not necessary in order to incorporate.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Branch

A foreign company must lodge the following financial statements with ASIC once a year: Balance sheet

Profit and loss statement

Cash flow statement, and

Any other document the company is required to prepare by the law of its place of origin

Audit is generally not required but ASIC may request audited financial statements if previously lodged statements are insufficient.

Proprietary company

A company may decide where to keep the financial records, but if kept outside Australia sufficient written information must be kept in Australia to enable true and fair financial statements to be prepared.

A small proprietary company does not have to have its accounts audited unless:

It is a "disclosing entity"

It is controlled by a foreign company and its financial results are not included in any consolidated accounts of the foreign company lodged with ASIC (some exemptions apply) or

Shareholders holding at least 5% of ordinary shares require it to do so, or ASIC requires it to prepare audited financial statements

All other proprietary companies (*eg*, large proprietary companies) are required to have their accounts audited. The auditor must be registered in Australia. If various criteria are satisfied, foreign companies are entitled to apply to ASIC for relief from the requirement to have their accounts audited.

Public company

All public companies are required to have their annual financial statements audited. The auditor must be registered in Australia.

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REQUIREMENT REGARDING PAR VALUE OF STOCK

Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

Shares of a proprietary company have no par value. The "issue price" is determined by directors at the time of issue and whether a share is fully or partly paid is determined by reference to the amount of the issue price that has been paid to the company.

Public company

Shares of a proprietary company have no par value. The "issue price" is determined by directors at the time of issue and whether a share is fully or partly paid is determined by reference to the amount of the issue price that has been paid to the company.

INCREASING OF CAPITALIZATION IF NEEDED

Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

There is no concept of authorized or maximum capital. Increased capitalization can occur at any time and must be authorized by ordinary resolution of directors.

Public company

There is no concept of authorized or maximum capital. Increased capitalization can occur at any time and must be authorized by ordinary resolution of directors.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Branch

Repatriation of funds may generally be undertaken at any time. There is no withholding tax payable on the remittance of branch profits to the foreign holding company.

Proprietary company

Funds can be repatriated by dividends or return of capital.

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Public company

Funds can be repatriated by dividends or return of capital.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

A signed share transfer form is required to transfer shares (note: duty may apply).

The constitutions of many proprietary companies contain pre-emptive rights which require that a transferor offers shares for transfer to other shareholders before those shares can be offered to third parties. Frequently, those constitutions will also give the directors the right to refuse to register a share transfer, without them necessarily being required to give a reason for a refusal to register.

Public company

Pre-emptive rights provisions are far less common in public company constitutions and cannot be contained in the constitution of an ASX listed company.

Shareholders' agreements may also provide restrictions on the transfer of shares, with such restrictions typically expressed to take precedence over restrictions found in the company's constitution.

OBTAINING A NAME AND NAMING REQUIREMENTS

Branch

A foreign company must determine that the business name it wishes to use in Australia is available and reserve that name with ASIC. Once registered, the foreign company must display its name in a conspicuous position and in legible characters outside every office and place of business in Australia that is open and accessible to the public.

Proprietary company

A new company must have a name that is different from the name of a company that is already registered. A proprietary company limited by shares must have the words "Proprietary Limited" or "Pty Ltd" as part of its name.

Public company

A new company must have a name that is different from the name of a company that is already registered.

A public company must have the words "Limited" or "Ltd" as part of its name. A company must display its name prominently at every place at which the company carries on business and that is open to the public.

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SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Branch

Financial institutions, professionals working within the financial sector, bullion and gambling sectors as well as other regulated entities (*ie*, reporting entities) are required to satisfy their respective KYC obligations. Legal service providers may have their own internal KYC requirements.

Proprietary company

Financial institutions, professionals working within the financial sector, bullion and gambling sectors as well as other regulated entities (*ie*, reporting entities) are required to satisfy their respective KYC obligations. Legal service providers may have their own internal KYC requirements.

Public company

Financial institutions, professionals working within the financial sector, bullion and gambling sectors as well as other regulated entities (*ie*, reporting entities) are required to satisfy their respective KYC obligations. Legal service providers may have their own internal KYC requirements.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT Branch

Not applicable – this is subject to the requirements of the foreign company's place of incorporation. Proprietary company

Any changes to a company's constitution must be made by a special resolution (*ie*, passed by shareholders holding at least 75% of the voting shares).

Public company

Any changes to a company's constitution must be made by a special resolution (*ie*, passed by shareholders holding at least 75% of the voting shares). For a public company, a copy of the resolution must be lodged with ASIC within 14 days after the special resolution is passed.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION Branch

Apart from the usual tax registrations applicable to all trading companies, namely:

An Australian Business Number (ABN)

An Australian Tax File Number (TFN), and

GST registration

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There are no general registrations, licenses or permits that are required to conduct business in Australia. Proprietary company

Apart from the usual tax registrations applicable to all trading companies, namely:

An ABN

A TFN and

GST registration

There are no general registrations, licenses or permits that are required to establish a company or conduct business in Australia.

Public company

Apart from the usual tax registrations applicable to all trading companies, namely:

An ABN

A TFN and

GST registration

There are no general registrations, licenses or permits that are required to establish a company or conduct business in Australia.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY Branch

Not applicable for this jurisdiction.

Proprietary company

A shelf company may be purchased from third party suppliers, but given the speed and ease of incorporation, this is rarely used.

Public company

A shelf company may be purchased from third party suppliers, but given the speed and ease of incorporation, this is

rarely used.

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AUSTRIA



FORM OF ENTITY

General Partnership (*Offene Gesellschaft, OG*)

An entity performing trading activities, the partners of which are fully liable for its debts with their entire assets. At the same time, all partners are managers of the business. Individuals or entities who are not partners must not be involved in the partnership's management.

Limited Partnership (*Kommanditgesellschaft, KG*)

An entity performing trading activities, with one or more general partners, who have unlimited joint and several liability for all debts of the partnership and one or more limited partners who restrict their liability for its debts to a certain amount which they pay to the entity. Those whose liability is restricted are excluded from the management of the limited partnership. External managers must not be appointed.

Limited Liability Company (*Gesellschaft mit beschränkter Haftung, GmbH*)

Separate and distinct legal entity. Managed by its managers (may be shareholders or external individuals) who are responsible for making business decisions and the operations of the company. Managers may be elected by the shareholders of the company or may be appointed in the articles of association. Managers may be shareholders of the company.

Stock Corporation (*Aktiengesellschaft, AG*)

Separate and distinct legal entity. Managed by its management board (comprising of at least one individual) which is responsible for making major business decisions and overseeing general affairs of a corporation. The management board is elected by the supervisory board of a corporation. The supervisory board (mandatory for stock corporations) must comprise of at least three individuals and is responsible for the supervision of the management board.

ENTITY SET UP

Stock corporation (in German: *Aktiengesellschaft* or abbreviated AG)

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In theory, unlimited number of shareholders (limited only by the number of shares, as one share must correspond to at least EUR1)

Generally, there is no personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends Minimum stated capital: EUR70,000; one share must at least correspond to EUR1

Two-tier board system: the management board is responsible for the day-to-day management, the supervisory board supervises management and grants its consent (in some cases mandatory) to certain business and transactions

Typical charter documents include articles of incorporation, standing orders and organizational resolutions by the management board, the supervisory board and the AGM/EGM. Shares must be registered shares (except for listed entities which usually have bearer shares), therefore a share register is required

Shareholders typically purchase stock in the corporation. Usually common but hardly preferred and annual financial statements must be audited by an auditor and filed with Austrian companies registry

Limited liability company (*Gesellschaft mit beschränkter Haftung*, GmbH)

Unlimited number of shareholders allowed (limited only by the number of shares since one share must at least correspond to EUR70)

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends Minimum stated capital: EUR35,000; one share must at least correspond to EUR70

One-tier management or two-tier board system, depending on the size of the company: the management is responsible for the day-to-day management; the supervisory board, if established, supervises management and grants its consent (in some cases mandatory) to certain business and transactions

Typical charter documents include:

Articles of incorporation

Standing orders

Organizational resolutions by the management board, if applicable, the supervisory board and the AGM/EGM

The shares of each shareholder is registered with the Austrian companies registry

Depending on the size (established by the balance sheet total, turnover and number of employees), annual financial statements must be audited by an auditor and filed with Austrian companies registry

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MINIMUM CAPITAL REQUIREMENT

General Partnership and Limited Partnership

No minimum capital requirement.

Limited Liability Company

EUR35,000 minimum share capital, with at least EUR17,500 paid up in cash

A GmbH privileged at foundation may be established: the minimum share capital is EUR10,000, with at least EUR5,000 paid up in cash. The status as a GmbH privileged at foundation ends after 10 years after registration at the latest

Formation by contribution in kind is possible

Stock Corporation

EUR70,000 is the minimum share capital, with 25% of the minimum issue amount fully paid up in cash. Formation by contribution in kind is possible.

LEGAL LIABILITY

Limited Liability Company and Stock Corporation

Generally no personal liability of the shareholders (except for payment of minimum share contributions). General Partnership and Limited Partnership

Partners of an OG are fully liable for its debts and liabilities with their entire assets.

Partners of a KG include one or more general partners who have unlimited joint and several liability for all debts of the KG and one or more limited partners with restricted liability for its debts to a certain amount.

TAX PRESENCE

Limited Liability Company and Stock Corporation

AG and GmbH are taxed at two levels. First, the company/corporation pays a corporate income tax on its corporate income; then the company/corporation distributes profits to stockholders who are then taxed with income tax (withholding tax).

General Partnership and Limited Partnership

OG and KG are treated as being transparent for income tax purposes, as there is only one level of taxation. The corporate profits "pass through" to the owners, who pay taxes on the profits at their individual tax rates.

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INCORPORATION PROCESS

Stock corporation (AG)

Filing an application with the local court (companies registry) for registration, together with articles of association in the form of a notarial deed, notarized resolutions on the appointment of the management board and the supervisory board, and a written confirmation by the founders (*ie*, the future shareholder), the members of the management board and the supervisory board that the AG has been properly set up, as well as a confirmation by a local bank that the stated capital has been paid.

Limited liability company (GmbH)

Filing an application with the local court (companies registry) for registration, together with the articles of association in the form of a notarial deed, notarized resolutions on the appointment of the managing directors, and a confirmation by a local bank that the stated capital has been paid.

BUSINESS RECOGNITION

OG, KG, GmbH and AG are well regarded and widely used. GmbH is the most used form of a corporate entity in Austria.

SHAREHOLDER MEETING REQUIREMENTS

Stock corporation (AG)

An ordinary shareholders' meeting must be held within the first eight months of a business year.

A shareholders' meeting must also be held if requested by minority shareholders who hold in aggregate 5% of the corporation's entire share capital by providing the proposed agenda and a proposal for shareholders' resolutions to each item on the agenda.

Minutes of all shareholders' meetings must be taken in front of an Austrian notary public. A certified copy of the minutes must be filed with the companies register.

Limited liability company (GmbH)

An ordinary general meeting must be held annually at the seat of the company, if the resolution by circular consent is

not permitted

Minutes of general meetings must be taken and kept with the company's records. The same applies to written shareholders' resolutions, certain resolutions require minutes in the form of a notarial deed or notarization

Extraordinary meetings must be held whenever required in the interest of a company and in particular in the event that either

More than half the share capital has been used or

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The company's equity ratio falls below 8% and its fictitious debt repayment term exceeds 15 years. In the latter cases, the commercial register must be notified of the shareholders' resolutions that have been passed

BOARD OF DIRECTOR MEETING REQUIREMENTS

Stock corporation (AG)

Any time a management decision is required.

Limited liability company (GmbH)

Any time a management decision is required, however, it can be (and usually is) quite informal.

ANNUAL COMPANY TAX RETURNS

General Partnership and Limited Partnership

Profits "pass through" to the shareholders who pay taxes at their individual level. However, the OG or KG may be required to file an annual tax declaration for calculation of profits which are passed through.

Limited Liability Company and Stock Corporation

Must annually file corporate income tax returns.

BUSINESS REGISTRATION FILING REQUIREMENTS

Stock corporation (AG)

Initial registration as well as annual filings are required.

Limited liability company (GmbH)

Initial registration as well as annual filings are required.

BUSINESS EXPANSION

Stock corporation (AG)

No need to change as business expands, unless any such expansion is not covered by the articles of association – in that case, approval by the shareholders' meeting with a 75% majority of the votes cast is necessary.

Limited liability company (GmbH)

No need to change as business expands, unless any such expansion is not covered by the articles of association – in that case, approval by the shareholders' meeting with a 75% majority of the votes cast is necessary (unless the

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articles of association provide for a different majority, but in no case less than 50% of the votes cast).

EXIT STRATEGY

Stock corporation (AG)

Sell shares or a resolution on dissolution which is passed by the shareholders' meeting. Limited liability company (GmbH)

Sell shares or a resolution on dissolution is passed by the shareholders' meeting.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Stock corporation (AG)

Annual shareholders' meeting and at least four meetings of the supervisory board (at least each calendar quarter).

Limited liability company (GmbH)

Annual shareholders' meeting and, if any, at least four meetings of the supervisory board (at least each calendar quarter).

DIRECTOR / OFFICER REQUIREMENTS

Stock corporation (AG)

At least one member of the management board is required and at least three members of the supervisory board (individuals only).

Limited liability company (GmbH)

At least one managing director is required and, if at all, at least three members of the supervisory board are required.

LOCAL CORPORATE SECRETARY REQUIREMENT

Stock corporation (AG)

Not applicable for this jurisdiction.

Limited liability company (GmbH)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

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Stock corporation (AG)

Not applicable for this jurisdiction.

Limited liability company (GmbH)

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Stock corporation (AG)

None required for incorporation; however, an address must be filed with the companies registry (can be the address of a law firm).

Limited liability company (GmbH)

None required for incorporation; however, an address must be filed with the commercial registry (can be the address of a law firm).

OTHER PHYSICAL PRESENCE REQUIREMENTS

Stock corporation (AG)

Not applicable for this jurisdiction.

Limited liability company (GmbH)

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Stock corporation (AG)

An address for must be filed with the companies registry (can be the address of a law firm). Limited liability company (GmbH)

An address for service of documents must be filed with the companies registry (can be the address of a law firm).

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Stock corporation (AG)

Allowed for incorporation.

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Limited liability company (GmbH)

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Stock corporation (AG)

In theory, yes. In practice, hardly ever seen.

Limited liability company (GmbH)

In theory, yes. In practice, hardly ever seen.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Stock corporation (AG)

In most cases, no, except for certain areas of business (*eg*, airline businesses where at least 50% of the shares must be held by European shareholders).

Limited liability company (GmbH)

In most cases, no, except for certain areas of business (*eg*, airline businesses where at least 50% of the shares must be held by European shareholders).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Stock corporation (AG)

No. However, please note that any member of the management board or the supervisory board is fully liable, whether acting as nominee or not.

Limited liability company (GmbH)

No. However, please note that any managing director or the supervisory board is fully liable, whether acting as nominee or not.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Stock corporation (AG)

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Members of the management board are elected by the supervisory board and are the highest authority in the management of the corporation. Members of the management board may only be dismissed for certain reasons - for example, inability to manage, a vote against a member of the management board by the shareholders' meeting or for an important reason. Members of the management board must not be given orders by shareholders, and, in case such orders are given, they must be ignored.

Limited liability company (GmbH)

Managing directors are elected by the shareholders' meeting and are the highest authority in the management of the corporation. Managing directors may be dismissed at any time, without stating any reasons (irrespective of any

employment agreement). Managing directors can be given orders, and they are required to obey such orders (unless in conflict with the law).

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Stock corporation (AG)

Identity of members of the management board and the supervisory board is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly disclosed (unless there is only one single shareholder; in that case, the identity of that single shareholder is to be disclosed in the companies registry).

Limited liability company (GmbH)

Identity of managing directors (and the members of the supervisory board, if any) is publicly disclosed; identity of shareholders is also disclosed in the companies registry.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS Stock corporation (AG)

There must be a minimum of one shareholder, and there is no maximum number. For members of the management board, the minimum number is one, and there is no maximum number.

Limited liability company (GmbH)

There must be a minimum of one shareholder, and there is no maximum number. For members of the supervisory board, the minimum number is three; there must be at least one managing director.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Stock corporation (AG)

One shareholder is sufficient.

Limited liability company (GmbH)

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One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Stock corporation (AG)

Removal of the members of the supervisory board requires a vote by the shareholders' meeting (usually 75% of the votes cast, unless lowered by the articles of association, however, in no case less than 50% of the votes cast), removal of the members of the management board requires a vote by the supervisory board, limited to important reasons.

Limited liability company (GmbH)

Removal of the members of the supervisory board as well as managing directors requires a vote by the shareholders' meeting (usually 75% of the votes cast).

REQUIRED AND OPTIONAL OFFICERS

Stock corporation (AG)

A management board and a supervisory board are required; in addition, a holder of special power of representation (called a *Prokurist*) may be appointed (by the management board with the approval of the supervisory board).

Limited liability company (GmbH)

Managing directors and, as the case may be, a supervisory board are required; in addition, a holder of special power of representation (called a *Prokurist*) may be appointed (by the managing directors).

BOARD MEETING REQUIREMENTS

Stock corporation (AG)

An annual shareholders' meeting and at least four supervisory board meetings (at least each calendar quarter) are required.

Limited liability company (GmbH)

An annual shareholders meeting, and, if at all, at least four meetings of the supervisory board (at least each calendar quarter) are required.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS Stock corporation (AG)

For a shareholders' meeting, the presence of one single shareholder is sufficient. Resolutions are passed with the

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simple majority of the votes cast, except for important decisions - for example, change of articles. A 75% majority vote is required. For management and supervisory board meetings, typically a majority of the respective body must be present during such meeting; alternatively, all directors must execute written resolutions.

Limited liability company (GmbH)

For a shareholders' meeting, the presence of at least 10% of the shareholders (shareholders holding 10% of the shares) is required. Resolutions are passed with the simple majority of the votes cast, except for important decisions, - for example, change of articles. A 75% majority vote is required.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Stock corporation (AG)

Yes, an Austrian bank account is required for incorporation. The stated capital must be paid to that bank account, and the bank must provide a confirmation that the stated capital is available. Without such confirmation, the companies registry will not register the stock corporation. (But registration, no local bank account is required for the operation of the business).

Limited liability company (GmbH)

Yes, an Austrian bank account is required for incorporation. The stated capital must be paid to that bank account, and the bank must provide a confirmation that the stated capital is available. Without such confirmation, the companies registry will not register the stock corporation. (But registration, no local bank account is required for the operation of the business)

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Stock corporation (AG)

Yes.

Limited liability company (GmbH)

Yes; only very small companies with limited liability (*ie*, a balance sheet total of less than EUR4.84 million, annual turnover of less than EUR9.68 million, and not more than 50 employees) are exempt from the mandatory audit.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Stock corporation (AG)

The statutory minimum par value of stock is EUR1.

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Limited liability company (GmbH)

The statutory minimum par value per share is EUR70.

INCREASING OF CAPITALIZATION IF NEEDED

Stock corporation (AG)

Effectuated by amending the articles of association, which requires a 75% majority of the shareholders (unless the articles of association provide for a different majority, but in no case less than 50% of the votes cast).

Limited liability company (GmbH)

Effectuated by amending the articles of association, which requires a 75% majority of the shareholders.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Stock corporation (AG)

Funds can be repatriated abroad from Austria via dividends or redemption.

Limited liability company (GmbH)

Funds can be repatriated abroad from Austria via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Stock corporation (AG)

Shares can generally be transferred between shareholders via a written agreement. *Vis-à-vis* the stock corporation, only those are deemed to be shareholders who are registered in the share register. In case of a listed company, shares are usually made out as bearer shares, so no share register is required.

Limited liability company (GmbH)

Shares can generally be transferred between shareholders via a written agreement, where such agreement must be made in the form of a notarial deed.

OBTAINING A NAME AND NAMING REQUIREMENTS

Stock corporation (AG)

The name must not be misleading and must not cause confusion. The name must include a reference to the legal entity of a stock corporation in German; therefore, either "*Aktiengesellschaft*" or an abbreviated form, such as "AG," must be included.

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Limited liability company (GmbH)

The name must not be misleading and must not cause confusion. The name must include a reference to the legal entity of a limited liability company in German; therefore, either "*Gesellschaft mit beschränkter Haftung*" or an abbreviated form, such as "GmbH," must be included.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Stock corporation (AG)

The stock corporation is not subject to any KYC rules.

Limited liability company (GmbH)

The company is not subject to any KYC rules.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT Stock corporation (AG)

Any amendment requires the consent of the majority of the shareholders' meeting, usually 75% of the votes cast.

Limited liability company (GmbH)

Any amendment requires the consent of the majority of the shareholders' meeting, usually 75% of the votes cast.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION Stock corporation (AG) and Limited liability company (GmbH)

A business license is required to conduct business. The type of license necessary depends on the type of business which will be run. The license can be obtained after registration of the company with the companies register.

Depending on the type of business - free (*eg*, trade of simple goods), regulated (*eg*, crafts) or sensible (*eg*, production of explosives) - and the trader (individual or company), the requirements for registering a business vary. Stock

corporations and limited liability companies must appoint a managing director under trade law, *ie*, an individual who fulfills the respective requirements for a certain type of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY Stock corporation (AG)

Shelf companies can be purchased from third-party service providers, but aren't widely used in Austria. Limited liability company (GmbH)

Shelf companies can be purchased from third-party service providers.

GLOBAL | CORPORATE

BAHRAIN



FORM OF ENTITY

If entities wish to conduct business in Bahrain, they must establish a presence in the country. The most commonly adopted legal structures in Bahrain are with limited liability companies (WLL), closed shareholding companies (BSC(c)), single person companies (SPC) and foreign branches (branch).

With Limited Liability (WLL)

A WLL in Bahrain is a private company with no fewer than two and no more than 50 shareholders; each of them shall only be liable to the extent of their respective shareholding in the company. WLLs can neither engage in banking and insurance activities nor can they issue any shares, negotiable warrants or debentures to the public.

Closed Shareholding Company (BSC(c))

A BSC(c) is a company that consists of at least two shareholders who underwrite negotiable shares among themselves without underwriting such shares to the public. The shares of a BSC(c) cannot be offered to the public. Unlike a WLL, a BSC(c) is allowed to carry out banking and insurance activities.

Single Person Company (SPC)

An SPC is a limited liability vehicle consisting of a sole shareholder who owns 100 percent of the share capital in the company. The sole shareholder may be a natural or a legal person.

Foreign Branch (Branch)

A foreign company that is incorporated abroad may establish a branch office in Bahrain if it provides a guarantee letter from the parent company to take full responsibility of the branch.

ENTITY SET UP

With Limited Liability (WLL)

Number of shareholders must not exceed 50 and must not be fewer than two

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Shareholder's liability limited to their share in the capital

May not engage in the business of insurance and banking on behalf of other parties

May not issue any shares, negotiable warrants or debentures to the public

Capital must be divided into shares of equal value of not less than BHD 50 each

A percentage of the profits of the WLL must be set aside each year for depreciation

Ten percent of the profits thereafter must be set aside to build-up a compulsory reserve until the amount of the reserve equals 50 percent of the capital of the company

Closed Shareholding Company (BCS(c))

Incorporated with no fewer than two shareholders

Shares cannot be offered to the public

Allowed to carry out banking and insurance activities

Minimum capital of BHD250,000 with each share valuing at a minimum of BHD0.100 and a maximum of BHD100

Single Person Company (SPC)

An SPC is a limited liability vehicle consisting of a sole shareholder

The sole shareholder owns 100 percent of the share capital in the company

The sole shareholder may be a natural or a legal person

Foreign Branch (Branch)

The competent department at the Ministry of Industry, Commerce and Tourism shall maintain a special register to enter the names of the foreign companies incorporated abroad and undertaking its activities in Bahrain

Legally regarded as part of its parent company (no separate legal identity)

Activities limited to those of its parents, as stated in its parents' objects

MINIMUM CAPITAL REQUIREMENT

With Limited Liability (WLL)

No minimum capital requirement as it depends on the activity/objective that will be undertaken.

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Closed Shareholding Company (BSC(c))

Not less than BHD250,000.

Single Person Company (SPC)

No minimum capital requirement as it depends on the activity/objective that will be undertaken. Foreign Branch (Branch)

No minimum capital required.

LEGAL LIABILITY

With Limited Liability (WLL)

A shareholder's liability is limited to the extent of their capital in the company.

Closed Shareholding Company (BSC(c))

A shareholder's liability is limited to the extent of their capital in the company.

Single Person Company (SPC)

A shareholder's liability is limited to the extent of their capital in the company.

Foreign Branch (Branch)

A parent company would bear all the liabilities of the branch office and operations in Bahrain.

TAX PRESENCE

No personal income tax or corporate taxes payable.

A corporate tax of 46 percent is imposed on oil, gas and related companies.

As of January 1, 2019, Bahrain has introduced value added tax (VAT) at a standard rate of 5 percent. Some suppliers, however, are exempt or zero-rated. VAT generally applies on the supply of goods and services by domestic taxpayers as well as on the import of such goods and services. Under certain circumstances, foreign businesses with supplies in Bahrain may also fall within the scope of VAT.

INCORPORATION PROCESS

With Limited Liability (WLL)

Submit a shareholder resolution along with a draft memorandum of association to the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB) (if the company exercises CBB

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regulated activities)

All the cash and in-kind contributions have to be distributed amongst the shareholders and paid in full and the in-kind contributions have to be delivered to the company

Closed Shareholding Company (BSC(c))

Submit a shareholder resolution along with a draft memorandum of association and articles of association to the MOICT and CBB (if the company exercises CBB regulated activities)

A minimum of 50 percent of the capital must be paid initially at the time of incorporation; the remaining to be paid within three years

Single Person Company (SPC)

Submit a draft founder declaration along with a draft articles of association to the MOICT Total amount of the capital must be paid initially at the time of incorporation

Foreign Branch (Branch)

A resolution must be obtained from the parent company to establish a branch office in Bahrain and must be submitted to the MOICT and CBB (if the company exercises CBB regulated activities).

BUSINESS RECOGNITION

With Limited Liability (WLL)

Well-regarded and widely used.

Closed Shareholding Company (BSC(c))

Well-regarded and widely used.

Single Person Company (SPC)

Well-regarded and widely used.

Foreign Branch (Branch)

Well-regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

With Limited Liability (WLL)

The general assembly shall convene at least once a year within the six months following the end of the fiscal year of the company.

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Closed Shareholding Company (BSC(c))

The general assembly shall convene at least once per year during the three months following the end of the fiscal year of the company.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

With Limited Liability (WLL)

The meeting requirements would be in accordance with that stated in the company's memorandum of association.
Closed Shareholding Company (BSC(c))

The board of directors shall meet at least four times in the fiscal year, unless the company's memorandum of association provides for more times.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

With Limited Liability (WLL)

A company who is registered for VAT must submit a tax return for each taxable period to the National Taxation Authority (NTA). Taxable periods varies depending on the annual supplies of the company's business.

Closed Shareholding Company (BSC(c))

A company who is registered for VAT must submit a tax return for each taxable period to the NTA. Taxable periods vary depending on the annual supplies of the company's business.

Single Person Company (SPC)

A company who is registered for VAT must submit a tax return for each taxable period to the NTA. Taxable

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periods vary depending on the annual supplies of the company's business.

Foreign Branch (Branch)

A company who is registered for VAT must submit a tax return for each taxable period to the NTA. Taxable periods vary depending on the annual supplies of the company's business.

BUSINESS REGISTRATION FILING REQUIREMENTS

With Limited Liability (WLL)

Various documents required to be submitted to the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB) (if the company exercises CBB regulated activities), including the application form for initial license approval, the board resolutions and corporate documents, passport copies of the individual shareholders and the directors.

Closed Shareholding Company (BSC(c))

Various documents required to be submitted to the MOICT and CBB (if the company exercises CBB regulated activities), including the application form for initial license approval, the board resolutions and corporate documents, passport copies of individual shareholders and directors.

Single Person Company (SPC)

Various documents required to be submitted to the MOICT, including the application form for initial license approval, the founder declaration and corporate documents, passport copies of the sole shareholder and directors.

Foreign Branch (Branch)

Various documents required to be notarized, legalized and submitted to the MOICT and CBB (if the company exercises CBB regulated activities), including a resolution of the parent company, guarantee letter from the parent company, bylaws of the parent company and passport copies of the authorized signatory(s) and director(s).

BUSINESS EXPANSION

With Limited Liability (WLL)

License and memorandum of association are required to be updated. For this purpose approval from the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB) (if the company exercises CBB regulated activities) is necessary.

Closed Shareholding Company (BSC(c))

License and memorandum of association and articles of association are required to be updated. For this purpose approval from the MOICT and CBB (if the company exercises CBB regulated activities) are necessary.

Single Person Company (SPC)

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License and articles of association are required to be updated. For this purpose approval from the MOICT is necessary. If the number of shareholder exceeds one then the SPC will convert into a WLL.

Foreign Branch (Branch)

License is required to be updated. For this purpose, approval from the MOICT and CBB (if the company exercises CBB regulated activities) is necessary.

EXIT STRATEGY

With Limited Liability (WLL)

Internal procedures to be followed such as shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the Commercial Register at the Ministry of Industry, Commerce and Tourism (MOICT) and published in one of the local daily newspapers in the Arabic language.

Closed Shareholding Company (BSC(c))

Internal procedures to be followed such as shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the Commercial Register at the MOICT and published in one of the local daily newspapers in the Arabic language.

Single Person Company (SPC)

Internal procedures to be followed such as shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the Commercial Register at the MOICT and published in one of the local daily newspapers in the Arabic language.

Foreign Branch (Branch)

Internal procedures to be followed such as shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the Commercial Register at the MOICT and published in one of the local daily newspapers in the Arabic language.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

With Limited Liability (WLL)

Annual general assembly is required and the annual audited financial statements must be filed to the Ministry of

Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB) (if the company exercises CBB regulated activities).

Closed Shareholding Company (BSC(c))

Annual general assembly is required and the annual audited financial statements must be filed to the MOICT and CBB (if the company exercises CBB regulated activities).

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Single Person Company (SPC)

File the annual audited financial statements to the MOICT.

Foreign Branch (Branch)

File the annual audited financial statements of the Branch to the MOICT and CBB (if the company exercises CBB regulated activities).

DIRECTOR / OFFICER REQUIREMENTS

With Limited Liability (WLL)

At least one director to be appointed by the shareholders.

Closed Shareholding Company (BSC(c))

At least three directors to be appointed by the shareholder.

Single Person Company (SPC)

At least one director (who also can be the shareholder of the company).

Foreign Branch (Branch)

At least one director to be appointed by the parent company.

LOCAL CORPORATE SECRETARY REQUIREMENT

With Limited Liability (WLL)

Not applicable for this jurisdiction.

Closed Shareholding Company (BSC(c))

Not applicable for this jurisdiction.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

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With Limited Liability (WLL)

Not applicable for this jurisdiction.

Closed Shareholding Company (BSC(c))

Not applicable for this jurisdiction.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT With Limited Liability (WLL)

A local office lease is required.

Closed Shareholding Company (BSC(c))

A local office lease is required.

Single Person Company (SPC)

A local office lease is required.

Foreign Branch (Branch)

A local office lease is required.

OTHER PHYSICAL PRESENCE REQUIREMENTS With Limited Liability (WLL)

No other express provisions.

Closed Shareholding Company (BSC(c))

No other express provisions.

Single Person Company (SPC)

No other express provisions.

Foreign Branch (Branch)

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No other express provisions.

SUFFICIENCY OF VIRTUAL OFFICE

With Limited Liability (WLL)

A virtual office can be established depending on the commercial activity and approval of the Ministry of Industry, Commerce and Tourism and Municipalities Affairs at the Ministry of Works, Municipalities Affairs & Urban Planning (MA).

Closed Shareholding Company (BSC(c))

A virtual office can be established depending on the commercial activity and approval of the MOICT and MA. Single Person Company (SPC)

A virtual office can be established depending on the commercial activity and approval of the MOICT and MA. Foreign Branch (Branch)

A virtual office can be established depending on the commercial activity and approval of the MOICT and MA.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

With Limited Liability (WLL)

In the absence of an existing commercial address, the company cannot use the address of a law firm. However, it can use the address of a third-party service provider – registered with the Ministry of Industry, Commerce and Tourism (MOICT) – as a temporary address for a period of 3 months, after which the company must change its commercial address to a permanent address of its own.

Closed Shareholding Company (BSC(c))

In the absence of an existing commercial address, the company cannot use the address of a law firm. However, it can use the address of a third-party service provider (registered with the MOICT) as a temporary address for a period of 3 months, after which the company must change its commercial address to a permanent address of its own.

Single Person Company (SPC)

In the absence of an existing commercial address, the company cannot use the address of a law firm. However, it can use the address of a third-party service provider (registered with the MOICT) as a temporary address for a period of 3 months, after which the company must change its commercial address to a permanent address of its own.

Foreign Branch (Branch)

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In the absence of an existing commercial address, the company cannot use the address of a law firm. However, it can use the address of a third-party service provider (registered with the MOICT) as a temporary address for a period of 3 months, after which the company must change its commercial address to a permanent address of its own.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

With Limited Liability (WLL)

Not applicable for this jurisdiction.

Closed Shareholding Company (BSC(c))

Not applicable for this jurisdiction.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

With Limited Liability (WLL)

Nationality restrictions of shareholders are dependent on the business activity of the company. Generally speaking, no nationality restrictions when appointing directors.

Closed Shareholding Company (BSC(c))

Nationality restrictions of shareholders are dependent on the business activity of the company. Generally speaking, no nationality restrictions when appointing directors.

Single Person Company (SPC)

Nationality restrictions of shareholders are dependent on the business activity of the company. Generally speaking, no nationality restrictions when appointing directors.

Foreign Branch (Branch)

Generally speaking, no nationality restrictions when appointing directors.

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RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

With Limited Liability (WLL)

Generally speaking, there are no restrictions for the appointment of nominee shareholders or directors. Closed Shareholding Company (BSC(c))

Generally speaking, there are no restrictions for the appointment of nominee shareholders or directors. Single Person Company (SPC)

Generally speaking, there are no restrictions for the appointment of nominee shareholders or directors. Foreign Branch (Branch)

Generally speaking, there are no restrictions for the appointment of nominee directors.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

With Limited Liability (WLL)

Directors are appointed by shareholders. Directors have an overall management responsibility. Shareholders have no direct management rights but can appoint and remove directors. Shareholders may be required to approve certain corporate actions and significant transactions.

Closed Shareholding Company (BSC(c))

Directors are appointed by shareholders. Directors have an overall management responsibility. Shareholders have no direct management rights, but can appoint and remove directors. Shareholders may be required to approve certain corporate actions and significant transactions.

Single Person Company (SPC)

Directors are appointed by the sole shareholder. Directors have an overall management responsibility. The sole shareholder has no direct management rights but can appoint and remove directors. The sole shareholder may be required to approve certain corporate actions and significant transactions.

Foreign Branch (Branch)

Directors are appointed by the parent company. Directors have an overall management responsibility.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

With Limited Liability (WLL)

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Details of directors and shareholders are publicly available on the database of Ministry Industry, Commerce and Tourism (MOICT).

Closed Shareholding Company (BSC(c))

Details of directors and shareholders are publicly available on the database of MOICT. Single Person Company (SPC)

Details of directors and the sole shareholder are publicly available on the database of MOICT. Foreign Branch (Branch)

Details of directors and parent company are publicly available on the database of MOICT.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS With Limited Liability (WLL)

At least one director. A minimum of two and a maximum of 50 shareholders.

Closed Shareholding Company (BSC(c))

A minimum of three directors. A minimum of two shareholders.

Single Person Company (SPC)

At least one director. Only one shareholder.

Foreign Branch (Branch)

At least one director to be appointed by the parent company.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

With Limited Liability (WLL)

A minimum of two and a maximum of 50 shareholders.

Closed Shareholding Company (BSC(c))

A minimum of two shareholders.

Single Person Company (SPC)

Only one shareholder.

Foreign Branch (Branch)

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Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

With Limited Liability (WLL)

Resolution from the company or a general meeting by the shareholders is required.

Closed Shareholding Company (BSC(c))

Resolution from the company or a general meeting by the shareholders is required.

Single Person Company (SPC)

Resolution from the sole shareholder is required.

Foreign Branch (Branch)

Resolution from the parent company is required.

REQUIRED AND OPTIONAL OFFICERS

With Limited Liability (WLL)

No officers strictly required.

Closed Shareholding Company (BSC(c))

No officers strictly required.

Single Person Company (SPC)

No officers strictly required.

Foreign Branch (Branch)

No officers strictly required.

BOARD MEETING REQUIREMENTS

With Limited Liability (WLL)

The meeting requirements would be in accordance with that stated in the company's memorandum of association.

Closed Shareholding Company (BSC(c))

The board of directors shall meet at least four times in the fiscal year, unless the company's memorandum of

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association and articles of association provide for more times.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS With Limited Liability

(WLL)

The quorum for the general assembly of the shareholders shall not be valid unless shareholders holding at least 50 percent of share capital are present, unless the company's memorandum of association provides for a larger majority.

No quorum required for board meetings, unless stated in the company's memorandum of association. Closed Shareholding Company (BSC(c))

For general assembly of the shareholders, typically the quorum for the meeting will only be valid if attended by a number of shareholders who have the right to vote and representing more than half the capital.

For board of directors meetings, typically the quorum for the meeting will only be valid if attended by at least half of the directors, provided that no fewer than three directors will be present, unless the company's articles of association require a higher number or percentage.

Single Person Company (SPC)

Not applicable for this jurisdiction.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

With Limited Liability (WLL)

A bank account is not required to be opened prior to incorporation. A local bank account is a must. Closed Shareholding Company (BSC(c))

A bank account is not required to be opened prior to incorporation. A local bank account is a must.

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Single Person Company (SPC)

A bank account is not required to be opened prior to incorporation. A local bank account is a must. Foreign Branch (Branch)

Not required to open a local bank account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

With Limited Liability (WLL)

Audited financial statements are required. The auditor is required to be in Bahrain and must be licensed to practice the profession. Company's books must be kept locally.

Closed Shareholding Company (BSC(c))

Audited financial statements are required. The auditor is required to be in Bahrain and must be licensed to practice the profession. Company's books must be kept locally.

Single Person Company (SPC)

Audited financial statements are required. The auditor is required to be in Bahrain and must be licensed to practice the profession. Company's books must be kept locally.

Foreign Branch (Branch)

Audited financial statements are required. The auditor is required to be in Bahrain and must be licensed to practice the profession. Company's books must be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

With Limited Liability (WLL)

No express provision.

Closed Shareholding Company (BSC(c))

The company's articles of association will specify the nominal value of the share. The nominal value of each share must not be less than BHD 0.100 and must not exceed BHD 100.

Single Person Company (SPC)

No express provision.

Foreign Branch (Branch)

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No express provision.

INCREASING OF CAPITALIZATION IF NEEDED

With Limited Liability (WLL)

Typically a general assembly is required and a draft amended memorandum of association pertaining to the capital increase must be submitted to the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB). An approval from the MOICT and CBB (if applicable) must be obtained.

Closed Shareholding Company (BSC(c))

Typically a general assembly is required and a draft amended memorandum of association and articles of association pertaining to the capital increase must be submitted to the MOICT and CBB (if the company exercises CBB regulated activities). An approval from MOICT and CBB (if applicable) must be obtained.

Single Person Company (SPC)

A resolution is required and a draft amended articles of association pertaining to the capital increase must be submitted to the MOICT.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

With Limited Liability (WLL)

The redemption of the shares will be made in accordance with the company's memorandum of association. The value of the redeemed shares must be paid from the profits or the distributable reserves. The redemption of the shares will not result in a capital reduction.

Closed Shareholding Company (BSC(c))

The redemption of the shares will be made in accordance with the company's memorandum of association or articles of association. The value of the redeemed shares must be paid from the profits or the distributable reserves. The redemption of the shares will not result in a capital reduction.

Single Person Company (SPC)

The redemption of the shares will be made in accordance with the company's articles of association. The value of the redeemed shares must be paid from the profits or the distributable reserves. The redemption of the shares will not result in a capital reduction.

Foreign Branch (Branch)

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Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

With Limited Liability (WLL)

Share transfer documents are required and must be approved by the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB) (if applicable).

Closed Shareholding Company (BSC(c))

Share transfer documents are required and must be approved by the MOICT and CBB (if applicable). Single Person Company (SPC)

Share transfer documents are required and must be approved by the MOICT.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

With Limited Liability (WLL)

A WLL can have a special commercial name, which can be derived from its business objectives and include the name of a partner or partners, followed by the phrase or abbreviation "With Limited Liability" or (WLL).

Closed Shareholding Company (BSC(c))

A BSC(c) must derive their name from their business objective. The name of the company must always be followed by the phrase or abbreviation: "Bahrain Closed Shareholding Company" or (BSC (Closed)).

Single Person Company (SPC)

An SPC shall have a special trade name, which may be derived from its objectives. The name of the company shall be associated with the name of its owner followed by the phrase "Single Person Company" or (SPC).

Foreign Branch (Branch)

A branch of a foreign company that is established in Bahrain shall have a commercial name which must be identical to the name of the parent company.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

With Limited Liability (WLL)

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Not required by law; however may be required if stated in the company's internal regulations. If the company exercises Central Bank of Bahrain (CBB) regulated activities, then it must follow the guidelines set by the CBB to prevent money laundering.

Closed Shareholding Company (BSC(c))

Not required by law; however may be required if stated in the company's internal regulations. If the company exercises CBB regulated activities, then it must follow the guidelines set by the CBB to prevent money laundering.

Single Person Company (SPC)

Not required by law; however, may be required if stated in the company's internal regulations. Foreign Branch (Branch)

Not required by law; however may be required if stated in the company's internal regulations. If the company is exercising CBB regulated activities, then it must follow the guidelines set by the CBB to prevent money laundering.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT With Limited Liability (WLL)

Typically a resolution made in the general assembly of shareholders would be passed by the majority of shares represented in the meeting.

Closed Shareholding Company (BSC(c))

The approval requirements would be in accordance with that stated in the company's articles of association. Single

Person Company (SPC)

Typically a resolution from the sole shareholder must be passed in order to alter the company's articles of association.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION With Limited Liability (WLL)

License required from the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (CBB), (if the company exercises CBB regulated activities). Additional approvals may be required from other competent authorities depending on the nature of activities.

Closed Shareholding Company (BSC(c))

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License required from the MOICT and CBB (if the company exercises CBB regulated activities). Additional approvals may be required from other competent authorities depending on the nature of the business activities.

Single Person Company (SPC)

License required from the MOICT. Additional approvals may be required from other competent authorities depending on the nature of the business activities.

Foreign Branch (Branch)

License required from the MOICT and CBB (if the company exercises CBB regulated activities). Additional approvals may be required from other competent authorities depending on the nature of the business activities.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY With Limited Liability (WLL)

A shelf company must obtain the licenses and approvals from the Ministry of Industry, Commerce and Tourism (MOICT) and Central Bank of Bahrain (if applicable) before engaging in any business activity, and such business activity must be registered in the Commercial Register at the MOICT. A shelf company can be in the form of a WLL.

Closed Shareholding Company (BSC(c))

A shelf company must obtain the licenses and approvals from the MOICT and CBB (if applicable) before engaging in any business activity, and such business activity must be registered in the Commercial Register at the MOICT. A shelf company can be in the form of a BSC(c).

Single Person Company (SPC)

A shelf company must obtain the licenses and approvals from the MOICT before engaging in any business activity, and such business activity must be registered in the Commercial Register at the MOICT. A shelf company can be in the form of a SPC.

Foreign Branch (Branch)

Not applicable for this jurisdiction.

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BELGIUM



FORM OF ENTITY

Public limited company (*société anonyme/naamloze vennootschap*)

Separate and distinct legal entity. Two types of board structures can be chosen, *ie*, monistic board structure or dualistic board structure.

In the event the monistic board structure is chosen, the public limited company can be managed by either:

A collegial board of at least three directors or two directors in case there are less than three shareholders or

If provided by the articles of association, a sole director

The collegial board is responsible for making major business decisions and overseeing the general affairs of the company. Managing directors (or general managers), who run the day-to-day operations of the company, are appointed by the directors. The sole director has to be a public limited company with a collegial board when:

The public limited company with a sole director is listed or

When a legal provision requires a collegial board

The dualistic board structure needs to be provided for in the articles of association and consists of a board of supervision and an executive board. The board of supervision is a collegial board of (at least) three members and is elected by the shareholders of the company. Members of the board of supervision cannot at the same time be members of the executive board. The board of supervision is responsible for the general policy and strategy of the public limited company and has reserved competences. The executive board is a collegial board of (at least) three members. Members of the executive board are appointed by the members of the board of supervision. The executive board has full management competence except for the ones reserved by the law for the shareholders' meeting and the ones reserved for the board of supervision.

Limited company (*société à responsabilité limitée/besloten vennootschap*)

Separate and distinct legal entity. Managed by either a sole director, a non-collegial board of directors or a collegial

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board of directors (if provided in the articles of association), who are responsible for making major business decisions

and overseeing the general affairs of the limited company. Directors are elected by the shareholders of the limited company. The management body can appoint one or more persons who can act alone, jointly or collegial and who are responsible for the daily management. If no daily management is appointed by the management body, the day-to-day operations of the company are run by the director(s), who has/have, in principle, full authority.

Often used by USA companies for tax reasons since it qualifies as check-the-box in the USA. Steps to be taken to ensure that the old IRS taxpayer identification number is made available to the new entity.

Belgian branch office of a foreign company

No separate and distinct legal entity from the foreign company. The legal representative will have to represent the foreign company with regard to the activities of its Belgian branch office.

ENTITY SET UP

Public limited company (*société anonyme/naamloze vennootschap*)

One incorporator (natural person or legal entity) — unlimited number of shareholders Limited liability of the shareholders

Subject to corporate income tax

Typical charter documents include:

Articles of incorporation

Bylaws

Shareholders' resolutions

Board resolutions and

Share register

Subject to the board structure that is chosen (*ie*, monistic or dualistic), the board of directors or the sole director has the overall management responsibility. In the dualistic board structure the board of supervision has the reserved competences and the executive board has the residual as well as the operational competences

Shareholders typically purchase shares in the company (either registered or dematerialized) – shares are freely transferable

Different types of stock can be issued (*eg*, shares with or without voting rights, profit sharing certificates, stock options, etc.) – can issue financial instruments such as bonds

Annual accounts to be filed with the National Bank of Belgium

Limited company (*société à responsabilité limitée/besloten vennootschap*)

One incorporator (natural person or legal entity) – unlimited number of shareholders

Limited liability of the shareholders

Subject to corporate income tax

Typical charter documents include:

Articles of incorporation

Bylaws

Shareholders' resolutions

Board resolutions and

Share register

Every director has the authority to conduct all acts which are necessary or useful to realize the limited company's corporate purpose, unless the law provides that such acts are the exclusive responsibility of the general meeting. Daily management can be attributed to one or more persons acting alone, jointly or as a college

Shareholders typically purchase shares in the company (in principle registered) – shares are not freely transferable – form less used for joint ventures

Different types of stock can be issued (eg, shares with or without voting rights, profit sharing certificates, stock options, etc.) – can issue financial instruments such as bonds

Annual accounts to be filed with the National Bank of Belgium

Belgian branch office of a foreign company

The competent corporate body of a foreign company can decide to open a Belgian branch office No separate legal entity, so therefore the foreign company shall be liable for all the obligations entered into Physical existence in Belgium for a "branch office" in which a foreign company carries out its activities Presence in Belgium of a legal representative who may bind the foreign company

Regular exercise activities in Belgium

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Various documents related to the foreign company will in principle have to be translated in one of the official Belgian languages and filed with the clerk's office of the competent enterprise court, such as the deed of incorporation, the latest version of the articles of association

A legal representative will have to represent the foreign company in Belgium, and

The (consolidated) annual accounts of the foreign company will, on an annual basis, have to be filed with the National Bank of Belgium

MINIMUM CAPITAL REQUIREMENT

Public limited company (*société anonyme/naamloze vennootschap*)

Minimum capital: EUR 61,500 fully paid-up at the time of incorporation.

Above the minimum, each share must be paid up to 25%.

Limited company (*société à responsabilité limitée/besloten vennootschap*)

There is no capital requirement. Obligation to have a net equity which is, taking into account other sources of financing, sufficient in the light of the envisioned activities.

Next to a cash contribution, also a contribution in kind or in industry can be made.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

LEGAL LIABILITY

Public limited company (*société anonyme/naamloze vennootschap*)

Limited liability of the shareholders – shareholders of a public limited company are in principle not liable for the debts of a public limited company aside from their financial contribution to the public limited company (with the exception of the incorporators' liability during the first three years in case of a misrepresentation of the financial plan).

Limited company (*société à responsabilité limitée/besloten vennootschap*)

Limited liability of the shareholders – shareholders of a limited company are in principle not liable for the debts of a limited company aside from their financial contribution to the limited company (with the exception of the incorporators' liability during the first three years in case of a misrepresentation of the financial plan).

Belgian branch office of a foreign company

The foreign company shall be liable for all the obligations entered into by the legal representative on behalf of the Belgian branch office.

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TAX PRESENCE

Public limited company (*société anonyme/naamloze vennootschap*)

Subject to corporate income tax:

Belgian public limited companies are in principle taxable on their worldwide income, less allowable deductions. The taxable income is determined on the basis of the approved Belgian GAAP annual accounts, subject to certain adjustments in accordance with the Belgian Income Tax Code

Resident public limited companies are subject to a standard corporate income tax rate of 29.58%. This rate will be reduced to 25% as from 2020. The first income band of €100,000 of small public limited companies is subject to a lower rate of 20.40% (20% as from 2020) provided that certain conditions are met

A participation exemption regime exists for received dividends under which, subject to certain conditions, 100% of the received dividends are deductible. Capital gains realized on shares can be exempt provided that certain conditions are met

The payment of dividends, royalties and interest is in principle subject to a 30% withholding tax. Domestic law provides for reduced rates and exemptions in certain circumstances. The applicable rate may further also be reduced under an applicable double taxation treaty

Losses may in principle be carried forward indefinitely, but their use in a given tax year is limited to €1,000,000 plus 70% of the taxable basis in excess of €1,000,000

A CFC regime and a group consolidation regime will enter into force as from 2019

Limited company (*société à responsabilité limitée/besloten vennootschap*)

Subject to corporate income tax:

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Losses may in principle be carried forward indefinitely, but their use in a given tax year is limited to €1,000,000 plus 70% of the taxable basis in excess of €1,000,000

A CFC regime and a group consolidation regime will enter into force as from 2019

Belgian branch office of a foreign company

A Belgian branch office of a foreign company will in principle be subject to tax on income generated by the Belgian branch office and will thus be subject to the so-called corporate non-resident income tax. The applicable tax rates are identical to the tax rates for resident companies. If a double taxation treaty is in place between Belgium and the state of tax residence of the foreign company, such treaty should be consulted in order to verify whether Belgium has the authority to tax the income that is attributable to the branch.

The foreign company (via its branch office) may also be subject to certain other possible taxes (such as registration taxes on the purchase of real estate or communal taxes).

Depending on its activities, the Belgian branch office may also qualify as VAT taxpayer.

INCORPORATION PROCESS

Public limited company (*société anonyme/naamloze vennootschap*)

The public limited company will be incorporated at the occasion of an incorporation meeting, which has to be held in the presence of a notary public the incorporation deed, which will be passed during this incorporation meeting will not only incorporate the public limited company, but will also contain the public limited company's articles of association.

Bank certificate in case the public limited company is incorporated by means of a contribution in cash. Prior to the incorporation of the public limited company, the notary public passing the deed of incorporation must be provided with a financial plan (see below), prepared and signed by the incorporator(s). In this financial plan, the incorporators justify the amount of the capital for a first period of (at least) two years.

The articles of association will, among others, need to contain the following information: name, region of registered office, corporate object, capital, shares, identity of the directors and the rules of representation of the public limited company, date of the annual shareholders' meeting, the financial year – In case the public limited company's registered office is located in the Brussels Region, the choice exists between French and/or Dutch as language of the articles of association, but when the registered office is located in the Flemish or the Walloon Region, the official language of the articles of association will, mandatorily, be respectively Dutch and French.

The incorporating shareholder(s) has to be present or represented at the incorporation meeting which has to be held in the presence of a notary public. The proxies do not need to be legalized (a private proxy is sufficient).

The new public limited company will have to be registered with the Crossroads Bank for Enterprises.

Public limited companies subject to the Belgian income tax regime have to be affiliated with a Belgian social insurance fund. This formality should be complied with within a period of three months as of the incorporation of the public limited company.

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Incorporation deed needs to be filed with the clerk's office of the competent enterprise court for publication in the Annexes to the Belgian State Gazette.

Immediately after the incorporating meeting and included in the same notarial deed, a general shareholders' meeting will be held, which will appoint the director(s) (at least three directors, or two directors if less than three shareholders, should be appointed- sole director if foreseen in the articles of association) or in the event a dualistic board structure is chosen, the board of supervision and if applicable, the statutory auditor.

Following the appointment of the director(s) at the occasion of the general shareholders' meeting, a meeting of the board of directors can immediately be held as well, during which a managing director (or general manager) in charge of the daily management can be appointed or in the event a dualistic board structure is chosen, the executive board. In case the directors cannot attend the meeting, they can be represented by way of proxy.

Limited company (*société à responsabilité limitée/besloten vennootschap*)

The limited company will be incorporated at the occasion of an incorporation meeting, which has to be held in the presence of a notary public the incorporation deed, which will be passed during this incorporation meeting will not only incorporate the limited company, but will also contain the limited company's articles of association.

Bank certificate in case the limited company is incorporated by means of a contribution in cash. However, such contribution is not required anymore and is voluntary.

Prior to the incorporation of the limited company, the notary public passing the deed of incorporation must be provided with a financial plan, prepared and signed by the incorporator(s). In this financial plan, the incorporator(s) justify the amount of the net equity for a first period of at least two years.

The financial plan has to contain at least the following elements:

- A detailed description of the planned activities
- An overview of all sources of financing upon incorporation, where applicable, with an indication of the

securities provided in this context

- An opening balance sheet as well as pro forma balance sheet after 12 and 24 months
- A pro forma profit and loss statement after 12 and 24 months
- A budget of the expected income and expenditure for a period of at least two years after its incorporation A description of the assumptions used to estimate the expected turnover and the expected profitability and If applicable, the name of the external expert who assisted in drawing up the financial plan

The articles of association will, among others, need to contain the following information:

- Name
- Region of registered office
- Corporate object
- Net equity Shares
- Identity of the directors and the rules of representation of the limited company
- Date of the annual shareholders' meeting
- The financial year

In case the limited company's registered office is located in the Brussels Region, the choice exists between French and/or Dutch as language of the articles of association, but when the registered office is located in the Flemish or the Walloon Region, the official language of the articles of association will, mandatorily, be Dutch and French, respectively.

The incorporating shareholder(s) has/have to be present or represented at the incorporation meeting which has to be held in the presence of a notary public. The proxies do not need to be legalized (a private proxy is sufficient). The new limited company will have to be registered with the Crossroads Bank for Enterprises for publication in the Annexes to the Belgian State Gazette.

Limited companies subject to the Belgian income tax regime have to be affiliated with a Belgian social insurance fund. This formality should be complied with within a period of three months as of the incorporation of the limited company. Incorporation deed needs to be filed with the clerk's office of the competent Enterprise Court. Immediately after the incorporating meeting and included in the same notarial deed, a general shareholders' meeting will be held, which will appoint the director(s) (if there are several directors, they form a (non-collegial) board) and if applicable, the statutory auditor. Belgian branch office of a foreign company

The competent corporate body of the foreign company has to decide to open a Belgian branch office, such resolution should contain certain specific decisions, such as the address and description of the activities of the Belgian branch office, the appointment of a legal representative, etc.

The signature of the authorized officer(s) of the foreign company should be legalized and certified by a public notary (or the equivalent foreign authority), whose signature in turn should be legalized by way of an Apostille, which is a procedure provided for by The Hague Convention. If the resolution has not been drafted in the official language of the Region where the Belgian branch office will be located (ie, Dutch in the Flemish Region, French in the Walloon Region and Dutch or French in the Brussels Capital Region), then the resolution will have to be translated by a Belgian sworn translator.

The original resolution and, as the case may be, its sworn translation, together with certain other documents related to the foreign company, will then have to be filed with the clerk's office of the competent enterprise court, which will arrange for its subsequent publication in the Annexes to the Belgian State Gazette. In addition, the last annual accounts, which have been approved by the shareholders of the foreign company, and as the case may be the consolidated annual accounts, have to be filed with the National Bank of Belgium. Finally, the Belgian branch office will have to be registered with the Crossroads Bank for Enterprises and the VAT-administration.

BUSINESS RECOGNITION

Public limited company (société anonyme/naamloze vennootschap)

Well regarded and widely used.

Limited company (société à responsabilité limitée/besloten vennootschap)

Company of reference. Used by US companies for tax reasons since it qualifies for check-the-box election in the US. Belgian branch office of a foreign company Regularly used.

SHAREHOLDER MEETING REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

In principle, the shareholders' meeting has limited authority:

The appointment or dismissal of the directors and the members of the board of supervision

The appointment of the statutory auditor(s)

The approval of the annual accounts

Discharge of the directors, the members of the board of supervision and the statutory auditor

Net asset test

A merger or demerger of the company

A capital increase (without prejudice to the competence of the board of directors to increase the share capital within the authorized capital) or a capital decrease

The issuance of shares below fractional value

The acquisition by the company of its own shares (without prejudice to the competence of the board of directors in this respect, within the limits set by the general shareholders' meeting)

The cancellation or limitation of the preferential subscription right

The dissolution of the company and Any modification to the articles of association of the company

Required to hold a meeting of shareholders at least once a year to vote on the approval of the annual accounts, the allocation of the results and to (re)appoint the directors and the members of the board of supervision and grant release to the directors and the members of the board of supervision and the statutory auditor.

After the annual meeting of shareholders has been held, the annual accounts (printed on a prescribed form or in electronic version), the annual report of the board of directors or the members of the board of supervision to the shareholders and the auditor's report must be filed with the Belgian National Bank within one month after the approval of the annual accounts by the annual shareholders' meeting and in no event later than seven months after the closing of the financial year.

Limited company (société à responsabilité limitée/besloten vennootschap)

In principle, the shareholders' meeting has limited authority, ie:

The appointment or dismissal of the director(s)

The appointment of the statutory auditor(s)

The approval of the annual accounts

Discharge of the director(s) and the statutory auditor

A merger or demerger of the company

Net asset test

The acquisition by the company of its own shares

The dissolution of the company; and

Any modification to the articles of association of the company

Required to hold a meeting of shareholders at least once a year to vote on the approval of the annual accounts, the

allocation of the results and to (re)appoint the director(s) and grant release to the director(s) and the statutory auditor. After the annual meeting of shareholders has been held, the annual accounts (printed on a prescribed form or in electronic version), the annual report of the board of directors/sole director to the shareholders and the auditor's report must be filed with the Belgian National Bank within one month after the approval of the annual accounts by the annual shareholders' meeting and in no event later than seven months after the closing of the financial year.

Belgian branch office of a foreign company

Not applicable, as this will be arranged at the level of the foreign company.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

In principle, the board of directors has residual authority, ie, the management of the public limited company. The board of directors or the board of supervision of the public limited company needs to meet at least once a year to prepare the annual accounts and to convene the annual shareholders' meeting. The meeting of the board of directors or the board of supervision cannot be held until the draft of an annual management report to the shareholders and a set of the draft annual accounts (including a balance sheet, a profit and loss statement and explanatory notes) for the relevant financial year have been prepared. Other meetings are possible each time the interest of the public limited company requires it in the interest of the public limited company.

Limited company (société à responsabilité limitée/besloten vennootschap)

In principle, the (board of) director(s) has residual authority, ie, the management of the limited company. The (board of) director(s) of the limited company needs to meet at least once a year to prepare the annual accounts and to convene the annual shareholders' meeting. The meeting of the (board of) director(s) cannot be held until the draft of an annual management report to the shareholders and a set of the draft annual accounts (including a balance sheet, a profit and loss statement and explanatory notes) for the relevant financial year have been prepared. Other meetings are possible each time the interest of the limited company so requires.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Public limited company (société anonyme/naamloze vennootschap)

Annual corporate income tax return and a VAT return on a monthly or quarterly basis (depending on turnover).

Limited company (société à responsabilité limitée/besloten vennootschap)

Annual corporate income tax return and a VAT return on a monthly or quarterly basis (depending on turnover).

Belgian branch office of a foreign company

Annual non-resident corporate income tax return and a VAT return on a monthly or quarterly basis (depending on turnover).

BUSINESS REGISTRATION FILING REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

Registration with the Crossroads Bank for Enterprises.

Limited company (société privée à responsabilité limitée/besloten vennootschap)

Registration with the Crossroads Bank for Enterprises.

Belgian branch office of a foreign company Registration with the Crossroads Bank for Enterprises.

BUSINESS EXPANSION

- Public limited company (société anonyme/naamloze vennootschap)
- No need to change as business expands.

- Limited company (société privée à responsabilité limitée/besloten vennootschap)
- No need to change as business expands.
- Belgian branch office of a foreign company
- No need to change as business expands.

EXIT STRATEGY

- Public limited company (société anonyme/naamloze vennootschap)
- Voluntary dissolution with immediate closure of the liquidation:
- Statement of assets and liabilities, which may not be older than three months on the date the extraordinary shareholders' meeting deciding to dissolve and immediately close the liquidation, is held
- Special report of the management body on the proposal to dissolve and immediately close the liquidation.
- The statement of assets and liabilities has to be attached to the special report
- Meeting of the management body: Approving the statement of assets and liabilities and the special report
- Giving the statutory auditor the task to draft a report on the statement of assets and liabilities
- Convening an extraordinary shareholders meeting
- Waiving the convocation periods and formalities to this extraordinary shareholders' meeting
- Special report of the statutory auditor
- Extraordinary shareholders' meeting held in the presence of a notary public, deciding to dissolve and immediately close the liquidation

Limited company (société à responsabilité limitée/besloten vennootschap)

Voluntary dissolution with immediate closure of the liquidation:

Statement of assets and liabilities, which may not be older than three months on the date the extraordinary shareholders' meeting deciding to dissolve and immediately close the liquidation, is held

Special report of the management body on the proposal to dissolve and immediately close the liquidation.

The statement of assets and liabilities has to be attached to the special report

Meeting of the management body: Approving the statement of assets and liabilities and the special report

Giving the statutory auditor the task to draft a report on the statement of assets and liabilities

Convening an extraordinary shareholders meeting

Waiving the convocation periods and formalities to this extraordinary shareholders' meeting Special report of the statutory auditor Extraordinary shareholders' meeting held in the presence of a notary public, deciding to dissolve and immediately close the liquidation

Belgian branch office of a foreign company

The competent corporate body of the foreign company may decide to close the Belgian branch office.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

Annual meeting of the management body, the shareholders and subsequently the annual filing of the annual accounts with the Belgian National Bank.

Limited company (société à responsabilité limitée/besloten vennootschap)

Annual meeting of the management body, the shareholders and subsequently the annual filing of the annual accounts with the Belgian National Bank.

Annual filing of the consolidated annual accounts with the Belgian National Bank.

- The following documents and information have to be filed with the clerk's office of the competent enterprise court within 30 days and, as the case may be, published in the Annexes to the Belgian State Gazette:
- Changes to the foreign company's articles of association
- Changes to the foreign company's name or legal form
- Changes to the foreign company's registration with the Commercial Register
- Changes to the address, name and activities of the Belgian branch office Appointments and resignations of persons authorized to represent the foreign company Appointments and resignations of the legal representative(s) of the Belgian branch office
- The dissolution of the foreign company, the appointment of liquidators and the scope of their powers and the closing of the liquidation
- The bankruptcy, judicial composition or similar procedure affecting the foreign company and The closing of the Belgian branch office

Annually, within one month as of the annual shareholders' meeting and at the latest within seven months as of the closing of the financial year, the annual accounts and, as the case may be, the consolidated annual accounts of the foreign company have to be filed with the National Bank of Belgium.

DIRECTOR / OFFICER REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

The directors can be either Belgian or foreign natural persons or legal entities. If a legal entity is appointed as director, this legal entity must appoint a "permanent representative" in charge of performing the mandate of the director/legal entity on behalf and for the account of the director/legal entity. The permanent representative should be a natural person (employee, director, or shareholder of the legal entity), and he/she will bear the same (civil and criminal) liability as the director/company which he/she represents.

Limited company (société à responsabilité limitée/besloten vennootschap)

The directors can be either Belgian or foreign natural persons or legal entities. If a legal entity is appointed as director, this legal entity must appoint a "permanent representative" in charge of performing the mandate of the director/legal entity on behalf and for the account of the director/legal entity. The permanent representative should be a natural person (employee, director, or shareholder of the legal entity), and he/she will bear the same (civil and criminal) liability as the director/company which he/she represents.

Belgian branch office of a foreign company

No directors have to be appointed in the Belgian branch office. However, one or more legal representatives will have to be appointed.

LOCAL CORPORATE SECRETARY REQUIREMENT

Public limited company (société anonyme/naamloze vennootschap)

Not applicable for this jurisdiction.

Limited company (société à responsabilité limitée/besloten vennootschap)

Not applicable for this jurisdiction.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Public limited company (société anonyme/naamloze vennootschap)

Not applicable for this jurisdiction.

Limited company (société à responsabilité limitée/besloten vennootschap)

Not applicable for this jurisdiction.

Belgian branch office of a foreign company

The legal representative has to be present in Belgium on a regular basis in order to enter into contracts with third parties in Belgium. There is the requirement that the legal representative has to reside in Belgium.

LOCAL OFFICE LEASE REQUIREMENT

Public limited company (société anonyme/naamloze vennootschap)

Service agreement/lease agreement for registered office or property.

Limited company (société privée à responsabilité limitée/besloten vennootschap)

Service agreement/lease agreement for registered office or property.

Belgian branch office of a foreign company

A Belgian branch office has to have a physical existence in Belgium, ie, an office in which the foreign company carries out its activities in Belgium. Third-party service providers can provide a Belgian branch office with such local office.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

A company is a tax resident of Belgium if its principal establishment, registered office or place of management is located in Belgium. In order to avoid discussions about the company's tax residence, it is key that the place of management of the company be located in Belgium (substance-over-form approach). The notion and features of a place of management may vary depending on the company's size and activities. As a strict minimum, the key management decisions of the company should be taken in Belgium, which would generally require shareholders' and board meetings at which such decisions are taken, to be held in Belgium. When examining the physical presence requirements, it is important to also bear in mind the requirements and views held by the relevant foreign tax authorities.

Limited company (société à responsabilité limitée/besloten vennootschap)

A company is a tax resident of Belgium if its principal establishment, registered office or place of management is located in Belgium. In order to avoid discussions about the company's tax residence, it is key that the place of management of the company be located in Belgium (substance-over-form approach). The notion and features of a place of management may vary depending on the company's size and activities. As a strict minimum, the key management decisions of the company should be taken in Belgium, which would generally require shareholders' and board meetings at which such decisions are taken, to be held in Belgium.

When examining the physical presence requirements, it is important to also bear in mind the requirements and views held by the relevant foreign tax authorities.

Belgian branch office of a foreign company

None.

SUFFICIENCY OF VIRTUAL OFFICE

Public limited company (société anonyme/naamloze vennootschap)

The registered address of the public limited company can be set with the accountant or can be a postbox office with a third service provider

Limited company (société à responsabilité limitée/besloten vennootschap)

The registered address of the public limited company can be set with the accountant or can be a postbox office with a third service provider. Belgian branch office of a foreign company

See local office lease requirement.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Public limited company (société anonyme/naamloze vennootschap)

A public limited company needs to have a local registered address. This can be obtained with the help of a third-party service provider or an accountant and cannot be the address of a law firm - regarding the language requirements, please see above.

Limited company (société à responsabilité limitée/besloten vennootschap)

A limited company needs to have a local registered address. This can be obtained with the help of a third-party service provider or an accountant and cannot be the address of a law firm - regarding the language requirements, please see above.

Belgian branch office of a foreign company

As mentioned in Local office lease requirement, a third-party service provider can provide a local registered office.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Public limited company (société anonyme/naamloze vennootschap)

By a third-party service provider against a certain fee.

Limited company (société à responsabilité limitée/besloten vennootschap)

By a third-party service provider.

Belgian branch office of a foreign company

There are no directors or a corporate secretary appointed in a Belgian branch office. Since the legal representative of the Belgian branch office will have to be able to represent the foreign company in Belgium (for example by signing agreements), third-party service providers will, based upon our experience, not provide these services.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Public limited company (société anonyme/naamloze vennootschap)

The shareholders or directors can be either Belgian, foreign natural persons or legal entities. Should non-Belgian nationals, not having an official residence in Belgium, be appointed as directors, a copy of the identity card or international passport of the directors has to be communicated to the clerk's office of the

enterprise court. The following information has to be given to the clerk's office, if it is not mentioned on the copy:

Surname

First name

Place of residence

Date of birth

Place of birth

In case the directors are not EU nationals and will not officially reside in Belgium, a declaration on honor will be needed

Limited company (société à responsabilité limitée/besloten vennootschap)

The shareholders or directors can be either Belgian, of foreign natural persons or legal entities. Should non-Belgian nationals, not having an official residence in Belgium, be appointed as directors, a copy of the identity card or international passport of the directors has to be communicated to the clerk's office of the enterprise court. The following information has to be given to the clerk's office, if it is not mentioned on the copy: surname, first name, place of residence, date of birth, and place of birth. In case the directors are not EU nationals and will not officially reside in Belgium, a declaration of honor will be needed.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Public limited company (société anonyme/naamloze vennootschap)

With respect to the monistic board structure, the sole director has to be a public limited company with a collegial board when: The public limited company with a sole director is listed or When a legal provision requires a collegial board With respect to the dualistic board structure, the members of the board of supervision cannot be at the same time be members of the executive board and vice versa.

Limited company (société à responsabilité limitée/besloten vennootschap)

Not applicable for this jurisdiction.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Public limited company (société anonyme/naamloze vennootschap)

When it comes to the representation of the public limited company vis-à-vis third parties, Belgian company law provides that in the monistic board structure with a board of directors, the directors of a public limited company represent the public limited company as a board, ie, by the majority of the board members. The possibility exists, however, to include certain deviating representation rules in the public limited company's articles of association (eg, representation by two directors). In the dualistic board structure it is the executive board which represents the public limited company vis-à-vis third parties. The possibility exists, however, to include certain deviating representation rules in the public limited company's articles of association (eg, representation by two members of the executive board). Shareholders have no authority to represent the public limited company.

Limited company (société à responsabilité limitée/besloten vennootschap)

When it comes to the representation of the limited company vis-à-vis third parties, Belgian company law provides that each director, or in case of a collegial board of directors, the board, represents the limited company vis-à-vis third parties. It is, however, possible to include certain deviating representation rules in the limited company's articles of association. Shareholders have no authority to represent the closed limited liability company.

Belgian branch office of a foreign company

The legal representative will have the authority to represent the foreign company in Belgium. In the resolution of the competent corporate body of the foreign company, his authority may be limited.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Public limited company (société anonyme/naamloze vennootschap)

The appointment and the resignation of the directors, managing directors (or general managers) needs to be published in the Annexes to the Belgian State Gazette. In the framework of the ultimate beneficial ownership or "UBO" registration, the details of the ultimate beneficial owners of the public limited company will be published in the UBO register.

With regard to listed companies, each natural person or legal entity that, directly or indirectly, acquires securities with voting rights of an issuer, should inform the issuer and the Financial Services and Markets Authority of the number and of the percentage of the existing voting rights that he owns as a result of the acquisition when the voting rights he owns reaches 5% or more of the total of the existing voting rights. This notification is also required in the event of a direct or indirect acquisition of securities with voting right that results in the number of voting rights reaching or exceeding 10%, 15%, 20% and each consecutive 5% tranche. Furthermore, the notification is required in the event of a direct or indirect disposal of securities with voting rights that results in a decrease of the voting rights below one of the named thresholds. The Articles of Association of an issuer under Belgian law can also determine that the

notification also applies to lower or intermediate thresholds, it being understood that only 1%, 2%, 3%, 4% and 7.5% can be used.

Limited company (société à responsabilité limitée/besloten vennootschap)

The appointment and the resignation of the directors, managing directors (or general managers) needs to be published in the Annexes to the Belgian State Gazette. In the framework of the ultimate beneficial ownership or "UBO" registration, the details of the ultimate beneficial owners of the public limited company will be published in the UBO register.

Belgian branch office of a foreign company

The identity of the legal representative and the directors of the foreign company will be publicly disclosed. The identity of the shareholders of the foreign company will in principle not be publicly disclosed (but may be public via the (consolidated) annual accounts depending on the information included therein).

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Public limited company (société anonyme/naamloze vennootschap)

In the event a monistic board structure is chosen and the public limited company has less than three shareholders, the board of directors can be composed of only two directors, if more than two shareholders, at least three directors. If so provided for in the articles of association the public limited company can also have a sole director. The sole director has to be a public limited company with a collegial board when: The public limited company with the sole director is listed or When a legal provision requires a collegial board In the event of a dualistic board structure, both the board of supervision and the executive board need to consist of at least three members, which cannot be members of the board of supervision and the executive board at the same time. Can be incorporated by only one shareholder.

Limited company (société à responsabilité limitée/besloten vennootschap)

Managed by one or more directors.

Can be incorporated by only one shareholder.

Belgian branch office of a foreign company

A Belgian branch office has no directors.

At least one legal representative should be appointed.

There are no shareholders of a Belgian branch office.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Public limited company (société anonyme/naamloze vennootschap)

In principle only one shareholder.

Limited company (société à responsabilité limitée/besloten vennootschap)

In principle only one shareholder.

Belgian branch office of a foreign company

See minimum and maximum number of directors and shareholders (with respect to the foreign company, this will be determined by the laws governing the foreign company).

REMOVAL OF DIRECTORS OR OFFICERS

Public limited company (société anonyme/naamloze vennootschap)

Monistic board structure - collegial board of directors

The directors can be dismissed by the shareholders' meeting ad nutum. Unless the articles of association provide otherwise, the shareholders' meeting can at the time of dismissal decide to give a notice period or severance pay. The articles of association can provide that a director can only be dismissed with a notice period or a severance pay. In any event, the shareholders' meeting can always dismiss a director without notice period or severance pay due to legal

reasons.

Monistic board structure - sole director

The articles of association can foresee that the sole director needs to agree with its own dismissal. In any event, the shareholders' meeting can without the approval of the sole director, dismiss the sole director taking into account the necessary majorities for the amendment of the articles of association. Shareholders (with voting rights) which hold at least 10% of the capital (or 3% for a listed company) can appoint a special proxyholder, whether or not shareholder, charged with the introduction of a claim regarding the dismissal of the sole director for legal reasons

Dualistic board structure - board of supervision

The members of the board of supervision can be dismissed by the shareholders' meeting *ad nutum*. Unless the articles of association provide otherwise, the shareholders' meeting can at the time of dismissal decide to give a notice period or severance pay. The articles of association can provide that a member of the board of supervision can only be dismissed with a notice period or a severance pay. In any event, the shareholders' meeting can always dismiss a member of the board of supervision without notice period or severance pay due to legal reasons.

Dualistic board structure - executive board

The board of supervision is competent for the dismissal of members of the executive board. In any event, the removal of a director must in all cases be published in the annexes to the Belgian State Gazette.

Limited company (société à responsabilité limitée/besloten vennootschap)

If the director has been appointed in the articles of association, an amendment of the articles of association will be necessary in order to dismiss the director. If the director has not been appointed in the articles of association, the shareholders' meeting can at any time without justification dismiss a director with immediate effect (*ad nutum*) unless the articles of association or the minutes of the shareholders' meeting appointing the director state otherwise. Unless the articles of association provide otherwise, the shareholders' meeting can decide at the time of dismissal to grant a notice period or severance pay. In any event, the shareholders' meeting can decide to dismiss a statutory or non-statutory director in case of legal reasons without notice period or severance pay. Removal of a director must be published in the annexes to the Belgian State Gazette.

Belgian branch office of a foreign company

The legal representative of the Belgian branch office can be removed by a decision of the competent corporate body of the foreign company.

REQUIRED AND OPTIONAL OFFICERS

Public limited company (société anonyme/naamloze vennootschap)

Not applicable for this jurisdiction.

Limited company (société à responsabilité limitée/besloten vennootschap)

Not applicable for this jurisdiction.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Public limited company (société anonyme/naamloze vennootschap)

Without prejudice to the law and the articles of association, the shareholders' meeting decides with majority of votes. If the directors form a college, in principle, majority of votes.

Limited company (société à responsabilité limitée/besloten vennootschap)

Without prejudice to the law and the articles of association, the shareholders' meeting decides with majority of votes. If the directors form a college (if more than one director), in principle, majority of votes.

Belgian branch office of a foreign company

Not applicable, since there are no shareholders or directors in a Belgian branch office.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Public limited company (société anonyme/naamloze vennootschap)

In case the public limited company is incorporated by means of a contribution in cash, the amount that has to be fully paid in, has to be deposited on a blocked bank account with a bank in Belgium or a bank in the European Economic Area as meant in article 4, paragraph 1, point 1) Regulation (EU) no. 575/2013 opened in the name of the public limited company in incorporation – the amount will be released once the notarial deed has been signed. The public limited company needs to have a bank account.

Limited company (société à responsabilité limitée/besloten vennootschap)

In case the limited company is incorporated by means of a contribution in cash, the amount that has to be fully paid in, has to be deposited in a blocked bank account with a bank in Belgium or a bank in the European Economic Area as meant in article 4, paragraph 1, point 1) Regulation (EU) no. 575/2013 opened in the name of the limited company in incorporation – the amount will be released once the notarial deed has been signed. The limited company needs to have a Belgian bank account.

Belgian branch office of a foreign company

The Belgian branch office needs to have a Belgian bank account, which in principle needs to be opened before the establishment of the Belgian branch office as the bank account number should in principle be mentioned on the publication forms, which should be filed with the clerk's office of the competent enterprise court in order to open the Belgian branch office.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Public limited company (société anonyme/naamloze vennootschap)

Only "large" companies are obliged to appoint a statutory auditor.

A Belgian company is considered to be a "large company" if it exceeds at least two out of the following criteria during the two previous financial years:

A yearly turnover, VAT excluded, of EUR 9 million

A minimum of 50 employees or A total balance sheet of EUR 4.5 million

Belgian public limited companies which are part of a group which is required to draft and publish consolidated annual accounts will need to appoint a statutory auditor in Belgium.

The statutory auditor will be appointed for a term of three financial years

The statutory auditor has to be recognized by the competent Belgian authorities

The company's books should be kept at the registered office of the company

Limited company (société à responsabilité limitée/besloten vennootschap)

Only "large" companies are obliged to appoint a statutory auditor. A Belgian company is considered to be a "large company" if it exceeds at least two out of the following criteria during the two previous financial years:

A yearly turnover, VAT excluded, of EUR 9 million

A minimum of 50 employees or A total balance sheet of EUR 4.5 million

Belgian limited companies which are part of a group which is required to draft and publish consolidated annual accounts will need to appoint a statutory auditor in Belgium.

The statutory auditor will be appointed for a term of three years

The statutory auditor has to be recognized by the competent Belgian authorities

The company's books should be kept at the registered office of the company

Belgian branch office of a foreign company

The Belgian branch office will have to keep its own separate books in view of its tax filings.

No auditor will have to be appointed.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Public limited company (société anonyme/naamloze vennootschap)

Unless the articles of association or the decision concerning the issue of shares provides otherwise, the fractional value of all issued shares without nominal value and which are of the same class will be equal, regardless whether the shares are issued below, above or equal to the fractional value of the shares of the same class. A detailed report on the transaction must be drawn up by the board of directors, which relates in particular to the issue price and the consequences of the transaction with respect to the membership and financial rights of the shareholders. A report is drawn up by a statutory auditor or, in his absence, by a company auditor appointed by the board of directors, or appointed by an external auditor in the same way, in which he declares that the financial statements and accounting data included in the report of the board of directors are true and sufficient to inform the shareholders meeting that has to vote on the proposal.

Limited company (société à responsabilité limitée/besloten vennootschap)

As the limited company does not have any capital, the shares in a limited company have no par value or nominal value.

Belgian branch office of a foreign company

Not applicable, since a Belgian branch office has no issued shares.

INCREASING OF CAPITALIZATION IF NEEDED

Public limited company (société anonyme/naamloze vennootschap)

In case, due to the losses sustained, the net assets of the public limited company should have dropped below one half of the public limited company's share capital, the general shareholders' meeting must meet within no more than two months after the loss has or should have been established, as the case may be, in order to deliberate and resolve on a winding-up of the public limited company. The board of directors has to justify its proposals in a special report ex Article 7:228 (and Article 7:229 of the BCCA). If the board of directors proposes to continue the activities of the public limited company, it has to set out in its report the measures it is considering to redress the financial condition of the public limited company. If the net assets of the public limited company have fallen below the minimum required capital, any interested party or the public prosecutor's office can demand the dissolution of the public limited company in court.

Limited company (société à responsabilité limitée/besloten vennootschap)

In case, due to the losses sustained, the net assets of the limited company have become negative or threaten to become negative, the general shareholders' meeting must meet within no more than two months after the situation has been discovered in order to deliberate and resolve on a winding-up of the limited company.

The board of directors has to justify its proposals in a special report ex Article 5:153 of the BCCA. If the board of directors proposes to continue the activities of the limited company, it has to set out in its report the measures it is considering to redress the financial condition of the limited company.

After having complied with the above mentioned duties, the board of directors is not obliged to convene the general shareholders' meeting for the same reason in the next 12 months after such convocation.

Belgian branch office of a foreign company

Not applicable, since a Belgian branch office has no capital.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS

OR REDEMPTION)

Public limited company (société anonyme/naamloze vennootschap)

Shareholders' meetings can decide on capital decrease and dividend distribution – amount of dividend limited by certain criteria. Board of directors: interim dividend out of the results of the current financial year as well as out of the results of the previous financial year as long as the annual accounts of the previous financial year have not yet been approved, in such case decreased with the loss carried forward or increased with the profit carried forward without deducting the existing reserves and taking into consideration the reserves which are established due to legal provisions or provisions of the articles of association, if provided for in the articles of association.

Capital decreases must be proportionally allocated between the company's fiscal capital and certain of its reserves. The part of the decrease that is allocated to the reserves will be treated for tax purposes as a dividend distribution. The payment of dividends is in principle subject to a 30% withholding tax. Domestic law provides for reduced rates and exemptions in certain circumstances. The applicable rate may further also be reduced under an applicable double taxation treaty.

Limited company (société à responsabilité limitée/besloten vennootschap)

Shareholders' meeting can decide on allocation of the profit and the determination of distributions. The articles of association can provide the board of directors with the authority to go ahead with the distribution of profits of the current financial year as well as profits of the previous financial year as long as the annual accounts of the previous financial year have not yet been approved, in such case decreased with the loss carried forward or increased with the profit carried forward – amount of dividend limited by certain criteria. The payment of dividends is in principle subject to a 30% withholding tax. Domestic law provides for reduced rates and exemptions in certain circumstances. The applicable rate may further also be reduced under an applicable double taxation treaty.

Belgian branch office of a foreign company

In Belgium, there are no restrictions on how funds can be repatriated by a Belgian branch office to the foreign company.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Public limited company (société anonyme/naamloze vennootschap)

Shares are freely transferable unless otherwise provided for in the articles of association, the issuance conditions of the titles or agreements.

Limited company (société à responsabilité limitée/besloten vennootschap)

Unless otherwise provided for in the articles of association, transferability is restricted as shares may be transferred to another shareholder or a direct ascendant or descendant of the shareholder.

Any transfer of shares to another person or company than the above mentioned, must be approved by at least half of the shareholders representing at least 3/4 of the capital, not including the shares the transfer of which is being proposed.

The articles of association can foresee that the shares are freely transferable.

Belgian branch office of a foreign company

Not applicable, since a Belgian branch office has no issued shares.

OBTAINING A NAME AND NAMING REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

Almost any name can be used, provided that it is not the same as, or similar to, another corporate name and that the use of the corporate name does not cause any confusion with, or infringe on another company's name or trademark.

A company may require another company, having adopted the same or a very similar name which may cause confusion, to change its name and to pay for the damage caused by such confusion. Therefore, a preliminary search to determine whether the proposed name will create confusion with another company's name, is required.

Limited company (société à responsabilité limitée/besloten vennootschap)

Almost any name can be used, provided that it is not the same as, or similar to, another corporate name and that the use of the corporate name does not cause any confusion with, or infringe on another company's name or trademark. A company may require another company, having adopted the same or a very similar name which may cause confusion, to change its name and to pay for the damage caused by such confusion. Therefore, a preliminary search to determine whether the proposed name will create confusion with another company's name is required.

Belgian branch office of a foreign company

Almost any name can be used, provided that it is not the same as, or similar to, another corporate name and that the use of the corporate name does not cause any confusion with, or infringe on another company's name trademark. Names cannot be reserved in Belgium. In practice, Belgian branch offices use the name of the foreign company and add "Belgian branch office."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Public limited company (société anonyme/naamloze vennootschap)

Know your client requirement (ie, anti-money laundering): notary public, bank and law firm.

Limited company (société à responsabilité limitée/besloten vennootschap)

Know your client requirement (ie, anti-money laundering): notary public, bank and law firm.

Belgian branch office of a foreign company

It is possible that the Belgian bank has certain "know your client" requirements in view of opening the Belgian bank account.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Public limited company (société anonyme/naamloze vennootschap)

First meeting: Attendees of the extraordinary shareholders' meeting need to represent at least half of the share capital and $\frac{3}{4}$ of the votes is needed if attendance quorum is not reached a second meeting will be held. Second meeting: no attendance quorum but $\frac{3}{4}$ of the votes are needed. In case it concerns a change of the corporate object or its corporate purpose:

First meeting:

attendees of the extraordinary shareholders' meeting need to represent at least half of the share capital (and, if applicable, half of the total amount of profit certificates) and $\frac{4}{5}$ of the votes is needed if attendance quorum is not reached a second meeting will be held

Second meeting: no attendance quorum but $\frac{4}{5}$ of the votes needed

Limited company (société à responsabilité limitée/besloten vennootschap)

Attendees of the extraordinary shareholders' meeting need to represent at least half of the total issued shares and $\frac{3}{4}$ of the votes is needed if attendance quorum is not reached a second meeting will be held.

Second meeting: no attendance quorum, but $\frac{3}{4}$ of the votes are needed. In case it concerns a change of the corporate object, its corporate purpose, its finality or the values:

First meeting: attendees of the extraordinary shareholders' meeting need to represent at least half of the total issued shares and $\frac{4}{5}$ of the votes is needed if the attendance quorum is not reached, a second meeting will be held Second meeting: no attendance quorum but $\frac{4}{5}$ of the votes needed

Belgian branch office of a foreign company

Any modification to for example the activities of the Belgian branch office will have to be adopted by the competent corporate body of the foreign company.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Public limited company (société anonyme/naamloze vennootschap)

In principle not required, unless for very specific sectors such as banking, insurance, gambling. Limited company (société à responsabilité limitée/besloten vennootschap) In principle not required, unless for very specific sectors such as banking, insurance, gambling.

Belgian branch office of a foreign company

In principle not required, unless for very specific sectors such as banking, insurance, gambling.

PROCESS OF PURCHASING AND UTILIZING

A SHELF COMPANY

Public limited company (société anonyme/naamloze vennootschap)

Rarely used in Belgium.

Limited company (société à responsabilité limitée/besloten vennootschap)

Rarely used in Belgium.

Belgian branch office of a foreign company

Not applicable for this jurisdiction.

BRAZIL



FORM OF ENTITY

Limited liability company (*Sociedade Limitada*)

Sociedades Limitadas are regulated by Law 10,406/02 (Brazilian Civil Code) and residually, whenever set forth in their articles of organization, by Law 6,404/76, as amended, which regulates Brazilian corporations.

A *Sociedade Limitada* is simple to incorporate and operate, since very few formalities are required for its organization and management.

Corporation (*Sociedade Anônima*)

Legal entity suitable for several types of businesses and investments. Non-listed corporations are simple to incorporate and operate, but more formalities are required for its organization and management when compared to the *Sociedade Limitada*. One example is the mandatory publication of certain corporate acts.

Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors.

Note: The Law 12,441/11 provided the constitution of the Limited Liability Individual Company (*EIRELI*) which shall be created by a sole individual or legal entity, Brazilian or not, being right that its corporate capital shall be of, at least, the amount corresponding to 100 minimum wages. The Limited Liability Individual Company (*EIRELI*) is additionally ruled by the provisions established for *Sociedades Limitadas*.

ENTITY SET UP

Although the Brazilian Law sets forth other types of companies, the Brazilian companies usually adopt the form of a limited liability company, called "*Sociedade Empresária Limitada*" or of a corporation, called "*Sociedade Anônima*."

Limited liability company (*Sociedade Limitada*)

- A *Sociedade Limitada* shall have, at least, two quotaholders

- Capital divided into quotas. The ownership of quotas and any burden over such quotas are reflected in the articles of organization. It is possible to issue preferred quotas
- In principle, the liability of the quotaholders is limited to the total subscribed capital which has not been paid in by them
- Managers (quotaholders or not) are responsible for the day-to-day management of the company's business and for representing the company before third parties
- An annual meeting shall be held by the quotaholders in the first four months after the end of the previous fiscal year in order to approve the management's accounts, and the company's balance sheet and economical results
- No public subscription or participation in the capital is allowed and a Sociedade Limitada cannot publicly trade its quotas or list on a stock exchange
- Taxed on its profits and gross revenues at a corporate level and quotaholders are exempt from income tax on dividend distribution

Corporation (Sociedade Anônima)

- Minimum of two shareholders
- Capital divided into shares.
- Different classes of shares allowed
- Generally, the ownership of shares and any burden over such shares are reflected in the corporate books
- The liability of the shareholders is limited to the total subscribed capital which has not been paid in by them
- Typical charter documents include: bylaws; minutes of shareholders' general meetings; resolutions of the board of officers and board of directors; corporate books
- Board of directors, if existing, has overall management responsibility; officers have day-to-day responsibility
- Shareholders typically purchase stock in the corporation, either common or preferred
- An annual meeting shall be held by the shareholders in the first four months after the end of the previous fiscal year in order to approve the management's accounts and the corporation's financial statements
- A Sociedade Anônima may be a publicly traded company and offer its securities for sale to the general public
- Taxed on its profits and gross revenues at a corporate level and shareholders are exempt from income tax on dividend distribution

MINIMUM CAPITAL REQUIREMENT

Limited liability company (Sociedade Limitada)

In principle, there is no legal requirement concerning the minimum capital for a Sociedade Limitada (except if a foreign person is expected to work as manager of the Brazilian company, in which case a minimum capital of R\$150,000 (approximately US\$38,700) plus the commitment to create ten job positions within 2 years or a paid-in foreign capital amounting to, at least, R\$600,000 (approximately US\$155,110) is required for visa purposes).

Corporation (Sociedade Anônima)

In general, there is no minimum capital requirement (except if a foreign person is expected to work as officer of the Brazilian company, in which case a minimum capital of R\$150,000 (approximately US\$38,700) plus the commitment to create 10 job positions within 2 years or a paid-in foreign capital amounting to, at least, R\$600,000 (approximately US\$155,110) is required for visa purposes).

Depending on the corporate purpose, there might be a minimum capital requirement, such as in the case of insurance companies and certain financial institutions.

Note: The Limited Liability Individual Company (*EIRELI*) is required to set up a corporate capital on the amount corresponding, at least, to 100 minimum wages in force in Brazil, which is currently equivalent to a total amount of R\$99,800 (approximately US\$25,600).

LEGAL LIABILITY

Limited liability company (Sociedade Limitada)

As a general rule, a quotaholder is not liable for the company's obligation, but solely for the payment in full of the quotas subscribed by him/her. However, in the event of the company's bankruptcy, each quotaholder is liable, jointly and severally with the others, for payment in full of the company's capital not yet paid in. Once all the quotas have been fully paid in, the quotaholders will have no further liability, except for certain cases of violation of law and of the articles of organization, in which case the company's legal personality can be disregarded ("piercing the corporate veil"). The managers of the company are not liable for obligations assumed on behalf of the company, unless they exceed their powers or violate the law or the articles of organization.

Corporation (Sociedade Anônima)

As a general rule, a shareholder is not liable for the corporation's obligations, but solely for the payment in full of the subscribed shares. Once all the shares have been fully paid in, the shareholders will have no further liability, except for certain cases of violation of law or of the bylaws, in which case the corporation's legal personality can be disregarded ("piercing the corporate veil").

The managers of the corporation are not liable for obligations assumed on behalf of the corporation, unless they exceed their powers or violate the law or the bylaws.

TAX PRESENCE

Limited liability company (Sociedade Limitada)

A legal entity incorporated in Brazil will be treated as a domestic legal entity for tax purposes, and subject to Brazilian income tax on its worldwide income. Corporation (Sociedade Anônima) A legal entity incorporated in Brazil will be treated as a domestic legal entity for tax purposes, and subject to Brazilian income tax on its worldwide income.

INCORPORATION PROCESS

Limited liability company (Sociedade Limitada)

The incorporation process of a Sociedade Limitada begins with the execution of the articles of organization by its quotaholders (or their representatives, as the case may be) and the subsequent filing of this document with the respective state commercial registry.

Corporation (Sociedade Anônima)

Filing of the minutes of the shareholders' meeting which approved the incorporation of the corporation and its bylaws with the respective state commercial registry. At least 10% of the initial capital shall be paid in at the moment of incorporation.

BUSINESS RECOGNITION

Limited liability company (Sociedade Limitada)

Well regarded and widely used for a simpler and less expensive corporate structure.

Corporation (Sociedade Anônima)

Well regarded and widely used, especially for medium and large businesses.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company (Sociedade Limitada)

The quotaholders of a Sociedade Limitada must hold an annual Quotaholders' Meeting in the first four months following the end of the previous fiscal year, in order to deliberate on subjects related to the administration of the company, the approval of the management accounts and of the balance sheet and economical result of the Sociedade Limitada.

Corporation (Sociedade Anônima)

The shareholders are required to hold annual shareholder's meeting to vote on certain items, such as election of directors (or officers, in case the company does not have a board of directors), management accounts and approval of the financial statements.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company (Sociedade Limitada)

The rules for the managers meeting, if applicable, shall be established in the articles of organization. Due to a recent change in the applicable rules, a Sociedade Limitada may now have a Board of Directors and the rules established in the Brazilian Corporations Law (Rule No. 6,404/76) regarding the Board of Directors shall be applied by analogy.

Corporation (Sociedade Anônima)

Requirements, if any, shall be established in the bylaws.

ANNUAL COMPANY TAX RETURNS

Limited liability company (Sociedade Limitada)

Legal entities must file several tax returns in federal, state and local levels depending of their activities. Some of these returns must be presented on a monthly basis. Country-by-country report may also be required.

Corporation (Sociedade Anônima)

Legal entities must file several tax returns in federal, state and local levels depending of their activities. Some of these returns must be presented on a monthly basis. Country-by-country report may also be required.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company (Sociedade Limitada)

The corporate acts of a Sociedade Limitada (amendments to the articles of organization, quotaholders' meetings, etc) shall be filed with the competent commercial registry.

Corporation (Sociedade Anônima)

Minutes of shareholders' meetings and certain board of directors and board of officers resolutions shall be filed with the competent commercial registry.

BUSINESS EXPANSION

Limited liability company (Sociedade Limitada)

No need to change as business expands.

Corporation (Sociedade Anônima)

No need to change as business expands.

EXIT STRATEGY

Limited liability company (Sociedade Limitada)

Once the dissolution occurs, by virtue of, among other events, approval of all quotaholders, a liquidator shall be appointed in order to manage the Company during the liquidation period. The liquidation procedures shall be in accordance with the provisions of the articles of organization.

In addition, a dissenting quotaholder has the right to, in certain cases expressly set forth in the Brazilian Civil Code, request the partial dissolution of the company and withdraw from it.

The quotaholders may also establish, by means of the execution of a quotaholders' agreement, some exit strategies such as tag and/or drag along rights, put option right, redemption of quotas or other exit alternatives.

Corporation (Sociedade Anônima)

File dissolution documents with the appropriate commercial registry. Shareholders shall observe the procedures established in the bylaws and in the applicable law regarding the liquidation of the corporation. The shareholders may also establish, by means of the execution of a shareholders' agreement, some exit strategies such as tag and/or drag along rights, put option right, redemption of shares or other exit alternatives.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company (Sociedade Limitada)

Annual quotaholders' meeting to be held within four months after the end of the previous fiscal year.

Corporation (Sociedade Anônima)

Annual shareholders' meeting to be held within four months after the end of the previous fiscal year.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company (Sociedade Limitada)

A Sociedade Limitada shall have at least one manager, and all of them shall be resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as managers of a company. Due to a recent change in the applicable rules, a Sociedade Limitada may now have a Board of Directors and the rules established in the Brazilian Corporations Law (Rule No. 6,404/76) regarding the Board of Directors shall be applied by analogy.

Corporation (Sociedade Anônima)

At least two officers are required. Officers shall be individuals resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as officers of a corporation. The board of directors shall have at least three members (Brazilian citizens or foreigners with an attorney-in-fact resident in Brazil, as further detailed below). In general, Directors are only mandatory in case of listed corporations and corporations with authorized capital.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company (Sociedade Limitada)

Not applicable for this jurisdiction.

Corporation (Sociedade Anônima)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company (Sociedade Limitada)

Not applicable for this jurisdiction.

Corporation (Sociedade Anônima)

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company (Sociedade Limitada)

The address of the company's headquarters or branch must be adequate to the activities it will perform in such site. Corporation (Sociedade Anônima) The address of the corporation's headquarters or branch must be adequate to the activities it will perform in such site.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company (Sociedade Limitada)

A foreign quotaholder (legal entity or an individual) must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on its behalf. The managers must be resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as managers of a company. The company shall have an accountant responsible for its accounting.

Corporation (Sociedade Anônima)

A shareholder or director not resident in Brazil must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf. The officers must be resident in Brazil, which means that only Brazilian citizens or foreigners in Brazil under the status of a permanent visa are allowed to act as officers of a corporation. The corporation shall have an accountant responsible for its accounting.

SUFFICIENCY OF VIRTUAL OFFICE**Limited liability company (Sociedade Limitada)**

Not possible.

Corporation (Sociedade Anônima)

Not possible.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER**Limited liability company (Sociedade Limitada)**

Allowed for incorporation. The address of the company's headquarters or branch must be adequate to the activities it will perform in such site.

Corporation (Sociedade Anônima)

Allowed for incorporation. The address of the corporation's headquarters shall be adequate to the activities it will perform in such site.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER**Limited liability company (Sociedade Limitada)**

Allowed for incorporation.

Corporation (Sociedade Anônima)

Allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS**Limited liability company (Sociedade Limitada)**

Under Brazilian Law, all foreign quotaholders (legal entities or individuals) must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on its behalf. Also, the quotaholders must be registered with the Corporate Taxpayer Roll (CNPJ/MF).

As regards the managers of a Sociedade Limitada, they must be resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as managers of a company.

Corporation (Sociedade Anônima)

Shareholders and Directors not resident in Brazil shall constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf. Officers shall be resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as officers of a corporation.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company (Sociedade Limitada)

Foreign quotaholders (legal entities or individuals) must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on its behalf. The managers of a Sociedade Limitada must be resident in Brazil. Legal entities cannot be appointed as manager.

Corporation (Sociedade Anônima)

Foreign shareholders and directors must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf.

Note: The individual (whether Brazilian citizen or a foreigner who incorporates a Limited Liability Individual Company - EIRELI) must only appear in one company of this kind. Due to a recent change in the applicable

rules, a legal entity (whether incorporated in Brazil or a foreign entity) may now figure, as quotaholder, in more than one EIRELI.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company (Sociedade Limitada)

The managers are elected by the quotaholders and are responsible for the day-to-day management of the company's business. The managers are also responsible for representing the company before third parties, in accordance with the provisions of the articles of organization. The articles of organization may set up certain limitations to the powers of the managers and keep major decisions to the approval of the quotaholders.

Corporation (Sociedade Anônima)

Directors are elected by the shareholders and are part of a decision making body of the corporation which establishes broad policies and objectives. In contrast, officers are appointed by the directors to oversee day-to-day operations of the corporation. In case the corporation does not have a board of directors, the officers are elected by the shareholders' meeting and have full authority.

The law establishes certain matters that shall be decided exclusively by the shareholders. The bylaws (and/or a shareholders' agreement) may create additional limitations to the powers of the directors and officers.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company (Sociedade Limitada)

Identity of quotaholders and managers is publicly disclosed.

Corporation (Sociedade Anônima)

Identity of directors and officers is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company (Sociedade Limitada)

There must be a minimum of two quotaholders, and no maximum number. For managers, the minimum number is one.

Corporation (Sociedade Anônima)

There must be a minimum of two shareholders, and no maximum number. For directors, if any, the minimum number is three, while there is no maximum number. For officers, the minimum number is two, and there is no maximum number.

Note: The Limited Liability Individual Company (*EIRELI*) must be constituted by a sole individual or legal entity. The managers must be individuals resident in Brazil, which means that only Brazilian citizens or foreigners resident in Brazil under the status of a permanent visa are allowed to act as managers of an *EIRELI*.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company (Sociedade Limitada)

There must be a minimum of 2 quota holders.

Corporation (Sociedade Anônima)

As least 2 shareholders are required, except in case of a specific type of corporation expressly set forth in the Brazilian Law named as "subsidiária integral," in which case, the corporation may have one shareholder which shall be a Brazilian company.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company (Sociedade Limitada)

Removal of managers depend on the approval of quotaholders (quotaholders representing more than 1/2 of the company's capital, unless if otherwise provided in the articles of organization).

Corporation (Sociedade Anônima)

Removal of directors is allowed by a vote of shareholders. Officers are removed by means of a resolution of the board of directors, if any, or the shareholders (the latter in case the corporation does not have a board of directors).

REQUIRED AND OPTIONAL OFFICERS

Limited liability company (Sociedade Limitada)

The quotaholders may set forth in the articles of organization different functions to be attributed to each manager.

Corporation (Sociedade Anônima)

At least two officers, with no specific designation, are required. The functions to be attributed to each officer may be established in the bylaws.

BOARD MEETING REQUIREMENTS

Limited liability company (Sociedade Limitada)

The rules for managers' meetings, if applicable, shall be set forth in the articles of organization.

Corporation (Sociedade Anônima)

To be established in the bylaws, if applicable.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company (Sociedade Limitada)

The general rule for quotaholders' meetings and managers' meetings (the latter, if applicable), is the majority of the company's capital and of the managers, respectively. The Brazilian Civil Code establishes higher quorum for some specific resolutions and the articles of organization may also establish other rules concerning the approval of resolutions.

Corporation (Sociedade Anônima)

For a shareholder meeting, shareholders representing 1/4 of the capital shall be present. In general, decisions shall be taken by at least the majority of the shareholders present at the meeting. Certain matters, expressly set forth in the law, require the approval by a higher quorum. The bylaws may establish other quorum requirements.

For the board of directors, the decisions shall be taken by the majority of directors. Other requirements shall be established by the bylaws.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company (Sociedade Limitada)

Not necessary in order to incorporate. The company's bank account shall be opened in Brazil only after the registration of the incorporation documents with the commercial registry and the registration of the company with the Brazilian Federal Revenue.

Note: The Limited Liability Individual Company (EIRELI) is required to set up a corporate capital on the amount corresponding, at least, to 100 minimum wages in force in Brazil, which is currently equivalent to a total amount of R\$99,800 (approximately US\$25,600). Such minimum capital shall be paid in at the moment of the incorporation of the EIRELI.

Corporation (Sociedade Anônima)

The corporation's bank account shall be opened in Brazil after its incorporation. Nonetheless, in order to comply with the Brazilian Law, the incorporation of a corporation depends on the realization of at least 10% of the issuance price of the shares subscribed in national currency that shall be deposited at Banco do Brasil S/A., or at another bank authorized by the Brazilian Securities Commission.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company (Sociedade Limitada)

An audit is not required for a Sociedade Limitada. Although the Brazilian Law sets forth corporate books for a Sociedade Limitada (book of quotaholders' meeting, managers' meeting and fiscal council meetings, if applicable), there is no penalty in case of not having them (in practice, most Sociedades Limitadas do not usually open corporate books). In case they are opened, they shall be kept at the company's headquarters.

Corporation (Sociedade Anônima)

An audit is not generally required for private, non-listed companies. Corporate books (share transfer book, registry of shares, book of attendance at shareholders' meetings, book of shareholders' meetings, book of board of officers meetings, book of board of directors meetings – if applicable, book of fiscal council meetings, if applicable) shall be kept at the corporation's headquarters.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company (Sociedade Limitada)

The quotas of a Sociedade Limitada must have a determined par value established in the articles of organization.

Corporation (Sociedade Anônima)

Par value is not required.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company (Sociedade Limitada)

The company's capital can only be increased once it is fully paid in, and upon the registration of an amendment to the articles of organization. According to the Brazilian Civil Code, each quotaholder has the preemptive right to subscribe the new quotas issued in a capital increase, proportionally to the equity held by each of them in the company's capital.

Corporation (Sociedade Anônima)

Effectuated by amending the bylaws, which requires authorization from the shareholders. If the corporation has a board of directors, the shareholders may establish an authorized capital. In this case, the capital may be increased within the limit of the authorized capital by means of a resolution of the board of directors, without the necessity of amending the bylaws.

A capital increase may only occur once, at least, 3/4 of the company's capital is fully paid in.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company (Sociedade Limitada)

Dividends, capital reduction, redemption of quotas, purchase and sale of quotas.

Corporation (Sociedade Anônima)

Dividends, capital reduction, redemption of shares, purchase and sale of shares.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company (Sociedade Limitada)

All transfers of quotas must be done by means of an amendment to the articles of organization. A quotaholder may freely transfer the respective quotas if there is no opposition of quotaholders holding more than 1/4 of the company's capital. However, the quotaholders usually set forth limitations to the transfer of quotas in the articles of organization (such as right of first refusal), or in the quotaholders' agreement, if any.

Corporation (Sociedade Anônima)

As a general rule, shareholders may freely transfer their shares to other shareholders or third parties by means of an entry in the share transfer book. It is common to establish limitations to this right in the bylaws or in shareholders' agreements, if any.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company (Sociedade Limitada)

A Brazilian company may have any name which is not being currently used by another company or is in conflict with an existing trademark or trade name of a potential competitor or a relevant company. The company's name must include either the word "Limitada" or its abbreviation "Ltda." as the last word and indicate the core business of the company.

Corporation (Sociedade Anônima)

A corporation may have any name which is not being currently used by another company or is in conflict with an existing trademark or trade name of a potential competitor or a relevant company.

The corporation's name shall include either the words "Companhia," "Sociedade Anônima," or its abbreviation "S.A.," which is most commonly used, and shall indicate the core business of the corporation.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company (Sociedade Limitada)

During the procedure of opening the company's bank account, the documents required may vary from bank to bank.

Corporation (Sociedade Anônima)

During the procedure of opening the corporation's bank account, the documents required may vary from bank to bank.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company (Sociedade Limitada)

Any amendment to the articles of organization depend on the approval of quotaholders representing, at least, 3/4 of the company's capital.

Corporation (Sociedade Anônima)

As a general rule, a majority of shareholders must formally approve, in a shareholders' meeting, any amendment to the bylaws.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company (Sociedade Limitada)

After the registration of the articles of organization with the commercial registry, the enrollment with the federal tax authorities, and the Central Bank of Brazil (in case of non-resident quotaholders), the company must also register with Caixa Econômica Federal (an official bank) and the National Social Security Institute – INSS. Subsequently, the company may need to register with municipal and/or state authorities, and other licenses may be required depending on its activities.

Corporation (Sociedade Anônima)

After the registration of the incorporation document with the commercial registry, the enrollment with the federal tax authorities, and the Central Bank of Brazil (in case of non-resident shareholders), the corporation must also register with Caixa Econômica Federal (an official bank) and the National Social Security Institute – INSS. Subsequently, the corporation may need to register with municipal and/or state authorities, and other licenses may be required depending on its activities.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company (Sociedade Limitada)

Shelf companies can be purchased from third-party service providers.

Corporation (Sociedade Anônima)

Shelf companies can be purchased from third-party service providers.

CANADA



FORM OF ENTITY

Corporate subsidiary (corporation form rather than flow-through form)

Separate and distinct legal entity. May incorporate federally (under the Canada Business Corporations Act) or provincially/territorially (for example, under the Business Corporations Act (Ontario)). It is managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors.

Note: Additional forms of entity structures also exist and could be useful in some instances but are not covered in this guide either because they are less commonly used types of entity structures or not as likely to be relevant to the reader.

ENTITY SET UP

Corporate subsidiary

Corporation form (limited liability corporation)

Incorporate under either federal or provincial/territorial law

Most foreign businesses choose this form rather than branch office

Certain industries are subject to specific legislation and must incorporate under these laws, (eg, banking or insurance companies)

For corporations under federal law, 25% of directors must be residents of Canada. If a corporation has less than four directors, at least one director must be a resident Canadian. Certain corporations in prescribed activities require a majority of resident Canadian directors

- A number of provinces/territories have similar residency requirements for directors (some have no residency requirements)

- Cannot consolidate income and loss with operations in other corporate entities for Canadian tax purposes

Flow-through form

- Unlimited liability companies (ULCs) may be created by incorporating in the provinces of Nova Scotia, British Columbia or Alberta
- For Canadian income tax purposes, ULCs are treated as regular corporations, subject to Canadian tax on their worldwide income; however, for US tax purposes, ULCs are treated either as partnerships or "check the box" flow-through entities, possibly offering cross-border opportunities

Branch (permanent establishment)

A corporation must register in each province or territory where it plans to conduct business or own real property located in that jurisdiction. A foreign (non-Canadian) corporation may also register in the province or territory if the foreign corporation intends to conduct business in that province or territory

Must have a Canadian place of business or address where corporate records are kept

Canadian branch operations of foreign corporations are subject to Canadian federal and provincial/territorial tax on income and gains sourced in Canada (primarily income from a business carried on in Canada). The branch will be required to calculate income or loss from the business carried on in Canada and may deduct expenses only in respect of that business carried on in Canada

A 25% branch tax levied on after-tax Canadian earnings carried on in Canada less amounts that are reinvested in Canadian business (which is intended to mirror the 25% withholding tax that would be payable on taxable dividends from a Canadian subsidiary corporation). Financial and tax accounting and reporting obligations may be more complex as the branch is not a legal entity. The rate of branch tax may be reduced under certain tax treaties between Canada and the country of residence of the foreign corporation

The parent company remains liable for debts and obligations of the branch

It is common to create a wholly owned subsidiary in home jurisdiction to consolidate losses from the Canadian branch operations but avoid direct liability

Note 1: The mechanics and operation of corporations are governed by the federal or provincial/territorial laws of incorporation.

Note 2: The shareholders of a federal corporation or the shareholders of most provincial/territorial corporations may enter into a unanimous shareholder agreement which provides for, among other matters, the regulation of the rights and liabilities of the shareholders, the regulation of the election of directors and the management of the business of the corporation including the right to restrict in whole or in part the powers of the directors.

MINIMUM CAPITAL REQUIREMENT

Corporate subsidiary (Corporation form rather than flow-through form) No minimum capital requirement (but, there are thin-capitalization rules that could deny deductions for interest payments to specified non-residents).

LEGAL LIABILITY

Corporate subsidiary (Corporation form rather than flow-through form) Shareholders of a corporation are generally not liable for the debts or obligations of the corporation.

TAX PRESENCE

Corporate subsidiary (Corporation form rather than flow-through form)

Canadian resident corporations are subject to federal and provincial/territorial corporate tax on worldwide income. Corporations are not subject to "branch profits tax" but are required to pay withholding tax on dividends and certain other amounts paid or distributed to non-Canadian resident shareholders, the rate of which varies depending upon the

existence of a tax treaty between Canada and the shareholder's country of residence. This "dual layer of tax," ie first at the corporate level and then again upon distribution at the shareholder level, is sometimes referred to as double taxation. Share capital, however, can generally be repatriated free of any Canadian withholding tax (without first distributing E&P).

INCORPORATION PROCESS

Corporate subsidiary (Corporation form rather than flow-through form)

Companies that are incorporated federally must file Articles of Incorporation with Innovation, Science and Economic Development Canada (Corporations Canada). Companies that are incorporated under a Canadian province or territory must file Articles of Incorporation with the equivalent provincial or territorial government authority.

BUSINESS RECOGNITION

Corporate subsidiary (Corporation form rather than flow-through form) Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Required to hold annual meeting of shareholders to vote on certain items, such as election of directors, unless a unanimous shareholder agreement is in effect that specifies how directors are to be appointed. A resolution signed by all shareholders is valid in lieu of a meeting.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Annual meeting of the directors is required, unless dispensed with by the provisions of a unanimous shareholder agreement. A resolution signed by all directors is valid in lieu of a meeting.

ANNUAL COMPANY TAX RETURNS

Corporate subsidiary (Corporation form rather than flow-through form)

Must annually file tax returns with federal and provincial/territorial tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Most provinces and territories (and federal corporations) require initial registration, as well as annual filings with Corporations

Canada (if a federal corporation) and in the province or territory where the corporation is incorporated or registered. A change of directors of a corporation also requires the filing of a notice of a change of directors usually within 15 days of when the change takes place.

BUSINESS EXPANSION

Corporate subsidiary (Corporation form rather than flow-through form)

No need to change as business expands.

EXIT STRATEGY

Corporate subsidiary (Corporation form rather than flow-through form)

File dissolution documents with the appropriate federal, provincial or territorial government authority, as the case may be, and final tax returns with federal and provincial/territorial tax authorities.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Annual director and shareholder meeting, or resolution signed by all directors or shareholders, as the case may be, subject to any unanimous shareholder agreement which dispenses with that. If a private (non-public) corporation has a

unanimous shareholder agreement, often the unanimous shareholder agreement restricts the transferability of shares by a shareholder.

DIRECTOR / OFFICER REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Directors are required; officers are almost always appointed, but not generally legally required. Under some corporate statutes, at least 25% of directors must be resident Canadians.

LOCAL CORPORATE SECRETARY REQUIREMENT

Corporate subsidiary (Corporation form rather than flow-through form)

Not generally required.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Corporate subsidiary (Corporation form rather than flow-through form)

Most provinces and territories require a corporation registered in their jurisdiction to have an agent for service or power of attorney where the entity does not otherwise have a place of business in the province or territory. An agent for service or power of attorney is generally an individual who is 18 years or older and resides in the province or territory of registration.

LOCAL OFFICE LEASE REQUIREMENT

Corporate subsidiary (Corporation form rather than flow-through form)

None required for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Some provinces and territories require a corporation registered in their jurisdiction to maintain a registered office address in that jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Corporate subsidiary (Corporation form rather than flow-through form)

Sufficient for incorporation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Corporate subsidiary (Corporation form rather than flow-through form)

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE

SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Corporate subsidiary (Corporation form rather than flow-through form)

Allowed for incorporation, though not common.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Corporate subsidiary (Corporation form rather than flow-through form)

Only for directors under some corporate statutes.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Corporate subsidiary (Corporation form rather than flow-through form)

Not applicable.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Corporate subsidiary (Corporation form rather than flow-through form)

Directors are elected by the shareholders (or may be appointed under a unanimous shareholder agreement) and are the highest authority in the management of the corporation, and govern the organization by establishing broad policies and objectives. In contrast, officers are appointed by the directors to oversee day-to-day operations of the corporation. Shareholders may adopt a unanimous shareholders agreement to restrict powers of directors.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Corporate subsidiary (Corporation form rather than flow-through form)

Identity of directors is publicly disclosed; certain jurisdictions require disclosure of officers; identity of shareholders of private, non-listed companies is not publicly disclosed in most jurisdictions.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Corporate subsidiary (Corporation form rather than flow-through form)

There must be a minimum of one shareholder. There is no maximum number. For directors, generally the minimum number is one for non-public companies, while there is no maximum number. There may be a required minimum number of directors (ie, more than one) for public companies federally, and in many provinces and territories.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Corporate subsidiary (Corporation form rather than flow-through form)

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Corporate subsidiary (Corporation form rather than flow-through form)

Removal of directors is generally allowed by a vote of shareholders; removal of officers is generally allowed by a vote of directors.

REQUIRED AND OPTIONAL OFFICERS

Corporate subsidiary (Corporation form rather than flow-through form)

Typically a President and Secretary is appointed, which can be the same individual; any other officer is allowed but not required.

BOARD MEETING REQUIREMENTS Corporate subsidiary

(Corporation form rather than flow-through form)

Typically at least one annual director meeting is required, which can be completed by written resolutions signed by all directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Corporate subsidiary (Corporation form rather than flow-through form)

For a shareholder meeting, the quorum set out in the corporate by-law, articles of incorporation or unanimous shareholder agreement must be present during the shareholder meeting. For directors, typically a majority of directors must be present (including 25% resident Canadian directors in some jurisdictions) during a board meeting; alternatively, all of the directors may execute written resolutions.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Corporate subsidiary (Corporation form rather than flow-through form)

Not necessary in order to incorporate. When necessary, a bank account can be opened anywhere.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Corporate subsidiary (Corporation form rather than flow-through form)

Auditor

An audit is not generally required for private, non-listed companies provided shareholder approval is obtained. Books

Generally corporate books, such as the minute book, must be kept in Canada, typically with the company or with the company's attorneys. A corporation may keep all or any of its records at a place other than the registered office of the corporation if the records are available for inspection during regular office hours at the registered office by means of a computer terminal or other electronic technology.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Corporate subsidiary (Corporation form rather than flow-through form)

For federal and most provincial and territorial statutes, shares do not have any nominal or par value.

INCREASING OF CAPITALIZATION IF NEEDED

Corporate subsidiary (Corporation form rather than flow-through form)

An increase in authorized capital may be effectuated by amending the articles of incorporation, which requires authorization, generally, from two-thirds of the shareholders at a meeting and all the shareholders if by resolution in writing.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Corporate subsidiary (Corporation form rather than flow-through form)

Funds can be repatriated abroad from Canada via dividends, return of capital or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Corporate subsidiary (Corporation form rather than flow-through form)

Shares can generally be transferred between shareholders via a written agreement, with directors' consent typically needed for private companies. If there is a unanimous shareholder in place for a private company, typically the unanimous shareholder agreement places restrictions on the transferability of shares of that private company and may include other provisions such as "piggyback" rights, rights of first refusal and other similar steps that must be taken before a transfer of shares can take place.

OBTAINING A NAME AND NAMING REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Proposed name can be reserved. Certain name requirements apply. It is possible to incorporate with a generic "numbered company" name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Corporate subsidiary (Corporation form rather than flow-through form)

Typically required by law societies in various Canadian provinces and territories.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Corporate subsidiary (Corporation form rather than flow-through form)

Generally, two-thirds of shareholders must approve any amendment to the articles of incorporation at a meeting and all shareholders must approve any amendment if by resolution in writing.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Corporate subsidiary (Corporation form rather than flow-through form)

Typically the only license required would be an extra-provincial or extra-territorial license (registration) in each province or territory in which the corporation carries on business. Licenses might be required in certain specific regulated industries or by municipalities where the corporation carries on business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Corporate subsidiary (Corporation form rather than flow-through form)

It is possible, but not typical, to purchase a shelf company.

CHILE



FORM OF ENTITY

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

This type of company is mainly regulated by Law No. 3.918, but also by rules applicable to general partnerships and by certain rules contained in the Commerce and Civil Codes. The liability of the members of an SRL is limited to the amount of their contributions or to the higher amount established in the bylaws. Equity rights can only be transferred with the unanimous approval of the partners. There is great flexibility as to the rules that can be included in the bylaws.

The SRL is managed as established in bylaws. If bylaws do not state who manages the company, management corresponds to partners, by themselves or by representatives. If a manager is not appointed all partners may administrate the company. Bylaws may establish different management options, such as, appointing certain partner or partners, third-parties or even a board of directors.

Corporation (Sociedad Anónima or S.A.)

This type of company is mainly regulated by Law No. 18,046 (the “Corporations Act”) and also by the Corporations Regulations (Reglamento de Sociedades Anónimas). A corporation may be open (public), closed (private) or special. Open corporations are those that register voluntarily or by legal obligation, their shares in the Securities Registry and are under control of the Financial Market Commission (Comisión para el Mercado Financiero - CMF). Special corporations are expressly established by law (for example, banks and insurance companies). Closed corporations are those that do not qualify as open or special. Its share capital is divided into shares, which may be transferred without limitation, except for certain exceptions such as those contained in shareholders agreements. In private corporations bylaws may establish certain restrictions, but in public corporations this is not allowed. The liability of shareholders is limited to the amount of their capital contributions.

Managed by a board of directors appointed by the shareholders; the board is responsible for administration and representation of the company, and is entitled to delegate part of its powers to the CEO and other officers. Directors term of appointment, which is set forth in the bylaws, cannot exceed three years. Directors may also be re-elected indefinitely.

Simplified Corporation (Sociedad por Acciones or SpA)

Simplified Corporations are regulated by special rules contained in the Commerce Code. They are also ruled by their bylaws and by the private corporations' rules, in a suppletory way. As opposed to corporations, SpAs can be incorporated and operate with only one shareholder. The capital is divided into shares.

The legal regulation for this form of entity is more flexible than the legal regulation of corporations, as it allows special agreements regarding management, profit distributions, share ownership, multiple votes, restrictions to voting rights, etc.

Management is flexible. Bylaws may establish different management options, such as, appointing certain shareholder or shareholders, third-parties or a board of directors.

It is customary for these type of companies to be managed by an Administrator – usually the shareholder – who may act personally and/or through one or more agents and/or managers.

Branch of a Foreign Legal Entity (Agencia)

This is a different alternative, as it corresponds to the presence in Chile of a foreign company (parent) not incorporating a company but only establishing a branch. Is not a separate legal entity, except for certain tax purposes. The parent company is ruled by its local laws. The Commerce Code and the Corporations Act have certain special rules about the establishment and amendments of the branch, for foreign companies and for-profits entities and corporations, respectively.

It is managed by an agent appointed by the parent, granting him extensive powers to acts on its behalf in Chile. This power shall expressly mention that the agent acts in Chile under direct responsibility of the parent.

ENTITY SET UP

Branch of a Foreign Legal Entity (Agencia)

- No minimum or maximum requirement for shareholders/partners of the parent. Parent is ruled by foreign laws.
- Parent company is liable for the actions of the branch in Chile.
- No limitations on remittance of profits from the branch to the parent. Subject to compliance with tax obligations and applicable exchange rules.
- Typical charter documents include:
 - Articles of incorporation of the parent
 - Bylaws of the foreign entity
 - Certificate of good-standing of the parent
 - General Power of attorney granted by the foreign company to the agent who will represent it in Chile
 - Statement made by the agent
 - Accounting and tax records.
- Managed by an agent appointed by the parent, granting him extensive powers to act on its behalf in Chile.
- Every year, the agent shall publish the annual balance of the branch in a local newspaper within four months following the closing of the financial period.

Corporation (Sociedad Anónima or S.A.)

- Minimum of two shareholders
- Can be public (generally publicly traded) or private.
- Can also be special corporations.
- The liability of shareholders is limited to the amount of their contributions to capital.
- Profits distribution decisions correspond to the general ordinary shareholders meeting. Public corporations shall annually pay, as dividends, at least 30% of the net profits of each fiscal year.

- Typical charter documents include:
- Articles of incorporation
- By-laws and its amendments
- Stock certificates Shareholders'
- Registry Book of Minutes of Shareholders'
- Meetings Book of Minutes of Board of Directors meetings
- Book of Executives and Attorneys
- Accounting and tax records
- No limitations to shares transfer. Restrictions can be included in the company's by-laws (not in public corporations) and/or in shareholders' agreements.
- In private corporations, the shareholders meeting must appoint account inspectors or external auditors. In public corporations, the shareholders meeting must appoint an external auditing firm, which shall be registered at the CMF.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

- Minimum of two partners and maximum of 50 partners
- The liability of the members of an SRL is limited to the amount of their contributions or to the higher amount established in the bylaws.
- Rules for distribution of profits shall be included in the bylaws. Partners have freedom to decide on this matter in the bylaws.
- Typical charter documents include:
- Articles of incorporation
- Bylaws and its amendments
- Powers of attorney Accounting and tax records
- Bylaws may established different management options, such as, appointing certain partner or partners, third-parties or even a board of directors.
- Equity rights can only be transferred with the unanimous approval of the partners.
- No publication of financial statements is needed.

Simplified Corporation (Sociedad por Acciones or SpA)

- One or more shareholders.
- The liability of shareholders is limited to the amount of their contributions to capital.
- Bylaws shall establish profit distribution agreements and what corporate body shall approve distributions. In case of silence, shareholders shall approve distributions at annual shareholders' meetings.
- Typical charter documents include:

Articles of incorporation

Bylaws and its amendments

Stock certificate. But the company's bylaws may establish that the shares may exist without the need of issuance of the document that physically represent the shares

Shareholders' Registry

Book of Minutes of Shareholders' Meetings

In case the management of the company is vested in a Board of Directors, minutes of its meetings must be kept Accounting and tax records

Management is flexible.

Bylaws may established different management options, such as, appointing certain shareholder or shareholders, third-parties or a board of directors.

No limitation to share transfers. Restrictions can be included in the company's bylaws and/or in shareholders' agreements. Bylaws may establish minimum or maximum percentages of capital to be controlled, directly or indirectly, by one or more shareholders.

Publication of financial statements, if required by the bylaws.

MINIMUM CAPITAL REQUIREMENT

There is no minimum capital requirement, except in the case of certain special corporations.

LEGAL LIABILITY

Branch of a Foreign Legal Entity (Agencia)

Parent company is liable for the actions of the branch in Chile.

In the statement made by the agent, they shall declare, for example, that goods of the company are affected by Chilean law and that the company shall keep in Chile easy-to-sell goods to comply with its obligations.

Corporation (Sociedad Anónima or S.A)

The liability of shareholders is limited to the amount of their contributions to capital.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

The liability of the partners of an SRL is limited to the amount of their contributions or to the higher amount established in the bylaws. Simplified Corporation (Sociedad por Acciones or SpA) The liability of shareholders is limited to the amount of their contributions to capital.

TAX PRESENCE

Chilean tax regime levies taxes at two levels. First, the company pays a corporate tax on its income. Then, the stockholders pay a personal tax on dividends. The structure of the general tax regime is the following:

Distributed or partially integrated tax regime. Corporate tax is paid by the company (27-percent rate). The stockholder pays personal tax only on effective distribution by the company. Only 65% of the corporate tax is creditable against personal tax. If a double taxation treaty with Chile is applicable, the stockholder is entitled to a full credit.

"Régimen Propyme." There is an alternative tax regime for small and medium companies with annual income below USD2.6 million. In this regime, the corporate tax rate is 25%, and owners pay personal taxes on effective distributions

INCORPORATION PROCESS

Branch of a Foreign Legal Entity (Agencia)

Branch of foreign legal companies are established in Chile by an agent or representative of the parent. For this purpose, the agent shall notarize in its official language and translate into Spanish (if drafted in other language) the following documents:

Documents that prove that the foreign company is legally constituted according to the law of the country of origin and a certificate of good standing of the company

An authentic copy of the current bylaws of the foreign company and

General power of attorney granted by the foreign company to the agent who will represent it in

Additionally, the agent shall make a statement with the mentions required by the Commerce Code or the Corporations Act, as applicable. The statement shall be made by public deed executed on the same date and before the same notary where the abovementioned documents were registered.

An abstract of the notarized documents and the public deed must be registered in the Commercial Registry correspondent to the branch's domicile and published in the Official Gazette within 60 days from the date of notarization.

Corporation (Sociedad Anónima or S.A.)

Corporations shall be incorporated by public deed, which contains the bylaws. An abstract of the incorporation public deed must be registered with the Registry of Commerce of the company's domicile and published in the Official Gazette within 60 days from the date of the public deed.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

SRLs shall be incorporated by public deed, which contains the by-laws. An abstract of the incorporation public deed must be registered in the Registry of Commerce of the company's domicile and published in the Official Gazette within 60 days from the date of the public deed.

Simplified Corporation (Sociedad por Acciones or SpA)

SpAs can be incorporated by public deed or private instrument duly authorized by a Public Notary in Chile. Bylaws of the SpA are contained in the incorporation public deed or private instrument. An abstract of the incorporation public deed or private instrument must be registered in the Registry of Commerce of the company's domicile and published in the Official Gazette within a month from the date of the incorporation.

BUSINESS RECOGNITION

Branch of a Foreign Legal Entity (Agencia)

Not frequently used by foreign companies as it is not a separate legal entity and depends on the parent.

Corporation (Sociedad Anónima or S.A.)

Well-regarded and widely used for big businesses and companies seeking financing options in the equity market.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Well-regarded and used regularly by small and medium-size family enterprises and businesses.

Simplified Corporation (Sociedad por Acciones or SpA)

Well-regarded and used regularly by small and medium-size enterprises and businesses, especially venture capital.

SHAREHOLDER MEETING REQUIREMENTS

Branch of a Foreign Legal Entity (Agencia)

Not applicable for the Chilean branch.

Parent company shall comply with applicable foreign regulation.

Corporation (Sociedad Anónima or S.A.)

There must be at least one ordinary shareholder meeting per year for shareholders to approve or reject the balance sheet and financial statements of the corporation each fiscal year, among other matters. Some meetings may require the assistance of a Notary Public (eg, amendments to the bylaws).

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Annual meetings of members or managers are not required. Provisions of operating agreement will determine any meeting requirements.

Simplified Corporation (Sociedad por Acciones or SpA)

As established in the bylaws; in case of silence, rules for private corporations apply.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Branch of a Foreign Legal Entity (Agencia)

Not applicable for the Chilean branch.

The parent company shall comply with applicable foreign regulation.

Corporation (Sociedad Anónima or S.A.)

There must be at least one board meeting per month in public corporations. There must be at least one board meeting per year in private corporations.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Board of directors meetings (in case the company is administered by a board) can be freely established in corporate bylaws.

Simplified Corporations (Sociedad por Acciones or SpA)

These meetings can be freely established in corporate bylaws; in case of silence, rules for private corporations apply.

ANNUAL COMPANY TAX RETURNS

Branch of a Foreign Legal Entity (Agencia)

Files tax returns annually and monthly. Its parent company only files annually.

Corporation (Sociedad Anónima or S.A.)

Files tax returns annually and monthly. Its shareholders only file annually.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Files tax returns annually and monthly. Its partners only file annually.

Simplified Corporations (Sociedad por Acciones or SpA)

Files tax returns annually and monthly. Its shareholders only file annually.

BUSINESS REGISTRATION FILING REQUIREMENTS

Branch of a Foreign Legal Entity (Agencia)

Requires initial registration with the Registry of Commerce when the branch is established, when the agent's statements are modified and when a new agent is appointed.

Corporation (Sociedad Anónima or S.A.)

Requires initial registration with the Registry of Commerce in order to incorporate the company and when its bylaws are amended. Additionally, the public corporation and its shares must be registered in the Securities Registry of the CMF.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Requires initial registration with the Registry of Commerce in order to incorporate the company and when its bylaws are amended.

Simplified Corporation (Sociedad por Acciones or SpA)

Requires initial registration with the Registry of Commerce to incorporate the company and when its bylaws are amended.

BUSINESS EXPANSION

Branch of a Foreign Legal Entity (Agencia)

No need to change as business expands.

Corporation (Sociedad Anónima or S.A.)

No need to change as business expands. Private corporations turn into public corporations when there are at least 500 shareholders or at least 10% of its capital is held by more than 100 shareholders.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Limited to 50 partners.

An SRL may not operate in the banking industry.

Simplified Corporation (Sociedad por Acciones or SpA)

A company that, for a period longer than 90 consecutive days, has 500 shareholders or more or at least 10% of capital is held by more than 100 shareholders shall transformed by sole means of law into a public corporation.

EXIT STRATEGY

Dissolution documents, a final balance sheet and a final tax return are filed with the tax authority. An abstract of the dissolution document shall be registered at the Registry of Commerce and published in the Official Gazette.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

A municipal tax is paid in the borough where the entity is domiciled and where the entity has opened branches.

DIRECTOR / OFFICER REQUIREMENTS

Any company must have a representative before the tax authorities who must be a Chilean resident. This is not applicable to directors and other officers except in the case of certain industries.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Any company must have a representative before the tax authorities who must be a Chilean resident. This is not applicable to directors and other officers except in the case of certain industries.

LOCAL OFFICE LEASE REQUIREMENT

Entity must have a local address within the Chilean territory for tax purposes.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Virtual offices are not accepted as the legal address for the purpose of registering with the tax authorities, except if, due to the nature of the services, said office is in fact the place where the company carries out its main activity. However, virtual offices could be used as a valid address for receiving notifications from the tax authority.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY

REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Partners or shareholders may be local or foreign. However, they must be registered as such with the tax authority. Any company must have a representative before the tax authorities who must be a Chilean resident. This is not applicable to directors and other officers, except in the case of certain industries.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

In private corporations, a president cannot be a CEO; in public corporations, a director cannot be a CEO.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Corporation (Sociedad Anónima or S.A.)

Board of directors: The board of directors of a company represents it judicially and extrajudicially and is vested with all the powers of administration and disposition that the law or statute does not establish as privative of the shareholders' meeting, without it being necessary to grant it any special power, even for those acts or contracts for which laws require this circumstance. The foregoing does not preclude the representation of the CEO. Consequently, there is not a list of matters submitted to the board of directors; on the contrary, the law defines those matters that can only be agreed by the shareholders given their relevance.

In Chile, directors do not hold powers to represent the company individually. However, the board of directors as a body may delegate part of its powers to the main executives, managers, assistant managers or lawyers of the company; to a director or to a committee of directors; and, for specially determined objects, to other people.

Officers: In corporations, the board of directors must appoint a CEO. Law grants the judicial representation of the corporation to the CEO, who also has the powers granted by the board. The board may grant additional power of attorney to certain officers.

Shareholders: Each shareholder will have one vote for each share it owns. The shareholders meet in ordinary or extraordinary meetings. Law expressly defines which matters shall be discussed in each type of meeting. The ordinary meetings shall be held once a year to decide on the director's election, the annual balance, the distribution of profits and appointment of external auditors, among other issues. The extraordinary meetings may be held at any time, when required by the company, to decide on any matter that the law or the bylaws provide to the knowledge of the shareholders' meetings and provided that such matters are indicated in the corresponding citation. Extraordinary shareholders' meeting matters are the following: the dissolution of the company; the transformation, merger or division of the company and any amendments to its bylaws; the issuance of bonds or debentures convertible into shares; disposal of 50 percent or more of the company's assets; the granting of guarantees to secure obligations of third parties, except if these are subsidiaries, in which case the board approval will be sufficient; early dissolution of the company; and bylaw amendments, among others.

Simplified Corporation (Sociedad por Acciones or SpA)

In case of an SpA, it will be determined by the bylaws. In case of silence, rules of private corporations will apply.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Applicable in public corporations.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

At least three directors for private corporations and simplified corporation by shares.

Board of public corporations shall be composed by at least five directors. Public corporations that are required to have a special board committee and must also appoint at least one independent director shall have a board of seven directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Minimum of two partners and maximum of 50 partners (individuals or legal entities, Chilean or foreign).

Corporation (Sociedad Anónima or S.A.)

In private corporations, minimum of two shareholders (individuals or legal entities, Chilean or foreign) and no maximum requirement. However, if there are 500 shareholders or more or at least 10 percent of capital is held by more than 100 shareholders, it becomes a public corporation.

In public corporations, minimum of two shareholders and no maximum.

Simplified Corporation (Sociedad por Acciones or SpA)

One or more shareholders (individual or legal entity, Chilean or foreign) and no maximum requirements.

However, if, for a period longer than 90 consecutive days, the corporation has 500 shareholders or more or at least 10 percent of capital is held by more than 100 shareholders, it shall transformed by sole means of law into a public corporation.

Bylaws may establish minimum or maximum percentages of capital to be controlled, directly or indirectly, by a one or more shareholders.

Branch of a Foreign Legal Entity (Agencia)

No minimum or maximum requirement for shareholders/partners of the parent. Parent is ruled by foreign laws.

REMOVAL OF DIRECTORS OR OFFICERS

Directors can be freely removed by the shareholders of a corporation or a simplified corporation. Removal shall affect all directors; individual or collective revocation of one or more of its members is not allowed. Officers are freely appointed and removed by the board of directors. If officers are determined in bylaws of a limited liability company, the partners must unanimously agree on the removal.

REQUIRED AND OPTIONAL OFFICERS

The board of corporations shall appoint one or more managers. One of them will be the CEO. The board is free to appoint any additional officers.

BOARD MEETING REQUIREMENTS

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

Board of directors' meetings (in case the company is administered by a board) can be freely established in the bylaws.

Corporation (Sociedad Anónima or S.A.)

At least one per year for private corporations and one per month for public corporations.

Simplified Corporation (Sociedad por Acciones or SpA)

These meetings can be freely established in corporate bylaws; in case of silence, rules for private corporations apply.

Branch of a Foreign Legal Entity (Agencia)

Not applicable for the Chilean branch. Parent company shall comply with foreign applicable regulation.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

In corporations, unless otherwise stated in the bylaws, (i) for shareholders meetings the assistance quorum is the majority of the issued shares with right to vote in the first call and the majority of the attending shares in the second call and the quorum to approve most of the matters is the majority of the attending shares except regarding certain specific matters when the quorum to approve them is 2/3 of the issued shares with right to vote; and (ii) for board meetings the attendance quorum is the majority of the board members and the general approval quorum the majority of the attending board members.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not prior to incorporation. It is not mandatory to open an account in a local bank.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Local financials are audited in open and closed corporations. In case of public corporations, the auditor shall be registered at the CMF. For any entity, company books must be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

The capital is represented by equity rights. Capital is established in the bylaws. The amount of the company's capital may be increased or decreased by means of an amendment to the company's bylaws (complying with formal requirements: public deed, registration and publication).

Decrease in capital amount must be authorized in advance by the tax authority.

Corporation (Sociedad Anónima or S.A.)

The capital is divided into shares. Capital is established in the bylaws and shall be subscribed and paid within a period no longer than three years. If not, capital will be decreased ipso jure to the amount already subscribed and paid. Capital may only be increased or decreased by agreement of the shareholders' meeting. That agreement shall be reflected in an amendment of bylaws (complying with formal requirements: public deed, registration and publication).

In public corporations, capital increases must be authorized by the CMF and the new shares must be registered in the Securities Registry of the CMF.

Decrease in capital amount must be authorized in advance by the tax authority.

Simplified Corporation (Sociedad por Acciones or SpA)

The capital is divided into shares. Capital and term to pay it is established in the bylaws. In case of silence, the term will be five years. If not, capital will be decreased ipso jure to the amount already subscribed and paid.

Bylaws may establish minimum or maximum percentages of capital to be controlled, directly or indirectly, by a one or more shareholders. Capital increases or decreases shall be agreed by shareholders in a special shareholder meeting, and such agreement shall be reflected in an amendment of bylaws (complying with formal requirements: public deed, registration and publication). However, in an SpA, bylaws may be amended by all shareholders without the need for a meeting, if all shareholders subscribe the bylaw amendment public deed or a private document registered with a notary (complying with formal requirements: registration and publication).

In SpA, bylaws may authorize the manager to increase capital of the SpA with the purpose of financing the management of the company or for specific purposes. In this case, a shareholders' meeting is not required.

Decrease in capital amount must be agreed by shareholders with the quorum set out in bylaws. In case of silence, the quorum required will be unanimity. Decrease in capital amount must be authorized in advance by the tax authority.

Branch of a Foreign Legal Entity (Agencia)

The statement made by the agent shall contain the effective capital of the branch and the date and form in which such capital will be entered into the branch.

In order to increase or decrease the branch's capital, the agent shall make, by public deed, a statement modifying the one that established the branch. An abstract of such public deed shall be registered in the Commercial Registry correspondent to the branch's domicile and published in the Official Gazette within 60 days.

Additionally, compliance of exchange rules is required. Decrease in capital amount must be authorized in advance by the tax authority.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Subject to compliance of tax obligations and applicable exchange rules, such as Chapter XII of the Compendium of Foreign Exchange Rules of the Central Bank of Chile, DL 600 or other applicable rules. There are no regulatory restriction to repatriation of funds (ie, dividends or redemption).

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Except in connection with certain industries and/or as required by antitrust law, there are no regulatory restrictions to transferability of shares. Restrictions can also be included in the company's bylaws (except in public corporations) and/or in shareholders' agreements. In an SRL, the sale or assignment of equity rights and incorporation of a new partner requires unanimous approval from other partners.

OBTAINING A NAME AND NAMING REQUIREMENTS

As a general rule, the name of a company shall to be established in the bylaws. The name can be freely agreed by shareholders or partners complying with the rules mentioned below, but the use of name can be restricted by companies that already use the same name.

Limited Liability Company (Sociedad de Responsabilidad Limitada or SRL)

The company's name may contain the name of one or more of its partners or a reference to its purpose. The name must be followed by the word "limitada." Without this word, partners will be jointly liable for the company's obligations.

Corporation (Sociedad Anónima or S.A.)

The name shall include the words "Sociedad Anónima" or the acronym "S.A." Simplified Corporation (Sociedad por Acciones or SpA) The name must concluded with "SpA."

Branch of a Foreign Legal Entity (Agencia)

The statement made by the agent shall include the name under with the company will operate in Chile.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Required by banks AGFs and insurance companies.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Except regarding certain regulated industries and special corporations, no regulatory approval is required for amending charter documents. Additionally, in public corporations, bylaw amendments must be authorized by the CMF.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Only required for certain industries (ie, banking, insurance, telecom and utilities).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

CHINA



FORM OF ENTITY

Independent legal entity. In terms of companies set up by or with foreign investors, they need to follow the general company law (and partnership law as applicable) pursuant to the new Foreign Investment Law which took effect from January 1, 2020. Therefore, depending on the foreign shareholding ratio in an LLC or a company limited by shares as discussed below, it would still work to make reference to a wholly foreign owned enterprise (WFOE) or a Sino-foreign joint venture enterprise in an economic sense. However, a WFOE or JV, including an equity joint venture (EJV) or contractual joint venture (CJV), would no longer exist as a legal form. All foreign invested enterprises (FIEs) in China will take the legal form of either a company (LLC or company listed by shares) or a partnership.

Limited liability company (LLC)

Managed by a board of directors or a single executive director (usually adopted by LLCs with a limited number of shareholders and relatively small size of operation, but not applicable to a Sino-foreign joint venture), responsible for making major business decisions and overseeing general operations of an LLC

The highest authority of a Sino-foreign joint venture is the board of directors. The highest authority of a WFOE is the shareholder(s)

Director or the executive director is appointed/elected by the shareholder(s) of an LLC

Senior management officers run the day-to-day operations of an LLC, as led by a general manager who usually is appointed by the board of directors or executive director

Company limited by shares

Independent legal entity Board of directors has overall management responsibility, making major business decisions and overseeing general operations of a company

Director is appointed/elected by shareholders of a company

Senior management officers run the day-to-day operations of an company limited by shares, as led by a general manager who usually is appointed by the board of directors

Partnership enterprise

NOT a separate legal entity

Partnership agreement sets forth how the business is to be managed; one or several general partners can be designated to manage the business

ENTITY SET UP

Limited liability company (LLC)

Up to 50 shareholders

Generally no personal liability of shareholders

Taxed at two levels (commonly referred to as double taxation). First an LLC pays an enterprise income tax on its corporate income; then an LLC distributes its after-tax profits as dividends to shareholders who then pay income tax on those dividends

Typical charter documents include:

Articles of association

Business license and For foreign-invested LLCs, additional documents such as joint venture contract or shareholders agreement, which are not required for registration with AMR under the current company law, plus record on certain foreign investment information, such as the information on each investor and its actual controller, that has been reported to the Ministry of Commerce (MOFCOM).

Shareholders typically subscribe and contribute to the registered capital of an LLC according to the articles of association

An annual report should be filed with the Administration for Market Regulation (AMR). For foreign-invested companies, a joint annual report should, in addition, be filed with various authorities

Company limited by shares

There must be 2 to 200 promoters, of whom more than half must have domiciles in China

Generally no personal liability of shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include:

Promoters' agreement

Articles of association

Business license and

For foreign-invested companies listed by shares, additional documents such as joint venture contract or shareholders agreement, which are not required for registration with AMR under the current company law, plus record on certain foreign investment information, such as the information on each investor and its actual controller, that has been reported to the Ministry of Commerce (MOFCOM).

Shareholders typically purchase stock in company, but generally only one class of stock is allowed. China allows listed or non-listed public companies (with more than 200 shareholders) to issue preferred stock on a trial basis

An annual report must be filed with the AMR

Partnership enterprise At least two partners; up to 50 partners for limited partnership unless otherwise provided by law General partners have unlimited joint and several liability for the debts of the partnership; limited partners have liability for the debts of the partnership to the extent of the capital contributions they have subscribed for Not taxed on earnings at partnership level, and profits and losses are passed through to the partners who are subject to taxes

Typical charter documents include: Partnership agreement and Business license.

Partners typically contribute money, property, intellectual property, land use right or other property right to the partnership. General partners may contribute labor services to the partnership. Partners receive an interest in profits

and losses

An annual report must be filed with the AMR

Note: Because the LLC is the most common investment vehicle used by foreign investors, we only discuss the LLC in detail in the following sections and can provide information on other forms of entities upon request.

MINIMUM CAPITAL REQUIREMENT

No minimum capital required unless otherwise provided under the relevant laws, regulations or decisions of the State Council.

LEGAL LIABILITY

Shareholders of an LLC are generally not liable for the debts of a company aside from their capital contribution to the company.

TAX PRESENCE

An LLC is taxed at two levels (commonly referred to as double taxation). First the LLC pays an enterprise income tax on its corporate income; then the LLC distributes its after-tax profits as dividends to shareholders who then pay individual/enterprise income tax on those dividends.

INCORPORATION PROCESS

The incorporation of a foreign-invested LLC typically consists of the following steps: File application to register the name with the AMR File application for establishment of an LLC with the commerce authority either for approval (if the underlying business falls within the so-called "negative-list" for foreign investment, which is publicized by the State Council on a periodical basis) or for recordal (if the underlying business is outside the so-called negative list for foreign investment) File reporting of certain foreign investment information with MOFCOM and File post-registration applications with various authorities such as tax, foreign exchange and customs.

BUSINESS RECOGNITION

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Not required to hold annual meeting of shareholders for foreign-invested LLCs.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Annual meeting of directors is not required for the WFOEs, though it is quite common. Annual meeting of directors is required for Sino-foreign joint ventures.

ANNUAL COMPANY TAX RETURNS

Must quarterly and annually file enterprise income tax returns with tax authorities. Other taxes such as value-added tax (VAT) require filings on monthly basis in general.

BUSINESS REGISTRATION FILING REQUIREMENTS

Approval or recordal filing with the commerce authority and registration with AMR are required for establishment of foreign-invested LLCs as well as subsequent changes of company particulars.

BUSINESS EXPANSION

No need to change registration as business expands unless the expansion requires increase of registered capital of an LLC or expansion of its business scope.

EXIT STRATEGY

File application for liquidation/early termination/equity transfer with the commerce authority for approval if the underlying business is on the negative list. Otherwise, a recordal with the commerce authority would suffice. Then apply for deregistration or registration with various government authorities as applicable.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Annual reports are required to be filed with the AMR online and joint annual reports are required to be filed with various authorities online.

DIRECTOR / OFFICER REQUIREMENTS

Directors (or an executive director), general manager and supervisor(s) are required.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not required.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Legal representative is required, which must be either a chairman of the board of directors (or executive director, as applicable) or a general manager pursuant to the articles of association of an LLC. An LLC may also need to record one or two contact persons for purposes of liaison with the tax authorities and the AMR when an LLC is established. Such contact person(s) should be individuals who usually reside within China and speak Chinese.

LOCAL OFFICE LEASE REQUIREMENT

Required for incorporation and ongoing business operation, if an LLC does not itself own office premises.

OTHER PHYSICAL PRESENCE REQUIREMENTS

None.

SUFFICIENCY OF VIRTUAL OFFICE

Requirements and practice vary among different locations. In some cities, certain office premises approved by competent local authorities are allowed on a trial basis for "collective registration" of companies.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Generally not permitted unless in certain pilot trial areas. For example, certain approved domestic law firms in the Shanghai free trade zone are permitted to provide registered address subject to restrictions.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Generally not allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

None.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Appointment of nominee shareholders is generally not allowed, though a VIE (Variable Interest Enterprise) structure with nominee shareholders can be commonly seen in practice.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Directors are appointed by shareholders and are responsible for the management of a company and govern the organization by establishing broad policies and objectives. In contrast, general manager is appointed by directors to oversee day-to-day operations of a company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Names of shareholders as well as directors and supervisor(s) are generally available for public search through the National Enterprise Credit Information Publicity System. Name of a general manager may also be available for search if a company has registered such information with the AMR.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

There must be a minimum of one shareholder and a maximum of 50 shareholders for an LLC. For directors of a board of an LLC, the minimum number is 3 and the maximum number is 13. Or, if a company has an executive director instead of the board of directors, only one executive director is allowed.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

An LLC may be established by a single shareholder.

REMOVAL OF DIRECTORS OR OFFICERS

Directors (or executive director as applicable) may be removed by shareholders. General manager may be removed by the board of directors (or an executive director).

REQUIRED AND OPTIONAL OFFICERS

Typically a general manager is required; any other optional officer, such as the deputy general manager, is allowed.

BOARD MEETING REQUIREMENTS

Typically one annual director meeting is required, and resolutions may also be adopted via written consent if necessary.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

For foreign-invested LLCs, shareholder meeting is only applicable when there are two or more shareholders. Usually a majority of shareholders must be present during the shareholder meeting or sign a written consent. However, certain matters such as amendment to the Articles of Association must be approved by shareholders representing more than two-thirds of the voting rights. In practice, AMR may require certain matters be approved by all shareholders if a shareholders' resolution is required by AMR for change of registration of the company. For directors, typically more than two-thirds of directors must be present during a board meeting; certain matters must be approved by all directors.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not necessary in order to incorporate; however, a bank account must be opened after incorporation. A company may set up bank accounts within China, or outside of China in rare cases (which is subject to approval by the foreign exchange authority).

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

An annual audit is required. The auditor must be located in local jurisdiction. Generally, corporate books, such as the minute book, should be kept with a company.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Not applicable for the jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Effectuated by amending the articles of association and joint venture contract (if applicable), which requires both approval from (or recordal with, as applicable) the commerce authority and registration with the AMR. Among other application documents, the shareholder resolutions for WFOEs or the board resolutions for Sino-foreign joint venture enterprises are required for application with the commerce authority and the AMR.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad via dividends or liquidation of a company.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

For foreign-invested LLCs, any transfer of shares is subject to approval by (or recordal with, as applicable) the commerce authority and registration with AMR. Proposed transfer of shares by a shareholder to a third party should be subject to the consent of more than half of other shareholders and such other shareholders have the right of first refusal.

OBTAINING A NAME AND NAMING REQUIREMENTS

Proposed name must be reserved before incorporation or change of name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

In connection with recordal with the commerce authority, information about an ultimate actual controller of the company as well as that of all the investors must be disclosed to the commerce authority. The disclosed information should generally allow the commerce authority to trace the investment all the way up to either natural person, publicly listed company, foreign government (including government fund) or international organization owning or controlling 50 percent or more of the interest of a foreign investor. Practice of the local commerce authorities vary, but it may be possible to list only the largest shareholder, and to group multiple smaller shareholders together without specifying their names. Banks may have separate and different "know your client" or anti-money laundering requirements.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

For foreign-invested LLCs, amending charter document is subject to approval by (or recordal with, as applicable) the commerce authority and registration with AMR. Shareholder resolutions or board resolutions will be required for the applications.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Typically, the only license required would be a business license. Depending on the underlying business and operation, certain special license may be required.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not common.

STERLING COOPER, INC. HAS A SIGNIFICANT COLLABORATION WITH A CHINESE AND HONG KONG LAW AND ACCOUNTING FIRM WITH OFFICES IN MAJOR CITIES, AND STAFF APPROXIMATING 3,500, TO ASSIST WITH ANY ASPECT OF DOMESTIC BUSINESS AS WELL AS INTRODUCTIONS FOR NEW FACTORIES, FINANCING AND JOINT VENTURES.

COLOMBIA



FORM OF ENTITY

Under Colombian law, there are five types of commercial entities that can be incorporated:

General partnership (Sociedad Colectiva)

Partners have subsidiary personal liability and the partnership board is the highest corporate body. A minimum of two partners are required at all times. General Partnerships are closed companies, where partners must manage the company themselves or unanimously authorize a third person to do so, as well as unanimously authorize total or partial assignment of participation in the company, or the possibility for partners to carry out similar lines of business on their own.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

A hybrid type of company, where partners can either be managing partners or limited partners. Each type of partner has different levels of liability, functions, voting rights and participation in the company. There are also two types of limited partnerships under Colombian law. The simple limited partnership, where partner's contributions are established as participation quota; and the share limited partnership, where partner's contributions are established as shares.

Limited liability company (Sociedad de Responsabilidad Limitada)

The limited liability company is a hybrid type of company where partners can limit their responsibility to the amount of their contributions as a general rule, but there are certain exceptions, such as responsibility regarding taxation, labor regulation or if such extended responsibility is included in the company's bylaws. Limited liability companies must have a minimum of two partners and a maximum of 25.

Corporation (Sociedad Anónima)

Shareholders have no personal liability. A corporation must have the Shareholders General Assembly as the highest corporate body, a board of directors, a legal representative designated by the board of directors and a statutory auditor. A minimum of five shareholders is required, and it is generally used for large enterprises or financial institutions that are subject to control and surveillance of the Colombian Superintendence of Finance.

Simplified stock company (Sociedad por Acciones Simplificada)

Most recent and flexible type of the commercial entity created under Colombian legislation. Shareholders have no personal liability. A simplified stock company must have a Shareholders General Assembly as the highest corporate body and a legal representative. It can have a board of directors if shareholders require it. A minimum of one shareholder is required and there is no maximum requirement.

ENTITY SET UP

General partnership (Sociedad Colectiva)

Minimum of two partners and there is no maximum

Partners have subsidiary personal liability; creditors must first pursue the General Partnership's patrimony

At a corporate level, general partnerships are taxed based on their earnings; at a natural person's level, partners are taxed based on distributed dividends

Private companies, meaning partners must manage the company themselves or unanimously authorize a third person to do so, as well as unanimously authorize total or partial assignment of participation in the company, or the possibility for partners to carry out similar lines of business on their own Incorporation must be through public deed registered by the Registry of Commerce Partnership board has overall management responsibility

Partners have a veto right and can oppose any proposal, and such opposition suspends the proposed activity or project until majority vote is obtained Partnership board must meet by the end of every business activity and approve the company's financial statements at least once a year

Colombian law requires any foreign investment to be declared through the Colombian Central Bank Colombian law does not require general partnerships to have a statutory auditor, unless the company exceeds a certain amount of assets

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Two types of partners:

managing partners (one or more) and a limited partner (one or more).

In case of a share limited partnership, there must be at least five share limited partners

Managing partners have personal liability and limited partners have limited liability

At a corporate level, limited partnerships are taxed based on their earnings; at a personal level, partners are taxed based on distributed dividends Limited partnerships are hybrid companies, meaning that to transfer participation of a managing partner, partners of the company must agree unanimously and amend company's bylaws. On the other hand, to transfer participation of a limited partner, rest of limited partners must agree unanimously and amend company's bylaws

Incorporation must be through public deed registered by the Registry of Commerce Partnership board is the highest corporate body; managing partners have the responsibility of managing and legally representing the company

Company's capital is composed by the limited partner's contribution. However, managing partners may also contribute to the company's capital Managing partners each have a vote in the partnership board. Limited partners have a number of votes that proportionally corresponds to their ownership in the company Partnership board must meet and approve the company's financial statements at least once a year

Colombian law requires any foreign investment to be declared through the Colombian Central Bank Colombian law does not require limited partnerships to have a statutory auditor, unless the company exceeds certain amount of assets

Limited liability company (Sociedad de responsabilidad limitada)

Must be at least two partners and no more than 25 partners Partners have no personal liability

At a corporate level, limited liability companies are taxed based on their earnings; at a personal level, partners are taxed based on distributed dividends In a limited liability company, transfer of participation must be carried out through a bylaw reform, following procedures regarding preemptive rights Incorporation must be through public deed registered by the Registry of Commerce Partnership board is the highest corporate body

Company's capital must be totally paid by the time of incorporation, and any modification of the capital must be established through a registered amendment to the bylaws of the company

Partners' votes proportionally correspond to their participation in the company Partnership Board must meet and approve the company's financial statements at least once a year Colombian law requires any foreign investment to be declared through the Colombian Central Bank Colombian law does not require a Limited liability company to have a statutory auditor, unless the company exceeds certain amount of assets

Corporation (Sociedad Anónima)

Must have a minimum of five shareholders and no maximum requirements

Shareholders have no personal liability

At a corporate level, corporations are taxed based on their earnings; at a personal level, shareholders are taxed based on distributed dividends Shareholders have preemptive rights to subscribe and pay shares if the Shareholders General Assembly agrees to increase its capital

The incorporation must be through public deed registered by the Registry of Commerce Shareholders General Assembly is the highest corporate body, and the board of directors is the managing body. Corporations must also have a legal representative and a statutory auditor

Company's capital is divided into stock Shareholders typically incorporate a corporation or may purchase shares from existing shareholders Shareholders of a corporation may execute a shareholders' agreement or determine certain provisions in the company's bylaws like certain rights and obligations regarding negotiation of shares, vote rights, majorities for decision-making, drag-along and tag-along rights, put and call options, deadlock solution procedures, issuance of non-voting shares, etc. Shareholders General Assembly must meet and approve the company's financial statements at least once a year Colombian law requires any foreign investment to be declared through the Colombian Central Bank Colombian law does require a corporation to have a statutory auditor

Simplified stock company (Sociedad por Acciones Simplificada)

Must have a minimum of one shareholder and no maximum requirements Shareholders have no personal liability

At a corporate level, simplified stock companies are taxed based on their earnings; at a personal level, shareholders are taxed based on distributed dividends

Shareholders have preemptive rights to subscribe and pay shares if the Shareholders General Assembly approves to increase its capital

The incorporation must be through public deed registered by the Registry of Commerce Shareholders General Assembly is the highest corporate body. A simplified stock company must have a legal representative and can have board of directors if shareholders prefer to Company's capital is divided in stock

Shareholders typically incorporate simplified stock company or may purchase shares from existing shareholders

Shareholders of a corporation may execute a shareholders' agreement or determine certain provisions in the company's bylaws, such as certain rights and obligations regarding negotiation of shares, vote right, majorities for decisions, drag-along and tag-along rights, put and call options, deadlock solution procedures, issuance of non-voting shares, etc. Shareholders General Assembly must meet and approve the company's financial statements at least once a year Colombian law requires any foreign investment to be declared through the Colombian Central Bank Colombian law does not require a simplified stock company to have a statutory auditor, unless the company exceeds certain amount of assets

MINIMUM CAPITAL REQUIREMENT

General partnership (Sociedad Colectiva)

No minimum capital requirement. When incorporating a general partnership, partners must indicate the amount of their contributions to the company.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

No minimum capital requirement. The company's capital is composed of contributions made by limited partners.

Managing partners may also contribute to the company's capital.

Limited liability company (Sociedad de Responsabilidad Limitada)

No minimum capital requirement. When incorporating a limited liability company, partners must indicate the amount of their contributions to the company.

Corporation (Sociedad Anónima)

Generally, there is no minimum capital requirement. Colombian Superintendence of Finance establishes minimum capital requirements if a corporation plans to carry out financial activities. A corporation has authorized capital, subscribed capital and paid capital.

Simplified stock company (Sociedad por Acciones Simplificada)

No minimum capital requirement. A simplified stock company has authorized capital, subscribed capital and paid capital.

LEGAL LIABILITY

General partnership (Sociedad Colectiva)

Partners of a general partnership have subsidiary personal liability for the debts of the company, aside from their contribution to the partnership.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Managing partners have personal liability and limited partners have limited liability. Limited liability company (Sociedad de Responsabilidad Limitada) Partners have limited liability. Taxation and labor obligations exceptions exist under the laws.

Corporation (Sociedad Anónima)

Shareholders have no personal liability.

Simplified stock company (Sociedad por Acciones Simplificada)

No minimum capital requirement. A simplified stock company has authorized capital, subscribed capital and paid capital.

TAX PRESENCE

At a corporate level, all entities are taxed based on their earnings. At a personal level, partners and shareholders are taxed based on distributed dividends.

INCORPORATION PROCESS

For all entity types:

Search for homonyms

Drafting and approval of bylaws and articles of incorporation

Formalization of documents with a Colombian Notary Public and Registration of the public deed with Registry of Commerce. As an exception, an entity can be incorporated through private documents when they satisfy the characteristics of a micro-enterprise under Colombian law

Simplified stock company (Sociedad por Acciones Simplificada)

Homonymy search

Drafting and approval of bylaws and articles of incorporation and Registration of the private document before the Registry of Commerce

BUSINESS RECOGNITION

General partnership (Sociedad Colectiva)

Rarely used.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Rarely used.

Limited liability company (Sociedad de Responsabilidad Limitada)

Not frequently used.

Corporation (Sociedad Anónima)

Widely used.

Simplified stock company (Sociedad por Acciones Simplificada)

Widely used.

SHAREHOLDER MEETING REQUIREMENTS

General partnership (Sociedad Colectiva)

Required to hold annual partnership board meetings.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Required to hold annual partnership board meetings.

Limited liability company (Sociedad de Responsabilidad Limitada)

Required to hold annual partnership board meetings.

Corporation (Sociedad Anónima)

Required to hold annual shareholders general assembly meetings.

Simplified stock company (Sociedad por Acciones Simplificada)

Required to hold annual shareholders general assembly meetings.

BOARD OF DIRECTOR MEETING REQUIREMENTS

General partnership (Sociedad Colectiva)

There is no board of directors in a general partnership.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

There is no board of directors in a limited partnership.

Limited liability company (Sociedad de Responsabilidad Limitada)

There is no obligation to have a board of directors, but it can be created.

Corporation (Sociedad Anónima)

There is a board of directors in a corporation that must have a minimum of three members. The board of directors must also follow notification requirements and meet at least once a year.

Simplified stock company (Sociedad por Acciones Simplificada)

There can be a board of directors that must meet at least once a year.

ANNUAL COMPANY TAX RETURNS

All entity types must annually file tax returns with Colombian tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

All entity types are bound to register before the Registry of Commerce and tax authorities. As an exception a simplified stock company is incorporated by a private document that is registered with the Registry of Commerce.

BUSINESS EXPANSION

General partnership (Sociedad Colectiva)

There is no legal requirement to change as business expands. If the general partnership exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

There is no legal requirement to change as business expands. If the limited partnership exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Limited liability company (Sociedad de Responsabilidad Limitada)

There is no legal requirement to change as business expands. If the limited liability company exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Corporation (Sociedad Anónima)

There is no legal requirement to change as business expands.

Simplified stock company (Sociedad por Acciones Simplificada)

There is no legal requirement to change as business expands.

EXIT STRATEGY

General partnership (Sociedad Colectiva)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution causes specific to a general partnership are: One of the partners dies and there is no legal heir

Legal incapacity of one of the partners, unless their agent is authorized to represent partner's interests in the company

Bankruptcy of a partner and no assignment of their participation in the company

Forceful assignment of participation of a partner to a third person if the rest of the partners do not accept such situation

Resignation of one of the partners, if the rest of the partners do not acquire such partner's participation

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution causes specific to a limited partnership are: Managing partner dies and has no legal heir Legal incapacity of the managing partner, unless his or her agent is authorized to represent partner's interests in the company

Bankruptcy of the managing partner and no assignment of their participation in the company occurs forceful assignment of participation of the managing partner to a third person if the rest of the partners do not accept such situation, and the resignation of the managing partner, if the rest of the partners do not acquire such partner's participation. Also, when either one of the two types of partners disappear or, in the case of a share limited partnership, when the patrimony is less than half of the subscribed capital.

Limited liability company (Sociedad de Responsabilidad Limitada)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution cause specific to a limited liability company is when the patrimony is less than half of the subscribed capital.

Corporation (Sociedad Anónima)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution causes specific to a Corporation are, when the patrimony is less than half of the subscribed capital or when 95% of the company's shares belong to the same shareholder.

Simplified stock company (Sociedad por Acciones Simplificada)

Only the general causes of dissolution applicable for every company in Colombia are applicable to the simplified stock company, these are: expiration of the term of the company, the impossibility to carry out the company's objective, and because of the decision of the shareholders or national authority.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

General partnership (Sociedad Colectiva)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration.

Limited liability company (Sociedad de Responsabilidad Limitada)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration.

Corporation (Sociedad Anónima)

The shareholders general assembly must approve the annual financial statements.

Simplified stock company (Sociedad por Acciones Simplificada)

The shareholders general assembly must approve the annual financial statements.

DIRECTOR / OFFICER REQUIREMENTS

General partnership (Sociedad Colectiva)

All partners must participate and manage a general partnership, unless a third person is designated unanimously by the partnership board.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

All managing partners must participate and manage a limited partnership.

Limited liability company (Sociedad de Responsabilidad Limitada)

All partners must participate and manage a limited liability company; however, partners can designate a manager.

Corporation (Sociedad Anónima)

The board of directors can designate officers and legal representatives.

Simplified stock company (Sociedad por Acciones Simplificada)

The shareholders general assembly and, if there is a board of directors, the board of directors can designate officers and legal representatives.

LOCAL CORPORATE SECRETARY REQUIREMENT

There is no requirement to designate a secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

The company must have a legal representative.

LOCAL OFFICE LEASE REQUIREMENT

Not required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

All entity types must have a domicile and notification address, a limited liability company must only have a domicile.

SUFFICIENCY OF VIRTUAL OFFICE

The company must have at least a domicile and notification address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE

PROVIDER

Permitted.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company (LLC)

Not allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

There are no specific nationality requirements; however, in the incorporation documents, intended partners of a future entity must state their nationality and domicile.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

General partnership (Sociedad Colectiva)

A general partnership is a closed company. To assign or transfer a partner's participation or designate a third party to manage the company, partners must unanimously approve.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

To assign or transfer the participation of a managing partner, partners of the company must agree unanimously and make amendments to the company's bylaws. To transfer participation of a limited partner, the rest of limited partners must unanimously agree and amend the company's bylaws.

Limited liability company (Sociedad de Responsabilidad Limitada)

The assignment or transfer of a partner's participation must be carried out through a bylaws amendment, following procedures regarding preemptive rights.

Corporation (Sociedad Anónima)

None.

Simplified stock company (Sociedad por Acciones Simplificada)

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

General partnership (Sociedad Colectiva)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Some decisions must be unanimously agreed by the partners, such as authorizing total or partial assignment of participation in the company, but generally, majority is simple. Partners also hold a veto right with which they can oppose any proposal, and such opposition suspends the proposed activity or project until majority vote is obtained.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Decisions are adopted by the majority of managing partners, and the vote of a plural number of limited partners or share limited partners, depending on the case, that compose at least half of the company's capital. Decisions regarding management can only be taken by the managing partners.

Limited liability company (Sociedad de Responsabilidad Limitada)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Most decisions must be taken by the majority of the partners. Bylaw reforms must have the positive vote of 70% of the partners.

Corporation (Sociedad Anónima)

The shareholders general assembly is the highest corporate body and can designate offices, determine economic policies of the company and distribute profits. The board of directors is the highest management corporate body, a legal representative designated by the board of directors that permanently represents the company and a statutory auditor.

Simplified Stock company (Sociedad por Acciones Simplificada)

The shareholders general assembly is the highest corporate body, and the company must have a legal representative. Shareholders can designate a board of directors if they wish to and a statutory auditor. The shareholders general assembly is in charge of approving the company's financial statements, designating officers, managing the company and general activities.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Such information is public since each entity is incorporated through public deed that must be registered with the Registry of Commerce.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

General partnership (Sociedad Colectiva)

There must be a minimum of two partners, and no maximum number. Partners are directors of the company, unless they unanimously designate a third person.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

There must be a minimum of one managing partner and one limited partner. In case of a share limited partnership, there must be at least five share limited partners.

Limited liability company (Sociedad de Responsabilidad Limitada)

A minimum of two partners and a maximum of 25.

Corporation (Sociedad Anónima)

There must be a minimum of five shareholder and no maximum number. Simplified stock company (Sociedad por Acciones Simplificada) There must be a minimum of one shareholder and no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

General partnership (Sociedad Colectiva) and limited liability company (Sociedad de Responsabilidad Limitada)

Two partners.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

There must be a minimum of one managing partner and one limited partner, and, in case of a share limited partnership, a minimum of five share limited partners.

Corporation (Sociedad Anónima)

Five shareholders.

Simplified stock company (Sociedad por Acciones Simplificada)

One shareholder.

REMOVAL OF DIRECTORS OR OFFICERS

Removal of directors must hold the same formalities as their designation.

REQUIRED AND OPTIONAL OFFICERS

Legal representative is required.

BOARD MEETING REQUIREMENTS

General partnership (Sociedad Colectiva)

Meetings of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Meetings of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Limited liability company (Sociedad de Responsabilidad Limitada)

Meeting of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Corporation (Sociedad Anónima)

Meeting of the shareholders general assembly and the board of directors must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Simplified Stock Company (Sociedad por Acciones Simplificada)

Meetings of the shareholders general assembly and the board of directors must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

General partnership (Sociedad Colectiva)

Whether the partnership board encounters in an ordinary or extraordinary meeting, the majority of partners must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Whether the partnership board encounters in an ordinary or extraordinary meeting, all the managing partners and the limited partners or share limited partners that represent at least half of the company's capital must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes.

Limited liability company (Sociedad de Responsabilidad Limitada)

Whether the partnership board encounters in an ordinary or extraordinary meeting, the majority of partners must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes.

Corporation (Sociedad Anónima)

Whether the shareholders general assembly and the board of directors encounters in an ordinary or extraordinary meeting, the majority of shareholders or members of the board of directors must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes.

Simplified stock company (Sociedad por Acciones Simplificada)

Whether the shareholders general assembly and the board of directors, if it is the case, encounters in an ordinary or extraordinary meeting, the majority of shareholders or members of the board of directors must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous

communication, but such event must be recorded in the correspondent minutes.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not necessary for incorporation. When necessary, a bank account must be opened in Colombia.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

General partnership (Sociedad Colectiva)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Limited liability company (Sociedad de Responsabilidad Limitada)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Corporation (Sociedad Anónima)

Statutory auditor is required by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Simplified stock company (Sociedad por Acciones Simplificada)

Statutory auditor is not required by law and must be local. The corporate and accounting books should be kept in the company's domicile.

REQUIREMENT REGARDING PAR VALUE OF STOCK

There are no requirements.

INCREASING OF CAPITALIZATION IF NEEDED

General partnership (Sociedad Colectiva)

An increase of the company's capital must be executed through a bylaw reform and registered before the Registry of Commerce.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

An increase of the company's capital must be registered before the Registry of Commerce.

Limited liability company (Sociedad de Responsabilidad Limitada)

An increase of the company's capital must be registered before the Registry of Commerce. Corporation (Sociedad Anónima)

An increase of the company's capital must be approved by the shareholders general assembly, and an increase in the authorize capital must be completed through a bylaw reform registered before the Registry of Commerce.

Simplified stock company (Sociedad por Acciones Simplificada)

An increase of the company's capital must be approved by the shareholders general assembly and an increase in the authorize capital must be completed through a bylaw reform registered before the Registry of Commerce.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad but must always be declared before the Colombian Central Bank and are subject to exchange regulation.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

General partnership (Sociedad Colectiva)

Participation can generally not be transferred between partners or third-parties without the consent of every partner of the company. When such authorization is obtained, participation can be transferred.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

To transfer the participation of a managing partners, the partners of the company must unanimously agree and amend the company's bylaws. On the other hand, to transfer the participation of a limited partner, the rest of limited partners must unanimously agree and amend the company's bylaws. In the case of shares of a share limited partner, these can be assigned or transferred without a bylaws amendment.

Limited liability company (Sociedad de Responsabilidad Limitada)

The assignment or transfer of a partner's participation must be carried out through a bylaws amendment, following procedures regarding preemptive rights.

Corporation (Sociedad Anónima)

Shares are subject to preemptive rights in a corporation.

Simplified Stock company (Sociedad por Acciones Simplificada)

Shares are subject to preemptive rights in a simplified stock company.

OBTAINING A NAME AND NAMING REQUIREMENTS

Proposed name must be approved by the Registry of Commerce.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Depending on the company's object and line of business, it may or may not be obligated to have a Know Your Client policy.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

General partnership (Sociedad Colectiva)

Through an ordinary or extraordinary partnership board meeting with majority vote.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

Through an ordinary or extraordinary partnership board meeting with the vote of all managing partners and the vote of a plural number of limited partners or share limited partners that represent at least half of the company's capital.

Limited liability company (Sociedad de Responsabilidad Limitada)

Through an ordinary or extraordinary partnership board meeting with a positive vote of at least 70% of the partners.

Corporation (Sociedad Anónima)

Through an ordinary or extraordinary shareholders general assembly meeting with majority vote.

Simplified stock company (Sociedad por Acciones Simplificada)

Through an ordinary or extraordinary shareholders general assembly meeting with majority vote.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Only for certain corporate purposes.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies can be purchased in Colombia but are not widely used. Colombian law has strict regulation regarding taxation and anticorruption policies.

CZECH REPUBLIC



FORM OF ENTITY

Unlimited partnership (veejná obchodní spolenost, v.o.s.)

A company in which at least two partners run their business under a common business name and are liable for all the partnership's debts to the full extent of their assets. Company does not need to have any registered capital. Monetary contributions of the shareholders to the company are voluntary. Each partner has a right to manage a partnership within the guidelines agreed by partners. One or more partners may, however, be entrusted with management responsibilities. All decisions are made jointly by all partners, unless articles of association stipulate that a majority vote is sufficient. Transfer of ownership interest is currently forbidden.

Limited partnership (komanditní spolenost, k.s.)

A company with one or more partners that are liable for the debts of the company to the full extent of their assets (unlimited partners), and one or more partners that are liable for the debts of the company up to the amount of their unpaid capital contributions (limited partners). A limited partner must contribute to the registered capital of a company in the amount provided for in the partnership contract. Unlike unlimited partners, limited partners are able to transfer their ownership interests. The limited partner must provide a monetary contribution.

Limited liability company (spolenost s ručením omezeným, s.r.o./spol. s r.o.)

Separate and distinct legal entity. Managed by one or more managing directors, who are responsible for making major business decisions and overseeing general affairs of a corporation as well as the day-to-day operations of a stock corporation. One of the most common types of company in the Czech Republic. Registered capital consists of contributions by shareholders who are liable for debts of a company up to the amount of their unpaid contribution to the registered capital. The company is liable for its debts to the full extent of its assets. A supervisory board may also be established; however, it is not mandatory.

Joint stock company (akciová spolenost, a.s.)

Separate and distinct legal entity. Registered capital consists of shares with a certain nominal value. It is liable for its debts to the full extent of its assets. The governance system may be two-tier with a board of directors (pedstavenstvo) and supervisory board (dozorí rada), or single-tier with a statutory director (statutární editel) and administrative board (správní rada). The company may issue registered or bearer shares. Bearer shares can be, however, issued only as dematerialized shares registered by the securities depository.

ENTITY SET UP

Limited liability company

Unlimited number of shareholders allowed (limited only by the number of shares since one share must at least correspond to CZK1 unless articles stipulate otherwise)

Taxed on its earnings at a corporate level, and shareholders are taxed on any distributed dividends

Minimum stated capital: none prescribed; however, one share must at least correspond to CZK1

One-tier management (or two-tier board system, if supervisory board is set up), depending on the size of the company. Management is responsible for the day-to-day management; the supervisory board, if established, supervises management and grants its consent (in some cases mandatory) to certain business and transactions

Typical charter documents include:

Articles of incorporation

Organizational resolutions by managing directors, if applicable, the supervisory board and AGM/EGM and List of shareholders.

Share of each shareholder is registered with the Czech commercial register, share certificates may be issued

Depending on the size (established by the balance sheet total, turnover and number of employees), annual financial statements must be audited by an auditor and filed with Czech commercial register Joint stock company In theory, unlimited number of shareholders

Taxed on its earnings at a corporate level, and shareholders are taxed on any distributed dividends

Minimum stated capital: CZK2 million or EUR80,000 Governance system may be two-tier with a board of directors (pedstavenstvo) and supervisory board (dozorí rada), or single-tier with a statutory director (statutární editel) and administrative board (správní rada); the first arrangement is more common

Typical charter documents include: Articles of incorporation and Organizational resolutions by the management board, supervisory board and AGM/EGM. Shares must be either registered shares or, if bearer shares, then issued only as dematerialized shares registered by securities depository Depending on the size (established by the balance sheet total, turnover and number of employees), annual financial statements must be audited by an auditor and filed with Czech commercial register

MINIMUM CAPITAL REQUIREMENT

Limited liability company

There is a minimum of CZK1.

Joint stock company

There is a minimum of CZK2 million or EUR80,000.

LEGAL LIABILITY

Limited liability company

Shareholders of a limited liability company are generally not liable for the debts of a company if their contributions to the registered capital have been fully paid up.

Joint stock company

Shareholders of a stock corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

TAX PRESENCE

A stock corporation or limited liability company is taxed at two levels: First, the company pays a corporate income tax on its corporate income; then, a company distributes profits to shareholders, who then pay income tax on those dividends (to be withheld by the company upon payment). Companies are obliged to add value-added tax (VAT) to the prices of their goods or services and to invoice their customers accordingly. INCORPORATION PROCESS

Limited liability company

Filing an application with a local court (registration court) for registration, together with the articles of association in the form of a notarial deed, which contain the appointment of the first managing directors, and a confirmation by a local bank that the stated capital has been paid.

Joint stock company

Filing an application with a local court (companies registry) for registration, together with articles of association in the form of a notarial deed, which contains the appointment of the first members of the management board and the supervisory board, and a confirmation by a local bank that the stated capital has been paid.

BUSINESS RECOGNITION

Well regarded and widely used.

Joint stock company and limited liability company are the most commonly used forms of a corporate entity in Czech Republic.

SHAREHOLDER MEETING REQUIREMENTS

Shareholders are required to hold at least one annual meeting to vote on certain items, such as approval of financial statements, payment of dividends or coverage of losses and election of auditors. Meetings required for usual decisions on appointment of members of the board of directors, supervisory board (as well as revocation of any appointment) and changes to the articles of association. Physical meetings are held or per rollam decision-making is chosen.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Requirements depend on the respective articles of association. Any time a management decision is required, however, it can be (and usually is) quite informal.

ANNUAL COMPANY TAX RETURNS

Must annually file tax returns with tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Initial registration as well as annual filings are required. Changes in recorded data of commercial register require registration.

BUSINESS EXPANSION

No need to change as business expands, unless any such expansion is not covered by articles of association. It is also possible to open up branches of a Czech entity in order to expand in Czech Republic. An autonomous branch office engages in business activities independently; a dependent branch office can make out invoices only in the name of the head office company. As a consequence, while an autonomous branch office is required to register, the dependent branch establishment does not have to be entered in the commercial register. It is only necessary for the business activity that is being practiced to be notified at the responsible trade office.

EXIT STRATEGY

Sale of shares, a resolution on dissolution which is passed by the shareholders, exit by a shareholder upon disapproval with a certain adopted decision of a general meeting, agreement with other shareholders. A dissolution resolution by shareholders starts the liquidation proceedings. The liquidation process takes at least six months. At the end of the liquidation process, there is the ending and deletion of the company in the commercial register.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Annual accounts have to be filed with the Czech commercial register in the Collection of Deeds (sbírka listin). The auditing of the annual financial statements is mandatory for large and medium-sized companies.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company

At least one managing director is required and at least one member of the supervisory board, if formed. A legal entity

can become a managing director. A managing director cannot be a member of the supervisory board.

Joint stock company

At least three members of the management board and at least three members of the supervisory board required, unless articles of association prescribe otherwise. A legal entity can become a member of the management board. A member of a supervisory board cannot be simultaneously a member of a management board. Provided the joint stock company is employing over 500 employees, one-third of the seats in the supervisory board is elected by the company's employees. In the single-tier governance system, only one statutory director is allowed (individual only). At least three members of the administrative board are required, unless articles of association prescribe otherwise. The chairman of the administrative board can serve simultaneously as statutory director.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Since an address must be filed with the commercial register within the incorporation and throughout the term of the company, title to the address (at least consent of owner of the premises or a lease agreement) must be obtained.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Depending on business activities conducted in Czech Republic. Local office is usually required from a trade licencing perspective.

SUFFICIENCY OF VIRTUAL OFFICE

Yes, generally possible. However, a company still needs a registered office address. An address must be filed with the commercial register.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Allowed and widely used, at least on temporary basis.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

No local directors required.

Provision of director services by a third-party service provider is common.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

In most cases, no, except for certain areas of business where, for regulatory purposes, a majority of shares cannot be held by foreigners.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

None with respect to the shareholders. Please note that any member of a management board or a supervisory board is fully liable, whether acting as nominee or not. Directors must meet certain requirements under the Czech Business Corporations Act.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company

Managing directors are elected by shareholders' meeting and are the highest authority in management of a corporation.

Managing directors may be dismissed at any time, without stating any reasons (irrespective of any employment agreement).

Managing directors can request an order on business management from shareholders; however, they must always act

with due care.

Managing directors represent a company towards third parties and run the company.

Their authorization has unlimited external legal effect and, thus, even binds the company if internal restrictions of their representational powers are violated.

Joint stock company

Members of management board are elected by shareholders and are the highest authority in the management of a corporation. Members of management board may be dismissed at any time, without stating any reasons. Members of management board can request an order from shareholders on business management; however, they must always act with due care.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Identity of the ultimate beneficial owner of a company (as defined in the Czech AML Act) must be registered with the commercial register. The term ultimate beneficial owner refers to a natural person that is able to exercise, either directly or indirectly, a controlling influence in a company, meeting the qualification requirements under the Czech AML Act (eg, a person with more than 25 percent of the capital contribution or voting rights in a company). If the ultimate beneficial owner cannot be determined (typically in a case of publicly listed joint stock companies), there is a presumption that the ultimate beneficial owner is a member of a statutory body of a company.

Details of the ultimate beneficial owner are not disclosed; however, they can be in certain cases ascertained from the commercial register due to the disclosure requirements referred to in the below paragraphs.

Limited liability company

Identity of managing directors (and members of supervisory board, if any) is publicly disclosed; identity of shareholders is also disclosed in the commercial register.

Joint stock company

Identity of members of management board and supervisory board is publicly disclosed; identity of shareholders is not publicly disclosed (unless there is only one single shareholder; in that case, identity of that single shareholder is to be disclosed in the commercial register).

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company

There must be a minimum of one shareholder, no maximum number and at least one managing director.

Joint stock company

There must be a minimum of one shareholder and no maximum number. For members of the management board, the minimum number is one, while there is no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company

Removal of members of the supervisory board, as well as managing directors, requires a vote by the shareholders' meeting. It is possible to recall a managing director as well as a member of the supervisory board at any time. Managing director, as well as a member of the supervisory board, can resign from the position. Recall or resignation must be recorded in the commercial register.

Joint stock company

Removal of members of management, as well as the supervisory board, requires a vote by shareholders' meeting. It is possible to recall board members at any time. Board members can resign from their position. Recall or resignation must be recorded in the commercial register.

REQUIRED AND OPTIONAL OFFICERS

Limited liability company

Required are managing directors and, as the case may be, a supervisory board; in addition, a holder of special power of representation (so-called prokurista) may be appointed (by way of proxy granting by the company with approval of shareholders).

Joint stock company

Required: Management board and a supervisory board or A statutory director and an administrative board

In addition, a holder of special power of representation (so-called prokurista) may be appointed (by way of proxy granting by the company with approval of shareholders).

BOARD MEETING REQUIREMENTS

Limited liability company

Requirements depend on respective articles of association. Any time a management decision is required, however, it can be (and usually is) quite informal. If a company has more than one director, a resolution requires approval of majority. Joint stock company Requirements depend on respective articles of association. Any time a management decision is required, however, it can be (and usually is) quite informal.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company

Not applicable for a single shareholder. For a shareholder meeting, presence of shareholders with at least 50 percent of all votes (each shareholder has one vote for each CZK1 of its contribution, unless otherwise stated in articles of association) is required. Resolutions are passed with the simple majority of the votes cast by the present shareholders, except for important decisions, eg, change of articles (75-percent majority of the votes cast by all shareholders).

Requirements can be regulated in articles of association.

Joint stock company

Not applicable for a single shareholder. For a shareholder meeting, presence of shareholders with shares of nominal value or number that exceeds 30 percent of the registered capital is required, unless otherwise is stated in the articles of association. Resolutions are passed with the simple majority of the votes cast by the present shareholders, except for important decisions where higher quorums are required. For management and supervisory board meetings, typically a majority of respective body must be present during such meeting; alternatively, all directors must execute written resolutions.

Requirements can be regulated in the articles of association.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Yes, a Czech bank account is required for incorporation and payment of monetary contributions of shareholders. Monetary contributions have to be paid to that bank account, and the bank must provide a confirmation that stated capital is available. Without such confirmation, the commercial register will not register a new company.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company

Yes; only "small" companies with limited liability are exempt from the mandatory audit.

Joint stock company

Yes; only "small" joint stock companies are exempt from the mandatory audit.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company

The statutory minimum par value per share is CZK1. Joint stock company The statutory minimum par value of stock is not prescribed.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company

More usual are debt-to-equity swaps, ie, capitalization of receivables with set-off against contribution to equity, without effect of increasing share ownership of a shareholder in the company. Alternatively by increase of registered capital subject to approval of shareholders meeting. Joint stock company Increase of registered capital subject to approval of shareholders' meeting.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated from Czech Republic abroad via dividends.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company

Shares are generally transferable. However, articles of association can restrict the transfer (ie, by implementing approval requirements).

Joint stock company

Shares can generally be transferred between shareholders via written agreement and endorsement of registered shares. Articles of association may limit (but not exclude) transferability; approval requirements may be implemented.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company

Name has to be distinct and must show the legal form. Name must not be misleading or create a misunderstanding. Name must include a reference to the legal form of a limited liability company in Czech, therefore either "spolnost s ruční omezením," or any abbreviated form like "s.r.o." or "spol. s r.o."

Joint stock company

Name must not be misleading or create a misunderstanding. Name must include a reference to legal form of a joint stock company in Czech, therefore either "akciová spolnost" or an abbreviated form "a.s."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Czech "know your client" requirements are based on European provisions. Most applicable law is the Anti-Money Laundering Act. Thereunder, transactions are subject to different identification measurements and reporting duties, with penalties resulting from non-compliance. These vary from simple proof of identification (for individuals) – respectively a physical/electronic record of the company – to simple or enhanced due diligence depending on the risk. For instance, politically exposed persons (PEPs) are always subject to enhanced due diligences.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company

The shareholders resolve on amendments. The resolution must have a majority of two-thirds of the votes of all shareholders. The resolution needs to be in the form of notarial deed. Joint stock company Shareholders resolve on amendments. The resolution must have a majority of two-thirds of present shareholders' votes. The resolution needs to be in the form of notarial deed.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

It depends on the kind of business to be run. Before starting their business operations, business operators must obtain necessary trade licences from the trade licensing office (živnostenský úřad). Basic is a free trade licence with certain subcategories, obtained upon notification to the office. In some sectors, qualified trade or other business licenses are necessary (eg, pharmacies, property developers, estate agents, brokers, security firms, pubs and hotels, and banks).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies can be purchased from third-party service providers. Purchase of a company requires a share purchase.

DENMARK



FORM OF ENTITY

Limited liability company (Kapitalselskab)

There are four types of limited companies: public limited companies, private limited companies, limited partnership companies and entrepreneur companies. They are all separate and distinct legal entities. A limited liability company is owned by the shareholders, and the shareholders' meeting is the ultimate authority of the company. However, the shareholders mainly control the company by instructing and supervising the board of directors and/or the general manager. In general, only the company is liable to creditors for corporate debts, and once the share contribution has been paid, the shareholders have no obligation to contribute further to the capital of the company.

ENTITY SET UP

Limited company (Kapitalselskab)

There are four types of limited companies: public limited companies (Aktieselskaber or A/S), private limited companies (Anpartsselskaber or ApS), limited partnership companies (Partnerselskaber or P/S) and entrepreneur companies (Iværksætterselskaber or IVS) Recently enacted changes to the Danish Companies Act entail that new entrepreneur companies (IVS) cannot be established after April 15, 2019 and existing entrepreneur companies (IVS) shall be converted into a private limited company (anpartsselskab) with a registered minimum nominal share capital of DKK 40,000 no later than April 2021

Minimum one shareholder and no maximum

Generally no personal liability of the shareholders

Limited companies are taxed on their earnings at a corporate level, and shareholders are taxed on distributed profits and salary from the company Limited companies are subject to a Danish corporate income tax rate which currently amounts to 22%

Typical corporate documents include: memorandum of association articles of association rules of procedure for the board of directors minutes of the general meetings shareholders' agreement register of shareholders

The board of directors holds the overall and strategic management responsibility; the executive board has day-to-day management responsibility of the company

Separate classes of shares with different rights (voting, dividends, etc.) are commonly used

Annual reports must be filed annually with the Danish Business Authority General partnership (Interessentskab, I/S)

Minimum two partners are required, which can be either natural persons or legal entities, such as limited companies

No startup capital requirement Founded by an agreement between the partners; registration with the Danish Business Authority is possible and mandatory if all partners are legal entities

A general partnership is tax transparent. Each partner is taxed individually for its part of the profits of the general partnership (income tax)

The partners are personally liable for the debt of the general partnership

An authorized or approved auditor and filing of annual reports are required where the general partnership meets certain criteria regarding partners, number of employees, balance sheet total and net turnover

Limited partnership (Kommanditselskab, K/S)

Minimum two partners are required, which can be either natural persons or legal entities, such as limited companies

At least one partner of the limited partnership must take status as the general partner (Komplementar) and at least one as the limited partner (Kommanditist)

The general partner has unlimited, personal liability (jointly and severally) for the agreements and debts of the limited partnership. The limited partner is only liable for the subscribed capital, which is similar to the liability of limited companies. The liability includes debts that already exist at the time of becoming a partner

There is no startup capital requirement for the general partner, but a capital requirement for each limited partner is minimum DKK 1

A limited partnership is tax transparent like a general partnership. Partners are taxed individually for their part of the profits of the limited partnership (income tax and social security contributions)

A limited partnership is incorporated by filing with the Danish Business Authority

An authorized or approved auditor and filing of annual reports are required where the limited partnership meets certain criteria regarding partners, number of employees, balance sheet total and net turnover

Branch office (Filial)

A company based within the EU or EEA or based in the US, Switzerland, South Korea or Georgia that engage in business activities in Denmark may register a branch office with separate management in Denmark. Companies based in other countries may register a branch in Denmark as well; however, a declaration from the business authorities in the country in which the company is incorporated is required

A branch is not a separate legal entity but is part of the foreign-based company It has no independent capital and the assets and liabilities are a part of the total assets of the foreign-based company

One or more branch managers must be appointed to run the business activities in Denmark

The branch is subject to a Danish corporate tax rate which currently amounts to 22%

The branch is incorporated by filing with the Danish Business Authority

The business name must contain the name of the foreign-based company and the word "filial" added hereto

A branch must file annual reports of the foreign company with the Danish Business Authority

MINIMUM CAPITAL REQUIREMENT

Limited liability company (Kapitalselskab)

Limited liability companies must have the following minimum share capitals respectively:

Entrepreneur company (iværksætterselskab):

DKK 1 Private limited company (anpartsselskab): DKK 40,000

Public limited company (aktieselskab): DKK 400,000

Limited partnership company (partnerselskab): DKK 400,000

The share capital may be paid in the form of cash, assets (non-cash contribution) or a combination of the two. It is possible to pay only 25% of the nominal share capital upon formation if the contribution is paid in cash only; however, at least DKK 40,000 must be paid prior to registration. Entrepreneur companies (IVS) which could be formed until April 15, 2019 could be formed with a nominal share capital of only DKK 1, however, in return, such companies must save 25% of the companies' annual income as a reserve until it has a total share capital of minimum DKK 40,000.

The share capital may be increased or decreased later by following the procedures stipulated in the Danish Companies Act, which generally requires a decision by qualified majority of the shareholders. However, the share capital may not be decreased below the company's legal minimum share capital.

LEGAL LIABILITY

Limited liability company (Kapitalselskab)

The owners of the company (the shareholders) are not personally liable for the acts and/or omissions of the limited liability company. The liability of the shareholders is generally limited to their capital investment in the company, i.e., the amount the shareholder has paid for its shares. The only express authority for holding a shareholder liable is a provision in the Danish Companies Act whereby a shareholder is liable for damages suffered by the company, other shareholders or third parties if the shareholder intentionally or negligently has caused damage to the company and/or the shareholders.

TAX PRESENCE

Limited liability company (Kapitalselskab)

The profits of a limited company are taxed at two levels (commonly referred to as double taxation). Firstly, the limited company pays a corporate tax on its corporate income. Limited companies are subject to a Danish corporate income tax rate, which currently amounts to 22%. Secondly, the shareholders pay tax on the distributed profits from the limited company.

INCORPORATION PROCESS

Limited liability company (Kapitalselskab)

A Danish limited company may be incorporated by one or more founders. Both natural and legal persons can act as founders of the company. The founder does not have to be a Danish citizen, or an entity established in Denmark. The founder needs to prepare at least two documents before applying for registration with the Danish Business Authority (DBA):

The Memorandum of Association (stiftelsesdokument) and the Articles of Association (vedtægter).

Where the share capital of the limited company is to be paid in assets other than cash (apportindskud), a valuation report is also to be enclosed. Once the Memorandum of Association has been signed, the application for registration of the company with the Danish Business Authority must be submitted within two weeks.

When the company has been registered in the Danish Business Authority's IT system, it will receive a registration number (CVR no.) and the registration is granted with effect from the date of signature of the Memorandum of Association. As soon as possible after the formation of the company, the management must set up a (non-public) register of all shareholders who have subscribed for shares in the company.

If the company has a board of directors, the duties of the board of directors must be laid down in the rules of procedure. The new Danish limited company must generally appoint an auditor upon formation, but under certain conditions the company can deselect auditing. If a company has several shareholders, it will often be relevant to enter into a shareholders' agreement in close connection to the formation of the company (ejeraftale). A shareholders' agreement may, for example, contain provisions on voting rights, restrictions on the transfer of shares, the right to

appoint members of the board, etc.

While a shareholders' agreement does not bind the company – and therefore has no effect on the validity of the decisions made by the general meeting – the agreement is still valid among the shareholders, and a violation of the shareholders' agreement will often result in the party in breach incurring liability.

BUSINESS RECOGNITION

Limited liability company (Kapitalselskab)

Public and private limited companies are both well-regarded and widely used. The entrepreneur company (IVS) – which could be formed until April 15, 2019 – and the limited partnership company are in the newer alley of corporate forms, thus not as commonly known. However, both company forms provide certain benefits in regard to share capital requirements and tax considerations. For instance, many partner-based companies, such as liberal professions, law firms and auditing firms, have reorganized to a limited partnership company in recent years.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company (Kapitalselskab)

The shareholders' right to pass resolutions is exercised at the general meetings of the limited liability company. Each shareholder must vote in respect of its shares, unless otherwise provided in the articles of association. Separate classes of shares with different rights e.g., in respect of voting rights are commonly used. Unless otherwise provided in the Danish Companies Act or in the articles of association of the company, all resolutions at general meetings are passed by a simple majority of votes.

Resolutions to amend the articles of association must be passed by at least two-thirds of the votes cast as well as at least two-thirds of the share capital represented at the general meeting. The company is required to hold annual general meetings where the shareholders vote on certain items, such as adoption of annual report, appropriation of or loss recorded in the approved annual report, etc.

Resolutions passed by the shareholders at general meetings may, in general, be passed without complying with the provisions of the Danish Companies Act on form and notice and can therefore be held electronically if agreed upon. Shareholders are further entitled to attend general meetings by proxy. All shareholders are entitled to attend and speak at general meetings, and any shareholder is entitled to have a specific issue included on the agenda for an annual general meeting.

The annual general meeting (AGM) must be held in time for the approved annual report to be received by the Danish Business Authority before the expiry of the time-limit set out in the Financial Statements Act, which currently is no later than five months after the end of the financial year of the company.

Extraordinary general meetings (EGM) may be held at the request of the central management body, the supervisory board or the auditor elected by the general meeting. In private limited companies, any shareholder may request an extraordinary general meeting, and in public limited companies the requesting shareholder must hold 5% of the share capital in order to request the extraordinary general meeting. The central management body is obliged to call and organize the general meeting by a notice of no more than four weeks before the general meeting and, unless the articles of association provide for a longer period of notice, no less than two weeks before the general meeting.

General meetings must be conducted in Danish, unless otherwise decided at the general meeting. The general meeting may resolve by a simple majority of votes to conduct the meeting in a language other than Danish, offering all attendees simultaneous interpretation to and from Danish.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company (Kapitalselskab)

The board of directors shall consist of a minimum three members, and such board members are elected by the shareholders at the shareholders meeting. The board of directors is quorate when more than half of its members are represented, unless a higher proportion is required by the articles of association. There are no requirements regarding the frequency of the board of directors' meetings.

The board of directors is entrusted with the ultimate responsibility of the company as they have both the supervisory

function of the executive board and the overall strategic responsibility of the company. The board must therefore make sure to be convened as frequently as this responsibility necessitates.

The board of directors of a public limited company elects its own chairman, unless otherwise provided in the articles of association. The chairman of the board of directors will procure that the board convenes when necessary and, in addition, ensure that all members receive due notice of the meeting. Any member of the board of directors may request that a board meeting is held.

Meetings of the board of directors are held in person unless the board decides that members may participate by electronic means and such participation is compatible with the members carrying out their duties. The language of the board meetings must be Danish, but the majority of the board may resolve to conduct the meeting in a language other than Danish, offering all attendees simultaneous interpretation to and from Danish.

ANNUAL COMPANY TAX RETURNS

Limited liability company (Kapitalselskab)

The company must annually file tax returns with the Danish tax authority, SKAT, to declare its income, as all limited companies are subject to a corporate tax of 22% of their taxable income and gains. The filing deadline is six months after the end of the income year, however no later than August 1 the following year.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company (Kapitalselskab)

Some information and resolutions in the limited company must be registered with the Danish Business Authority. The company's central management body – often its board of directors – is responsible for ensuring that the necessary information is registered with the Danish Business Authority within two weeks after the date of the relevant resolution. For instance, the initial registration at the formation of the company must be registered within two weeks from signing of the memorandum of association.

Further, all amendments to the articles of association, and all members of the executive board, the board of directors and the supervisory board of a limited liability company as well as the company's auditor, if any, must always be registered. The limited company must also ensure to annually file its annual accounts with the Danish Business Authority.

BUSINESS EXPANSION

Limited liability company (Kapitalselskab) There is no requirement to change the form of the company as the business expands. However, there may be several advantages in terms of flexibility, recognition, tax purposes etc. in changing the form as the business grows, and this should therefore always be considered. However, this will always depend on the company in question.

EXIT STRATEGY

Limited liability company (Kapitalselskab)

If the shareholders wish to dissolve a solvent company, this is by default done by a resolution which must be adopted by the general meeting. After this, a liquidator must be appointed. The final dissolution must be registered by the Danish Business Authority. The company can also be dissolved by declaration rather than liquidation, which is a more expedient process.

However, this is only when the limited liability company has paid all its creditors, and it entails that the shareholder(s) will be held liable for all debts, whether due or not and whether disputed or not, that were existing at the date of the declaration. Further, a company can be dissolved by a merger where one company integrates another or where both companies combine to make one new company. By contrast, the general meeting of a limited company can also decide to split up the company and thereby transfer assets and debts collectively to other existing or new companies.

Finally, the shareholders can decide to convert a public limited company into a private limited company or a limited partnership company – and the other way around. The managing body must ensure that all regulations of the new form of entity are complied with after such conversion.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company (Kapitalselskab)

The shareholders of the limited company must hold annual shareholders' meetings. The audited and approved annual report of all limited companies must annually be filed with the Danish Business Authority without undue delay after approval. The Danish Business Authority must receive the annual report no later than five months after the end of the financial year of the company. It is possible to have a financial year other than the calendar year, i.e., July 1 to June

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company (Kapitalselskab)

The term "management" covers both members of the board of directors, the supervisory board and the executive board. All limited companies need to have one or more general managers – together the executive board (Direktion). However, the choice of managing structure can vary depending on the form of the company chosen. A public limited company and a limited partnership company may choose between two management systems, which are both structured as a two-tier system:

A system with a board of directors responsible for the overall and strategic management of the company and an executive director or an executive board consisting of several managing directors responsible for the day-to-day management. The executive board is appointed and dismissed by the board of directors. An executive director or an executive board, which is responsible for the overall and strategic management as well as the day-to-day management.

The executive(s) must be appointed and dismissed by a supervisory board. The private limited company and the entrepreneur company can also choose to have a two-tier management system, but is not required to, as opposed to the public limited company and the limited partnership company. They may therefore choose either of the two options above or:

A system with only an executive director or an executive board. In this case, the executive board assumes the responsibilities that would otherwise have been those of the board of directors. In a public limited company and a limited partnership company, the board of directors the supervisory board must consist of at least three members while the same does not apply to neither the private limited company nor the entrepreneur company.

None of the limited companies are subject to requirements with regards to nationality or addresses for any member of the management. There are no rules that prohibits the members of the executive board from being members of the board of directors too. However, the majority of the board of directors cannot be members of the executive board and the chairman cannot be members of the executive board.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company (Kapitalselskab)

There is no requirement for a local corporate secretary in Denmark.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company (Kapitalselskab)

None beyond the required management and, where applicable, members of board of directors or supervisory board.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company (Kapitalselskab)

Limited companies must have a registered office in Denmark, but it does not have to be either owned or leased by the company.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company (Kapitalselskab)

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company (Kapitalselskab)

An address is needed, but here are no requirements as to the presence of directors or employees on that address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company (Kapitalselskab)

It is accepted that the limited company has its registered address at a law firm or third-party service provider, and as such the address can be a c/o-address at the office of another entity in Denmark.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company (Kapitalselskab)

There are no requirements as to the presence of directors or employees on their address or in Denmark in general. By default, all general meetings must be held at the registered office of the limited liability company, unless the articles of association specify that general meetings must or may be held elsewhere – for instance within a specified municipality. It is not required that general meetings or board meetings are held as physical meetings, as the general meeting and the meeting of the board of directors may pass a resolution on electronic communication.

However, the residential status of the entity might be compromised if none of the meetings are held in Denmark, which can be problematic from a tax perspective. Thus, it may be required that some of the management-services are performed effectively from Denmark. There are no further formal requirements in Denmark for the company's physical presence.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company (Kapitalselskab)

None of the limited companies are subject to requirements with regards to nationality or addresses of the shareholders, directors, officers or any member of the management

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company (Kapitalselskab)

Limited liability companies must keep a register of shareholders. The register of shareholders is the company's own register of all shareholders. As for registered shares (which is far the most common), information about the shareholder has to be entered into the register of shareholders. Previously, bearer shares could be issued, and they were only registered by serial numbers in the register of shareholders. Bearer shares can no longer be issued, and existing bearer shares shall be registered with the Danish Business Authority (not public).

Furthermore, shareholders must notify the company if the share capital or voting rights attached to the shares represent at least 5% of the total share capital or voting right. This information must be registered in the Public Register of Shareholders with the Danish Business Authority. The Public Register of Shareholders is accessible to both public authorities and the general public.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company (Kapitalselskab)

The executive board carries out the day-to-day management. If the company has a board of directors, the board of directors is responsible for the overall management of the company and appoints and supervises the directors. If the company has a supervisory board, this board supervises the directors of the company. A public limited company needs to have either a board of directors or a supervisory board. It is by far most common for a public limited company to have a board of directors.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company (Kapitalselskab)

The identity of registered executives and shareholders holding at least 5% of the share capital is publicly disclosed in the Public Register of Shareholders. The company must also publicly disclose information on the beneficial

ownership, if any. A beneficial owner is the physical person(s), who directly or indirectly, holds or controls more than 25% of the share capital or the votes, or who practices control by other means. The company is obliged to verify on an annual basis whether the information on beneficial owners is updated and correct. This could be handled at the annual general meeting.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company (Kapitalselskab)

Only one shareholder is mandatory and there is no maximum of shareholders. The executive board may consist of minimum one person and there is no maximum. A public limited company needs to have either a board of directors or a supervisory board. In both cases, the board must consist of at least three members.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company (Kapitalselskab)

Only one shareholder is required.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company (Kapitalselskab)

The shareholders have the authority to remove the board of directors or the supervisory board at a shareholders' meeting, and a member of the board of directors may resign at any time. The executive board is both appointed and dismissed by the board of directors. If the company has no board of directors, the executive board is dismissed by the general meeting. The limited company's articles of association may include provisions on appointment and removal of the board

REQUIRED AND OPTIONAL OFFICERS

Limited liability company (Kapitalselskab)

In a public limited company, the board of directors or the supervisory board need to appoint its chairman unless otherwise provided in the company's articles of association.

BOARD MEETING REQUIREMENTS

Limited liability company (Kapitalselskab)

No requirements regarding the frequency. Meetings must be convened in Danish unless at least half the board agree to hold the meeting in another language. Meetings may be completed in writing or using electronic communication unless one member of the board requires a verbal debate.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company (Kapitalselskab)

The board of directors or the supervisory board is quorate when more than half of its members are represented, unless a higher quorum is decided in the articles of association. However, resolutions cannot be passed without all members having been allowed to participate in the transaction of business, if possible. When the provisions of the Danish Companies Act and the company's articles of association in regard of notice have been complied with, the actual turnout will be able to vote on the general meeting. However, the articles of association may contain a provision regulating if a certain number of votes of the shareholders' general meeting is required in order to pass a resolution.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company (Kapitalselskab)

Banks will usually not open an account before the company is incorporated. All companies in Denmark are required to have a NemKonto/Easy Account. A company's Nemkonto is a designated bank account that receives payments from the public sector. The NemKonto can either be a bank account in Denmark or a designated foreign bank account. The expected timeline for opening a bank account in Denmark is around 2-3 weeks, often due to AML requirements and disclosing of KYC documentation.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company (Kapitalselskab)

A limited company encompassed by either reporting classes B, C or D pursuant to Danish Financial Statements Act must have its annual report audited by one or more independent auditors. A company within reporting class B can deselect to have the annual report audited if it fulfills at least two of the following conditions:

The average number of full-time employees during each of the two most recent financial years has exceeded 12

The company's reported balance sheet total for each of the two most recent financial years has exceeded DKK four million

The company's reported net turnover for each of the two most recent financial years has exceeded DKK eight million

Only auditors registered at the Danish Business Authority may carry out the auditing, however, auditors from another EU or EEA country may be registered in Denmark. Accounting documents must be kept in a manner ensuring that they can be easily made available for local authorities.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company (Kapitalselskab)

Stocks cannot be subscribed at a price below par.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company (Kapitalselskab)

The share capital may be increased or decreased by following the procedures stipulated in the Danish Companies Act, which generally requires a decision by a qualified majority of the shareholders. Adopted by the shareholders' meeting and the articles of associations must be changed accordingly (in general a majority of two thirds of the votes as well as of the represented capital at the shareholders' meeting is required to change the article of associations). The share capital may not be decreased below the company's legal minimum share capital.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company (Kapitalselskab)

Funds may be repatriated from Denmark when paid out to shareholders as dividend. Dividends may be paid to the shareholders without them having to pay withholding tax under certain conditions, eg, if the recipient is the rightful owner of at least 10% or more of the shares in the company.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company (Kapitalselskab)

In general, no restriction by law, but transferability may be restricted by specific legislation. Further, it is fairly common that the shareholders' agreement and/or the company's articles of association contain provisions regulating the transferability of shares. While a shareholders' agreement does not bind the company – and therefore has no effect on the validity of the decisions made by the general meeting – the agreement is still valid among the shareholders, and a violation of the shareholders' agreement will often result in the party in breach incurring liability.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company (Kapitalselskab)

The name is required information in the Memorandum of Association and the articles of association. The name must contain the name of the company form (A/S, ApS or IVS) and must be clearly distinguishable from the names of other enterprises registered by the Danish Business Authority.

The name must not include any family name, business name, distinctive name of real estate, trademark, distinctive mark or the like not belonging to the company.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company (Kapitalselskab)

There are no general "KYC" requirements applicable to all companies in Denmark. However, several specific businesses such as banking, law firms, accountants and real estate agencies are subject to the Danish Money Laundering Act, which contains certain "know your client" requirements. Business are required to provide sufficient and correct information upon request from the relevant authorities.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Such requirements depend on the type of business the company is conducting.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company (Kapitalselskab)

In general, there are no licenses required to conduct business in Denmark. However, some professions and activities require that you apply for a permit, license, obtain an admission or an authorization eg, banking business, food businesses, gambling providers, lawyers and auditors.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company (Kapitalselskab)

Shelf companies are not commonly used anymore as the incorporation process has been simplified and can now be carried out electronically in most cases on a day-to-day basis.

EGYPT



FORM OF ENTITY

Joint Stock Company (JSC)

A separate legal entity that may be a private company or a public company. It may offer its shares to public subscription, issue bonds and convertible securities and offer them to the public.

The name of a JSC must derive from its purpose and may include the name(s) of any of its shareholders.

Generally, there are no restrictions on foreign ownership and the JSC may be wholly owned by foreigners, except for companies operating in Sinai (see below) and companies engaging in activities that are restricted by law for foreigners to participate in, such as Commercial agency, which requires the company to be wholly owned by Egyptians or persons who have acquired and held Egyptian nationality for at least 10 years.

Importation activities for trading purposes which requires that 51 percent of the shareholders must be Egyptians and

Acquiring land and/or real estate in Sinai which requires that the company be wholly owned by Egyptians.

A company operating in Sinai must be established in the form of a JSC, 55 percent of its shareholders must be Egyptians, and it is subject to certain approval requirements. However, the foreign ownership restriction (ie, the requirement that 55 percent of the shareholders be Egyptians) may be waived for companies which conduct implementation of integrated development projects in Sinai, provided that the company has obtained a presidential decree, the required cabinet approval and any required approval of the competent local authorities.

Managed through a minimum of three board members appointed by the general assembly. The board of directors (BoD) is responsible for the company's management and performing the required activities to achieve its purpose. It may delegate powers to one or more of its members in order to Perform certain act(s) and oversee certain aspects of the company.

Exercise some of the BoD's powers and competencies and Undertake the actual management of the company.

All foreign BoD members must pass a security clearance, but the company can generally be incorporated and conduct business even before such security clearance has been obtained, provided that it has submitted a completed

application that is pending approval. However, and by way of exception, board members of certain foreign nationalities (routinely subject to change) require the security clearance to be issued prior to starting the entity's business. Foreign employees cannot exceed 10 percent of all of the employees of the JSC.

Limited Liability Company (LLC)

A separate legal entity that is a private company and its quotas cannot be listed or traded on any stock exchange.

An LLC may not issue bonds or other financial debentures that are offered to the public.

Quotaholders appoint one or more managers to manage the LLC. The manager(s) may act individually or jointly in accordance with the terms of the LLC's Articles of Incorporation (AoI). Juridical persons may not be appointed as a manager of an LLC.

One-Person Company (OPC)

Newly introduced to the Egyptian market (Law No. 4 of 2018 amending the Companies Law) 1 Formed by a sole founder, who can be either a natural or a juridical person.

An OPC's equity cannot be listed or traded on any stock exchange. An OPC cannot issue bonds or other financial debentures that are offered to the public.

Similarly to a JSC and LLC, there are generally no restrictions on foreign ownership except for activities that foreigners are prohibited from participating in (eg, commercial agency, importation activities for trading purposes and acquiring land and/or real estate in Sinai).

Managed through the founder (sole proprietor) of the company or one or more appointed manager(s).

Companies Law states that the rules governing the LLC are applicable to an OPC, unless otherwise provided. JSC, LLC and OPC collectively to be called "corporate entities" or "corporations" in some provisions in this guide. Corporate entities are subject to the Companies Law. The Companies Law regulates, inter alia, the operations of the company's corporate bodies such as the board of directors/managers, the general assembly and the matters related to the management and control of the company.

Further, depending on the type of the undertaken activities, Corporate entities may be established under the Investment Law No. 72 of 2017 and its Executive Regulations No. 2310 of 2017 (the Investment Law). In such a case, the Companies Law would apply to the extent that the Investment Law is silent to a certain matter. There are other entity types in Egypt but the ones listed above are the most commonly used.

Branch of a Foreign Corporation (Branch)

Not a separate legal entity. Foreign corporations can conduct business in Egypt via a local branch.

A foreign-based company (ie, parent company) can establish a branch in Egypt by registering with the General Authority for Investment and Free Zones (GAFI) as a foreign company carrying on business in Egypt.

A branch must be formed for the purpose of implementing specific public or private sector agreements in Egypt.

One or more branch managers, whether Egyptian or foreign, must be appointed to run the business activities in Egypt.

Business name must contain the name of a foreign-based company.

Representative Office (RO)

Not a separate legal entity.

Can only be used for studying the feasibility of production or carry out market surveys.

Cannot engage in any commercial activities or execute agreements with third parties on behalf of a foreign company. Companies Law no.159 of /1981 and its Executive Regulations No. 96 of 1982 as amended (the "Companies Law").

ENTITY SET UP

JSC

Minimum of 3 shareholders is required with no maximum limit; can be a natural or juridical person (given that it has in its purposes the establishment of such company).

Foreign shareholders in JSC are permitted. Foreign shareholders must pass security clearance

Taxed on its annual net profits and on its distributed dividends

Typical charter documents include:

Articles of Association (AoA)

Bylaws

Organizational board resolutions

General assembly resolutions

MCDR (as defined below) registration certificate and Commercial register In an effort to achieve dematerialization by moving to replace materialised share certificates (ie, physical shares) with centralized electronic book keeping, the amendments recently introduced to the Companies Law require all existing JSCs to register and deposit their shares with Misr ("Misr" means "Egypt" in the Arabic language) for Central Clearing, Depository and Registry (the MCDR). BoD has overall day-to-day management responsibility

LLC

Minimum of 2 quota-holders and a maximum of 50 quota-holders Taxed on its annual net profits and on its distributed dividends

Typical charter documents include:

Articles of Incorporation (AoI)

General assembly resolutions and Commercial register

The company's AoI sets forth how the business is to be managed. It must be managed by one or more managers appointed from its quota-holders or from third parties.

OPC

Wholly owned by one person; can be a natural or juridical person Taxed on its annual net profits and on its distributed dividends

Typical charter documents include:

AoI Founder's resolutions and Commercial register Founder has overall management responsibility in person or through appointed manager(s)

Branch

No partners are required GAFI approval is required to establish a branch and it must be registered with the Commercial Registration Department (CRD)

Typical charter documents include:

Commercial register and A foreign-based company's resolution of establishing a branch in Egypt

A branch must comply with applicable companies, taxation, labor, social insurance law and foreign exchange control regulations

RO

No partners are required

A parent company submits an application to establish RO to GAFI and it must be registered with the CRD Such application must specify foreign parent company's name, nationality, purpose, capital, head office location abroad, its Egyptian branch (if any) and the type of the RO required to be established in Egypt, its purpose and permanent/temporary address

All the aforementioned are to be attached with

The parent company's bylaws, AoA and a translation of their summary

The resolution of the parent company approving the establishment of the RO in Egypt The name of the RO's manager or temporary agent and

The proper fees

Typically, a charter document includes:

Commercial register and A parent company's resolution of establishing an RO in Egypt

RO must comply with applicable taxation, labor and social insurance law, and foreign exchange control regulations

MINIMUM CAPITAL REQUIREMENT

JSC

Minimum capital required is EGP250,000. However, the minimum capital of a JSC may vary depending on the company's activity and the decrees issued regulating such activity. In respect of the JSCs whose shares are offered to public subscription, the required minimum capital is EGP500,000.

LLC

No minimum capital requirement. It is determined by the quota-holders in the company's AoI. OPC Minimum capital required is EGP50,000.

Branch

Not applicable. The foreign-based company shall only deposit an amount equivalent to EGP5,000.

RO

Not applicable. The parent company shall only deposit an amount equivalent to EGP5,000.

LEGAL LIABILITY

JSC

Liability of JSC's shareholders remains limited to the value of their shares in a company and they are generally not liable for the debts of a JSC.

LLC

Quota-holders are generally not liable for the debts of an LLC aside from their individual contributions.

OPC

Founder is generally not liable for the debts of an OPC aside from his contribution to an OPC, unless:

Founder liquidates or suspends company's activity in bad faith prior to the end of its term or purpose

Founder enters into agreements under company's name prior to incorporation, where such agreements were not essential for incorporation or Personal and company funds of the founder were co-mingled

Branch

A foreign-based company is generally liable for the debts and other financial dues on a branch.

RO

The parent company is generally liable for the debts of the RO noting that the RO must not engage in any type of taxable commercial activities to avoid immediate termination of its registration.

TAX PRESENCE

Corporations

Corporate entity is subject to income tax at the rate of 22.5 percent of its annual net profits

Employees' salaries are subject to income tax

The company makes a withholding tax at the rate of 10 percent upon distribution of dividends. As an exception,

shareholders/quota-holders who own 25 percent of the company's shares/quotas for at least 2 years are subject to a withholding tax at a rate of 5 percent

Corporate entities must make social insurance contributions from both the employers and employees

Corporate entities, which sell goods or provide services that are subject to value-added tax (VAT) according to the VAT Law no. 67 of 2016, and whose annual turnover exceeds the amount of EGP500,000, must be registered with the Egyptian Tax Authorities (ETA) for VAT purposes. By way of exception to the abovementioned threshold, corporate entities may apply to be registered for VAT purposes even if their turnover does not exceed said threshold provided that:

Their annual turnover during the 12 months prior to filing the registration application must not be less than EGP150,000 or its paid up capital must not be less than EGP50,000 They have registered physical office space through which they perform their registered activity and

They have a valid tax card VAT at the rate of 14 percent, generally, is applied to all taxable local and imported goods and services, except:

Those specifically exempted by the VAT Law Machinery and equipment used in the production of such goods and services which shall be levied at 5 percent and All other products listed in the annex to the VAT Law which specifies the percentage of tax levied on them

Branch

A branch is subject to income tax at the rate of 22.5 percent of its annual net profits Branch employees' salaries are subject to an income tax

The branch makes a withholding tax at the rate of 10 percent upon distribution of dividends and social insurance contributions from both the employers and employees

Branches, which sell goods or provide services subject to VAT and whose annual turnover exceeds the amount of EGP500,000, must be registered with the ETA for VAT purposes VAT at the rate of 14 percent, generally, is applied to all taxable local and imported goods and services, except:

Those specifically exempted by the VAT Law Machinery and equipment used in the production of such goods and services which shall be levied at 5 percent and

All other products listed in the annex to the VAT Law, which specifies the percentage of tax levied on them

RO

An RO's employees are subject to income tax and social insurance contributions from both employers and employees.

INCORPORATION PROCESS

Corporate entities, branches and ROs require an approval from the GAFI or the Financial Regulatory Authority (FRA), in case of capital market activities, to establish them after submitting required documents. Moreover, they must be registered with the CRD. Work and residence permits for foreign employees, managers or officers must be obtained prior to starting any work in Egypt.

BUSINESS RECOGNITION

JSC

Well regarded and widely used.

LLC

Well regarded and widely used.

OPC

New entity form based on an attractive single founder structure.

Branch

Regularly used where there is a foreign company which requires a specific contract to be carried out in Egypt.

RO

Regularly used where the goal is to carry out market exploration and analysis as opposed to carrying out commercial activities.

SHAREHOLDER MEETING REQUIREMENTS

JSC

The shareholders supervise the management of the company through the general assembly. The general assembly shall be held upon the invitation of the company's chairman and shall be divided into ordinary general assembly (OGM) and extraordinary general assembly (EGM), each of which shall have its competences

Each shareholder shall have the right to attend the general assembly whether in person or by proxy by virtue of a written power of attorney or authorization. The shareholder who is not a member of the company's BoD shall not be entitled to appoint one of the board members to attend the general assembly on their behalf

The meeting of the general assembly shall be held at least once every financial year within the three months succeeding the end of the financial year of the company. The attendance and voting quorums of the OGM and EGM are determined in the AoA of the company in accordance with the Companies Law

The OGM is held to:

Approve the appointment and removal of the board member(s)

Supervise and release the board member(s) from liability

Approve the financial statements Approve the BoD's report regarding the company's activity

Approve the distribution of dividends and

Decide on the matters proposed by any of the board members, GAFI or shareholders holding 5 percent of the capital of the

JSC

The EGM is held to:

Decide on any amendment of the AoA of the company, taking into consideration the restrictions provided under the Companies Law

Consider the dissolution or continuation of the company in case its losses amounted to half the value of the shareholders' rights according to the recent financial statements and Issue preferential shares and increase the capital

LLC

Similar to a JSC, the quota-holders of an LLC supervise the management of the company through the general assembly (ie, the OGM and EGM, each of which shall have its competences). The general assembly shall be held upon the invitation of quota-holders representing at least one quarter of the company's capital

Each quota-holder shall have the right to attend the general assembly whether in person or by proxy by virtue of a written power of attorney or authorization. Quota-holders shall be entitled to appoint a third party (who is not a manger) to attend the general assembly on their behalf unless otherwise is provided under the AoI of the company

The meeting of the general assembly shall be held, at least once every year, during the three months succeeding the end of the financial year of the company.

The attendance and voting quorums of the OGM and EGM are determined in the AoI of the company in accordance with the Companies Law The OGM shall be held to:

Approve the appointment and removal of the manager(s)

Supervise and release the manager(s) from liability

Approve the financial statements

Approve the managers' report on the company's activity

Approve the distribution of dividends and

Decide on the matters proposed by any of the manager(s), GAFI or quota-holders holding 5 percent of the capital of the LLC

The EGM shall be held to:

Decide on any amendment of the AoI of the company, taking into consideration the restrictions provided under the Companies Law

Consider the dissolution or continuation of the company in case its losses amounted to half the value of the quota-holders' quotas according to the recent financial statements and Increase the capital

OPC

Not applicable, as the founder supervises the management of the company and has all powers of the general assembly. The founder of the company has the authority to decide on all company matters and, in particular, the following:

Amendment of the AoI of the company

Liquidation or dissolution of the company Increase or decrease the capital of the company, taking into consideration the minimum required capital for the OPC as provided under the Executive Regulations

Merging of the company and its transformation into another form of company and Appointment of one or more managers of the company and decide their competencies and authorities

All actions of the founder shall not be effective before a third party prior to its annotation in the commercial register.

Branch

Not applicable for this jurisdiction.

RO

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

JSC

At least three of BoD members must attend the meeting. The BoD shall meet at the invitation of its chairman or the majority of its members in case of a vacancy of the position of the chairman. A third of the board members may submit a written request to the chairman to hold a meeting. If the chairman fails to invite the board within ten days from the date of submitting the request, they shall invite the board to a meeting themselves and notify GAFI with such meeting. The meeting may be held outside the company's headquarter or by means of teleconference, video conference or circulation, including electronic signature, in accordance with the regulations specified by the Companies Law.

LLC

BoD meeting is not applicable under the Egyptian Laws for LLCs, but the quota-holders appoint manager(s) to manage a company. If the number of quota-holders is more than ten, control must be entrusted to a Board of Control (BoC) consisting of at least three quota-holders as determined in the AoI. Such BoC may require manager(s) to present reports, audit the books and documents of a company, take an inventory of treasury and financial stocks and request to show that the company validly exists and is in good standing. Moreover, the BoC controls financial statements of the company and annual report, develops a distribution of profits strategy and sends its report to quota-holders not less than 15 days before the next general assembly's meeting.

OPC

Not applicable for this jurisdiction. However, the founder appoints manager(s) to manage the company, determines their authorities and ratifies their signatures. Such manager(s) shall represent the company before courts and third parties and shall be responsible before the founder.

Branch

Not applicable for this jurisdiction.

RO

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Corporations

Annually file enterprise tax returns with tax authorities in addition to the required schedules and data within 60 days subsequent to the filing due date. By way of exception to the aforementioned, the Income Tax Law no. 91 of 2005 provides for certain circumstances whereby the company shall be exempted from the obligation of submitting the tax returns. In regards to VAT, Corporate Entities are generally required to file tax returns on monthly basis.

Branch

Annually file enterprise tax returns with tax authorities in addition to the required schedules and data within 60 days subsequent to the filing due date. By way of exception to the aforementioned, the Income Tax Law provides for certain circumstances whereby the branch shall be exempted from the obligation of submitting the tax returns. In regards to VAT, branches are generally required to file tax returns on monthly basis.

RO

Filing enterprise tax returns with tax authorities is not applicable for ROs under Egyptian laws as they cannot be engaged in commercial activities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Corporations

Corporate entities require initial registration. They shall be registered in the commercial registry office by virtue of the establishment certificate issued by GAFI. According to the Companies Law, GAFI is required to issue an establishment certificate upon being notified by the Corporate Entities provided that the required documents are attached to the establishment notification. There are additional obligations to file yearly audited financial statements as well as amendments to bylaws, AoI(s) and AoA(s) each time they are made.

Branch

A branch's establishment requires an initial approval from GAFI and must be registered in the CRD. Moreover, it must annually (within three months from the lapse of its financial year) submit to GAFI

A copy of its financial statements and an audit report

Names and nationalities of its manager(s)

Number, nationalities, titles and total payroll of its employees and determine the payroll of the Egyptian employees and Its profits and the distributed proportion to its employees

RO

An RO's establishment requires an initial approval from GAFI and must be registered in the CRD. Its registration certificate shall be issued for a period not exceeding one year and shall be subject to an annual renewal provided that the RO must be obliged to annually (at the beginning of each financial year) submit to GAFI (as may be requested)

Its employees' names, titles, nationalities and total payroll and determine the ratio of the Egyptian employees' payroll

Additional information concerning the RO's activities during the financial year and any amendments in relation thereto

Evidence that the parent company has been notified with the aforementioned

Decisions of the parent company in relation to the activities undertaken by the RO during the financial year and

A timeline schedule for the pending and finalized studies required to be done by the RO

BUSINESS EXPANSION

JSC Minimum three shareholders with no maximum limit

No need to change as business expands

If number of shareholders drops to be fewer than the minimum required number of persons, the entity may convert to an OPC corporation or increase the number of shareholders to no fewer than three natural or juridical persons

LLC

Minimum of 2 and maximum of 50 quota-holders

If number of quota-holders exceeds 50 persons, must convert to a JSC corporation or decrease the number of quota-holders to 50 persons

If number of quota-holders drops to be fewer than the minimum required number of persons, must convert to an OPC corporation or increase the number of quota-holders to two persons

OPC

Used exclusively for a sole proprietor entity. The whole structure of this type of company is based on one founder. Therefore, if more than one natural or juridical person becomes a founder in an OPC, the entity must convert to an LLC or JSC as applicable.

Branch

No need to change as business expands, to the extent that the purpose remains within the scope of activities mentioned in the commercial register.

RO

Not applicable for this jurisdiction, as ROs are prohibited from engaging in commercial activity.

EXIT STRATEGY

Corporations

Shareholders'/quota-holders'/founder's meeting approval (ie, the general assembly resolution) or court decision on dissolution and winding up an entity. Liquidator(s) will be assigned to run the liquidation process.

Branch

Parent company must submit a declaration to GAFI together with other required documents, stating its decision to close a local branch.

RO

Parent company must submit a declaration to GAFI together with other required documents, stating its decision to close the RO. A new comprehensive bankruptcy code has been adopted and implemented that codifies and organizes the liquidation process of an entity incorporated in the Arab Republic of Egypt.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

JSC

Annual shareholders' meeting (ie, the general assembly meeting) to approve appointment of independent financial auditor, financial statements and limit liability of and hold the board harmless when it acts within the scope of its authority. The meeting should be held, at least once every year, during the three months succeeding the end of the financial year of the company.

LLC

Annual quota-holders' meeting (ie, the general assembly meeting) to approve appointment of independent financial auditor, financial statements and limit liability of and hold the manager(s) harmless when they act within the scope of their authority. The meeting should be held, at least once every year, during the three months succeeding the end of the financial year of the company.

OPC

A founder has all powers of a general assembly; therefore, they annually submit audited financials, appoint an independent auditor and name managers.

Branch

A branch must annually submit a copy of its financial statements and an audit report, names and nationalities of its manager(s); number, nationalities, titles and total payroll of its employees and determine the payroll of the Egyptian employees, its profits and the proportion of the profit that was distributed to its employees to GAFI.

RO

An RO must annually submit to GAFI (as may be may requested), at the beginning of each financial year:

Its employees' names, titles, nationalities, total payroll and determine the ratio of the Egyptian employees' payroll

Any additional information regarding RO's activities during the financial year and any amendments in relation thereto

Evidence that the parent company has been notified with the aforementioned

Decisions of the parent company in relation to the activities undertaken by the RO during the financial year and A timeline schedule for the pending and finalized studies required to be done by the RO

DIRECTOR / OFFICER REQUIREMENTS

JSC

Minimum of three board members appointed by the general assembly for three years. As an exception, the term of the first appointed BoD can be five years from the date of incorporation

Management is typically named by the BoD

The BoD usually appoints, among its members, a chairman and vice-chairman to the company. The chairman represents the company before courts The powers and responsibilities of the company's chairman, executive chairman, board members and employees are usually provided under the company's AoA and its internal by-laws

LLC

At least one manager is required who is appointed for the first time by the quota-holders by virtue of a decision issued by the general assembly

The manager(s) shall have the responsibility to represent the company, unless otherwise provided under the company's AoI

The removal of the manager(s) shall be by virtue an EGM resolution. Such resolution is issued by the majority of three quarters of the quotas represented at the meeting

OPC

A founder can be a manager or can appoint manager(s).

Branch

One or more managers must be appointed to run the business activities in Egypt.

RO

At least one manager. A manager does not need to be an Egyptian national.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

The Egyptian laws provide for local representative requirements in regards to certain activities including, inter alia, the following:

Importation activities for trading purposes:

Manager(s) of the company conducting the importation activity and 51 percent of its shareholders must be Egyptians

Commercial agency activities:

Manager(s) and board members of the JSC participating in such activity are required to be Egyptians or have held Egyptian nationality for at least 10 years.

Additionally, it should be wholly owned by Egyptians or persons who have held Egyptian nationality for at least 10 years

Acquiring lands and/or real estates' in Sinai:

The company is required to be wholly owned by Egyptians and Operating in Sinai:

The company must be established in the form of JSC and 55 percent of its shareholders must be Egyptians Further, with regard to the Egyptian employees' ratio in Egyptian companies, the Companies Law provides that the number of the Egyptian employees should not be less than 90 percent of the manpower in corporate entities.

LOCAL OFFICE LEASE REQUIREMENT

An owned or leased registered physical office space is required for all types of entities.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Corporations

Corporate entities and their branches must have a registered office in Egypt. Branch Must have a registered office in Egypt.

RO

Must have a registered office in Egypt.

SUFFICIENCY OF VIRTUAL OFFICE

A physical presence is necessary for all types of entities.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not available in this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Shareholders/quota-holders/founders

There are no restrictions on foreign ownership. A company may be wholly owned by foreigners except in the event that the company participates in any activity that is restricted for foreigners by law, eg: A commercial agency which is required to be wholly owned by Egyptians or persons who have held Egyptian nationality for at least 10 years

Importation activities for trading purposes whereby 51 percent of the shareholders must be Egyptians and Acquiring of lands and/or real estate in Sinai whereby the company is required to be wholly owned by Egyptians

Security clearance must be obtained for foreign shareholders, quota-holders and founders

For foreign companies operating in Sinai and/or acquiring lands/real estate, certain security clearances may be required

Directors and officers

JSC

All board members may be non-Egyptians including the chairman and the managing director

Security clearance must be obtained for foreign board members

Work and residence permits for foreign employees including the board members must be obtained if they will reside and work in Egypt

An entity may conduct business while its security clearances are pending. However, and by way of exception, some foreign nationalities (routinely subject to change) require the security clearance to be issued prior to starting the entity's business. The time required to obtain the security clearance is subject to the discretion of the competent authority after the submission of all requested documents

There are some restrictions regarding the appointment of directors of some activities under the Egyptian laws which require the managers to be Egyptians such as importation for trade purposes and commercial agency

LLC

A company must be managed by manager(s) appointed by quota-holders whether Egyptians or foreigners Security clearance for a foreign manager(s) must be obtained

An entity may conduct business while its security clearances are pending. However, and by way of exception, some foreign nationalities (routinely subject to change) require the security clearance to be issued first prior to starting the entity's business. The time required to obtain the security clearance is subject to the discretion of the competent authority after the submission of all requested documents

Work and residence permits for foreign manager(s) must be obtained

There are some restrictions regarding the appointment of directors and some activities under the Egyptian laws require the managers to be Egyptians (eg, importation for trade purposes and commercial agency).

OPC

A company must be managed by manager(s) appointed by a founder. Manager does not need to be an Egyptian national

Security clearance for foreign manager(s) must be obtained

An entity may conduct business while its security clearances are pending. However, and by way of exception, some foreign nationalities (routinely subject to change) require the security clearance to be issued first prior to starting the entity's business. The time required to obtain the security clearance is subject to the discretion of the competent authority after the submission of all requested documents

Work and residence permits for foreign manager(s) and employees must be obtained

There are some restrictions regarding the appointment of directors and some activities under the Egyptian laws require the managers to be Egyptians (eg, importation for trade purposes and commercial agency)

Branch

A branch must be managed by a manager(s); manager does not need to be an Egyptian national. Security clearance must be obtained for foreign manager(s). Work and residence permits must be obtained for foreign manager(s).

RO

An RO must be managed by a manager(s); manager does not need to be an Egyptian national. Security clearance must be obtained for foreign manager(s). Work and residence permits must be obtained for foreign manager(s).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Corporations

None with respect to shareholders, quota-holders and founders except that all foreigners must obtain security clearance. There are some restrictions regarding appointment of directors, such as no minors, insolvent persons and no persons with criminal records.

Branch

A security clearance must be obtained for foreign-based companies. There are some restrictions regarding appointments of managers, such as no minors, insolvent persons, and no persons with criminal records.

RO

Security clearance must be obtained for parent company. There are some restrictions regarding appointment of managers, such as no minors, insolvent persons and no persons with criminal records.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Corporations

JSC's chairman, vice-chairman, managing director and, in case of LLCs and OPCs, their respective manager(s), shall represent and manage the company.

JSC

The Companies Law and AoA may reserve certain powers to the general assembly meeting, such as approving the financial statements, appointment and resignation of board members and amending AoA. All other powers, unless otherwise required by law, will be attributed to the BoD.

LLC

The Companies Law and AoI may reserve certain powers to the general assembly meeting, such as approving the financial statements, appointment and removal of managers, and amending of AoI. Unless otherwise required by applicable law, all other powers will be attributed to managers.

OPC

Founder of an OPC reserves all powers of a general assembly meeting and may appoint and remove manager(s).

Branch

Manager(s) represent a branch and run it under supervision and guidance of foreign-based company and in accordance with applicable Egyptian Law.

RO

Manager(s) represent the RO and operate it under supervision and guidance of a parent company and in accordance with applicable Egyptian law.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

JSC

Identities of the board members and officers of the company are disclosed in a company's commercial register. Where a company is a publicly listed company on the Egyptian Stock Exchange, identities of shareholders are publicly disclosed. Identities of shareholders of private, non-listed companies are not publicly disclosed.

LLC

Identities of quota-holders and manager(s) are disclosed in a company's commercial register.

OPC

Identities of a founder and a manager(s) are disclosed in a company's commercial register.

Branch

Identities of a foreign-based company and its manager(s) are disclosed in a company's commercial register.

RO

Identities of a parent company and its manager(s) are disclosed in a company's commercial register.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

JSC

Minimum of three shareholders and no maximum is required

Minimum of three board members LLC

Minimum of two quota-holders and a maximum of 50 If number of quota-holders is more than 10, control must be entrusted to a BoC, consisting of at least three of quota-holders Minimum one manager

OPC

Wholly owned by one person; can be a natural or juridical person Founder has overall management responsibility and may appoint manager(s)

Branch

Shareholders are not applicable At least one manager

RO

Shareholders are not applicable

One manager

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Please refer to Section (Minimum and Maximum Number of Directors and Shareholders) above.

REMOVAL OF DIRECTORS OR OFFICERS

Corporate entities

Generally, shareholders/quota-holders/founders may remove directors/managers at any time by virtue of a decision issued by the general assembly or they can resign. Managers and directors who are appointed in accordance with a labor contract governed by Labor law cannot be removed unless in accordance with the Labor Law. With regard to LLCs, the removal of the manager(s) shall be by virtue an EGM resolution. Such resolution shall be issued by the majority of three quarters of the quotas represented at the meeting.

Branch

A foreign-based company can remove manager(s) at any time, and subject to applicable provisions of labor law (if appointed in accordance with a labor contract that is governed by labor law).

RO

A parent company can remove manager(s) at any time, and subject to applicable provisions of labor law (if appointed in accordance with a labor contract that is governed by labor law).

REQUIRED AND OPTIONAL OFFICERS

JSC

Minimum of 3 board members. The general assembly meeting must be attended by at least 3 board members. A company's AoA may provide the number of BoD meetings to be held per year. LLC At least 1 manager is required who is appointed for the first time by the quota-holders. If the number of quota-holders is more than 10, then control must be entrusted to a BoC, consisting of a minimum of 3 quota-holders as determined in the AoI. No minimum number of meetings per year.

OPC

Not applicable for this jurisdiction. However, the founder appoints manager(s) to manage the company, determines their authorities and ratifies their signatures. Such manager(s) will represent the company before courts and third parties and be responsible to the founder.

Branch

Not applicable for this jurisdiction.

RO

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Please refer to "Board of Director Meeting Requirements" above.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

In conjunction with "Shareholders Meeting Requirements" and Section "Annual Corporate Maintenance Requirements," the required quorum for shareholder/quota-holders/founders and BoD meeting is as follows:

JSC Shareholders:

Ordinary General Assembly Meeting (OGM):

Shareholders representing at least one quarter of the company's capital must attend the OGM. The AoA of the company can stipulate a higher mandatory attendance not exceeding 50 percent of shareholders (ie, the company's capital). If this minimum is not met at a first meeting, the OGM will be called to a second meeting within 30 days subsequent to the first meeting

The invitation of the first meeting may determine the date of the second meeting (if the required minimum attendance of the shareholders is not met) unless otherwise is provided under the AoA of the company

A second meeting will be deemed valid regardless the number of shares represented in the meeting

Resolutions of the OGM shall be issued by an absolute majority of the shares represented at the meeting (50 percent plus one share of the attending shareholders)

The OGM must be attended by a minimum of three board members

Extra-Ordinary General Assembly Meeting (EGM):

The provisions regulating the OGM under the Companies Law apply to the EGM and take into consideration the following:

The company's BoD may invite the EGM to be held upon the request of the shareholders representing at least 10 percent of the company's capital provided that such shareholders must deposit their shares at the company's headquarter or in any approved bank. The shares should not be withdrawn except after dismissal of the EGM. If the board does not convoke the EGM during one month from the date of submitting the request, the applicants may recourse to GAFI which will address the invitation itself

Shareholders representing at least half of the company's capital must attend the EGM. If this minimum quorum is not present in a first meeting, then shareholders are invited to a second meeting to be held within 30 days from the date of a first meeting.

A second meeting will be considered valid if attended by a number of shareholders representing at least one quarter of the company's capital. Resolutions of the EGM are issued by a majority of two thirds of the shares represented in the meeting. If the resolution relates to the increase of the authorized capital, the diminution of the capital, the dissolution of the company before its term, changing its purpose or its merging or splitting, the voting majority shall be three quarters of the shares represented in the meeting

The EGM must be attended by a minimum of three board members

LLC Quota-holders:

Ordinary General Assembly Meeting (OGM):

Quota-holders representing at least half of capital must attend an OGM (unless the AoI of the company stipulates a higher proportion). If this minimum is not met at a first meeting, then an OGM will be called to a second meeting within 30 days after the first meeting. A second meeting will be deemed valid regardless of the represented number of shares

Resolutions of the OGM shall be issued by an absolute majority of the quotas represented at the meeting (50 percent plus one quota of the attending quota-holders)

The OGM must be attended by at least one manager and the auditor

Extra-Ordinary General Assembly Meeting (EGM):

Shareholders representing at least half of capital must attend the EGM. If this minimum quorum is not present in a first meeting, then shareholders are invited to a second meeting to be held within 30 days from the date of a first meeting

A second meeting will be considered valid if attended by a number of shareholders representing at least one quarter of capital. Every shareholder/quota-holder in JSC or LLC is entitled to attend the general assembly, personally or by a written proxy (ie, written power of attorney or authorization) Every Shareholder in JSC or LLC is entitled to attend the General Assembly of Shareholders, personally or by written proxy.

OPC

Not applicable for this jurisdiction.

Branch

Not applicable for this jurisdiction.

RO

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Corporations

Yes.

Branch

Yes.

RO Yes.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Corporations

Applicable to this jurisdiction. The provisions relating to the auditor of the JSCs shall also apply to LLCs and OPCs. In this regard, the company must appoint one or more certified auditors by its general assembly. The auditor has, at all times, the right to examine all the books, registers, and documents of the company and to demand information and explanations which is deemed to be essential for the fulfillment of the auditor's duties.

Branch

The provisions relating to the auditor of the JSCs shall apply to a branch.

RO

Not applicable for this jurisdiction.

REQUIREMENT REGARDING PAR VALUE OF STOCK

JSC

Minimum par value per share is EGP1 and maximum EGP1,000.

LLC

Quotas have to be equal in value.

OPC

Single founder with all equity issued to be of equal value.

Branch

Not applicable for this jurisdiction.

RO Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Corporations

Capital can be increased any time after incorporation. It requires an EGM's resolution and must be reflected in the AoI or AoA of the company and its commercial register. In case of a JSC, if the capital increase is within the authorized capital, such increase will not require an EGM's resolution and could be made by virtue of a BoD resolution.

Branch

Not applicable for this jurisdiction.

RO

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

No restrictions on the repatriation of funds of all entities outside of Egypt. Banking regulations will apply including Anti-Money Laundering requirements and providing legitimate reason for any transfer as may be required. However, it is worth noting that the exportation of Egyptian Pounds is prohibited if it exceeds an amount of EGP 5,000. Accordingly, funds exceeding the aforementioned EGP amount must be converted into any foreign free hard currency prior to repatriation.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

JSC

Shares can generally be transferred between shareholders or third parties, provided that the transfer of the in-kind shares is not made by founding shareholders within the first two financial years of the company and before the publication of the relevant financial statements and other related documents. By way of exception, subscribed shares may be assigned/transferred between the shareholders or to a board member if such subscribed shares are to be presented as a guarantee for their company's management, or from one of the board member's heirs to other shareholders except when there is restriction on the transferability in the AoA (such as: the pre-emption right).

For the transfer of shares to be complete in accordance with Egyptian law, the Egypt by another company or that infringes on an existing registered trademark or trade name or cause confusion or misunderstanding to the company's purpose or nature. An entity may submit its chosen name to GAFI for pre-approval.

JSC

A company's name can be derived from its purpose (refer to its activity) or from the names of its shareholders. A Joint Stock Company must have the words "Joint Stock Company" or "JSC" as part of its name.

OPC

A company's name may be derived from its purpose or from a name of its founder.

Branch

A branch must have the same name as a foreign-based company. The phrase "a branch of (name of foreign-based company)" must be added to a branch's name.

RO

An RO must have the same name as a foreign-based company. The phrase "an RO of (name of foreign-based company)" must be added to an RO's name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Approval from GAFI and the FRA is required as applicable.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Corporations

Egyptian law may provide for certain types of activities which require licenses, such as importation of goods for trade purposes, tourism and operating in Sinai.

LLC

LLC companies cannot engage in: Banking activities Deposit taking Insurance business Investment funds of third parties

Savings and

Any other activity restricted by virtue of the provisions of law

OPC

OPC companies cannot engage in:

Banking

Deposit taking

Insurance business

Investment funds of third parties

Savings Incorporation of an OPC

Public subscription (whether upon its incorporation or increasing its capital)

Division of the company's capital into exchangeable shares and Borrow by issuing tradable securities

Branch

A branch must be formed for the purpose of conducting specific public or private sector agreements in Egypt. Only certain types of activities require license, such as construction and building.

RO

An RO may not conduct commercial activities or execute agreements with third parties on behalf of a foreign company and can only conduct studying activities such as studying the feasibility of production or carry out market surveys.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction\

FINLAND



FORM OF ENTITY

Limited Liability Company (Fi: Osakeyhtiö, Oy)

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing general affairs of the company. Directors are elected by the shareholders of the Oy. The managing director (optional), who runs the day-to-day operations of the Oy, is appointed by the board of directors. Other officers are appointed by the board of directors or by the managing director.

Note: *There are other legal forms in Finland but the limited liability company is the most commonly used.*

ENTITY SET UP

Osakeyhtiö (Oy)

Unlimited number of shareholders

Generally no personal liability of the shareholders

Taxed on its earnings at a corporate level (currently 20%) and shareholders are taxed on any distributed dividends

Typical charter documents include:

Articles of association

Agreement of incorporation

Organizational board resolutions

Stock certificates

Stock ledger

Incorporated by registration with the Finnish Trade Register (Fi: Kaupparekisteri)

Board of directors has overall management responsibility; managing director has day-to-day responsibility

Shareholders typically purchase stock in the company; separate classes of shares with different rights (voting, dividends, etc.) are commonly used. Annual report is filed annually with the Finnish Trade Register (Fi: Kaupparekisteri)

MINIMUM CAPITAL REQUIREMENT

Osaakeyhtiö (Oy)

Private Limited Liability Company (Oy): €0 Public

Limited Liability Company (Fi: Julkinen osakeyhtiö, Oyj): €80,000

LEGAL LIABILITY

Osaakeyhtiö (Oy)

Shareholders of a company are generally not liable for the debts of a company aside from their financial contribution to the company.

TAX PRESENCE

Osaakeyhtiö (Oy)

The profits of an Oy are taxed at two levels (commonly referred to as double taxation). First, the Oy pays a corporate tax on its corporate income; then shareholders pay tax on the distributed profits from the Oy. Oy is subject to a Finnish corporate income tax rate, which currently amounts to 20%.

INCORPORATION PROCESS

Osaakeyhtiö (Oy)

Signing of agreement of incorporation, payment of (possible) share capital and registration of agreement of incorporation with the Trade Register.

BUSINESS RECOGNITION

Osaakeyhtiö (Oy)

Well regarded and widely used. Most commonly used is private company, and mainly only listed companies are public companies.

SHAREHOLDER MEETING REQUIREMENTS

Osaakeyhtiö (Oy)

Required to hold annual meeting of shareholders to vote on certain items, such as adoption of annual accounts and resolution on discharge from liability for members of the board of directors and the managing director.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Osaakeyhtiö (Oy)

No statutory minimum number requirement. In practice, at least one meeting needs to be held yearly.

ANNUAL COMPANY TAX RETURNS

Osaakeyhtiö (Oy)

Must annually file tax returns with the Finnish tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Osaakeyhtiö (Oy)

Initial registration, annual filings of annual accounts and filing of changes of registered issues.

BUSINESS EXPANSION

Osaakeyhtiö (Oy)

No need to change as business expands. If securities issued by the company are listed at a regulated market, then company must change its category from private to public.

EXIT STRATEGY

Osakeyhtiö (Oy)

File dissolution documents with the Trade Register.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Osakeyhtiö (Oy)

Annual shareholders' meeting which can be completed per capuslam, ie, by written consent by all shareholders, shall be held within 6 months after the end of each financial year. Annual reports are required to be filed with the registration authority.

DIRECTOR / OFFICER REQUIREMENTS

Osakeyhtiö (Oy)

A legal person may not serve as a director. A director must be over 18 years of age. He or she must not be declared bankrupt, be prohibited to carry on business or have a guardian.

LOCAL CORPORATE SECRETARY REQUIREMENT

Osakeyhtiö (Oy)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Osakeyhtiö (Oy)

In the event an Oy has no authorized representative (ie, board member, managing director or special company signatory) who is resident in European Economic Area (EU, Norway, Iceland and Liechtenstein), board of directors shall authorize a person who is resident in Finland to act as person authorized to receive service of process on behalf of the company.

LOCAL OFFICE LEASE REQUIREMENT

Osakeyhtiö (Oy) Not required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Osakeyhtiö (Oy)

Not required.

SUFFICIENCY OF VIRTUAL OFFICE

Osakeyhtiö (Oy)

An address is needed, but there are no requirements as to the presence of directors or employees at that address.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Osakeyhtiö (Oy)

Nominee directors are not allowed. Information about the shareholder has to be entered into the register of shareholders kept by the company. If shares are issued through the book-entry system, it is not prescribed that the registered account holder is the beneficial owner of the shares.

According to anti-money laundering legislation, companies which are not publicly listed are obligated to keep records of natural persons who are directly or indirectly beneficial owners of over 25% of shares or votes of the company or who have de facto control in the company. Companies which are not publicly listed are also obligated to register to the Trade Register natural persons who are directly or indirectly beneficial owners of over 25% of shares or votes of the

company or who have de facto control in the company. Registration must be made by July 1, 2020. Registration information is available to those who have under anti-money laundering rules the right to receive that information.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Osakeyhtiö (Oy)

Directors of the board are elected by the shareholders and are the highest authority in the management of the Oy; they govern the organization by establishing broad policies and objectives. A managing director is appointed by directors to manage the day-to-day operations of the Oy. Board of directors issues instructions regarding allocation of work between the board of directors and the managing director.

The managing director is always authorized to represent the company and sign documents on its behalf in matters related to the day-to-day management of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Osakeyhtiö (Oy)

Identity of directors and managing director is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly registered. Oy is, however, required to disclose the share ledger (which contains identity of shareholders) to anyone upon request.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Osakeyhtiö (Oy)

There must be a minimum of one shareholder, there is no limitation on the number of shareholders. Minimum director requirements: One director and one deputy director. Where the board consists of one or two directors, at least one deputy director must be appointed. There is no maximum number of directors requirement on the board of directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Osakeyhtiö (Oy)

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Osakeyhtiö (Oy)

The shareholders' meeting resolves upon removal of directors. Removal of managing director requires a board resolution. Directors and managing director may furthermore resign by notifying the board.

REQUIRED AND OPTIONAL OFFICERS

Osakeyhtiö (Oy)

Where the board consists of two or more directors, a chairman shall be appointed. Managing director is optional. The board of directors may appoint one or more specially authorized signatories with authority to represent and sign on behalf of the company (no decision-making powers).

BOARD MEETING REQUIREMENTS

Osakeyhtiö (Oy)

No statutory minimum number requirement. In practice, at least one meeting needs to be held yearly. A meeting can be held by telephone or completed via consents by all directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Osakeyhtiö (Oy)

For a shareholders' meeting, no specific quorum requirements apply. For directors, at least more than half of directors must be participating in a board meeting.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT

BE LOCAL?

Osaakeyhtiö (Oy)

Where the share capital shall be paid in cash, opening a bank account with a bank is required. The bank needs to be properly regulated, but it does not have to be Finnish.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Osaakeyhtiö (Oy)

An Oy shall have at least one auditor where the company fulfills more than one of the following conditions during the two most recent financial years:

The average number of employees exceeded three

The company's reported balance sheet total exceeded €100,000

The company's reported net turnover has exceeded €200,000

The appointed auditor shall be an authorized public accountant (HT or KHT) and has to be resident within the EEA. Furthermore, a registered accounting firm may serve as auditor. Accounting documents must be kept in a manner ensuring that they can be easily made available for local authorities and the auditor of the company.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Osaakeyhtiö (Oy)

Par value may be used but it is not mandatory.

INCREASING OF CAPITALIZATION IF NEEDED

Osaakeyhtiö (Oy)

The issue of new shares in relation to prior shareholdings may be decided by a simple majority of the shareholders meeting. If the issue is not in relation to prior shareholdings, a qualified majority will be needed. The shareholders meeting may authorize the board of directors to decide about the issue of new shares. The issue of new shares needs to be registered in the Trade Register. If the articles of association needs to be amended, a decision by the shareholders meeting with a qualified majority is needed.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Osaakeyhtiö (Oy)

Funds can be repatriated abroad from Finland via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Osaakeyhtiö (Oy)

The general rule under Finnish law is that shares may be freely transferred and acquired. Transferability may be restricted by provisions in the articles of association regarding only pre-emption clause and consent clause. Transferability may be restricted by provisions in a shareholders' agreement.

OBTAINING A NAME AND NAMING REQUIREMENTS

Osaakeyhtiö (Oy)

Company name is indicated in the articles of association. The Trade Register decides whether the name can be registered. The name must differ from other business names and trademarks in the company's line of business. The company name must include the word "Osaakeyhtiö" or abbreviation "Oy," or Swedish word "Aktiebolag" or abbreviation "Ab." Public companies are required to include words "Julkinen osakeyhtiö" or "Oyj," or Swedish word "Publikt aktiebolag" or "Abp."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Osaakeyhtiö (Oy)

In case the client plans to make transactions, investments, open bank account or similar, certain KYC requirements apply.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Osaakeyhtiö (Oy)

Typically, a majority of two thirds of the votes cast as well as represented at the shareholders' meeting must formally approve any amendment of the articles of association. Some amendments, such as changes in the legal relationship between shares or restrictions on the right to transfer shares in the company, require approval by all of the shareholders affected.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Osaakeyhtiö (Oy)

Typically none. Specific licenses may be required for certain types of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Osaakeyhtiö (Oy)

Shelf companies can be purchased from service providers.

FRANCE



FORM OF ENTITY

Société par actions simplifiée (SAS)

The SAS is an increasingly used type of company, mainly because of its great flexibility and low capital requirements. The SAS is a more flexible corporate form than the SARL which is a more binding vehicle. The SAS is essentially a simplified form of the SA. It has a number of advantages due to its flexibility such as:

The law does not impose a particular management structure for the SAS

There is greater freedom for organizing the management and operating structures of an SAS

The SAS does not have access to the capital markets and its shares cannot be listed on a stock exchange.

Société à responsabilité limitée (SARL)

Easy to set up and operate. Relevant for small businesses. One or more directors, who must not be corporate entities, but do not need to be shareholders. The SARL is a widely utilized form of corporation in France, mainly due to the number of advantages it offers to small businesses, such as low capital requirements and simple rules and regulations. It is more restrictive and less flexible than the SAS. Sweat equity permitted: a shareholder offers the company his time, work and professional knowledge (does not contribute to forming the capital but has right to shares in the company, share of profits and participation in collective decisions). The SARL does not have access to the capital markets and its shares cannot be listed on a stock exchange.

Société anonyme (SA)

The SA is an historical legal form mainly used by large corporations in France, as it enables public offering of shares. Tailored for large companies needing external capital by resorting to the market, it is a very complex form of company, not commonly appropriate for a first incorporation in France.

Branch of a foreign company

Under French law, an entity operating in France shall register with the French Registry of Commerce and Companies (RCS) only if it is conducting a "commercial activity." A foreign company is only required to register with the local Registry of Commerce and Companies when its operations in France constitute a permanent establishment, where an

autonomous activity (as opposed to "preparatory and auxiliary" activities) is being conducted and managed by an agent of the foreign company or a person who may bind the foreign company vis-à-vis third parties. Under French law, the branch is a direct form of implantation in France of a foreign company.

A branch is not a separate legal entity and is therefore deemed to be the same legal entity as the foreign company, which remains solely responsible for the operation of its branch in France. The main difference between a French branch and a French subsidiary is that:

A branch is a mere emanation of the parent company in France, with no legal existence or distinct assets or liabilities and

A subsidiary is an independent entity with its own legal existence, bylaws and capital contributions

As a consequence, the parent company: Has unlimited liability for any debts and liabilities incurred by the branch in France and

Has limited liability for the debts and liabilities incurred by its subsidiary (provided that the subsidiary is not incorporated under the form of a partnership, ie, SNC or civil company) in case it becomes insolvent (ie, limited to its initial capital contribution and the amount of any shareholder's loan which cannot be reimbursed within the context of a liquidation due to insufficiency of assets)

ENTITY SET UP

Société par actions simplifiée (SAS)

Unlimited number of shareholders

Generally no personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include:

Bylaws

Organizational shareholders' meeting resolutions

Share transfer register and shareholders' accounts

The president is the only required corporate body by law who gets the broadest powers to act in the name and on behalf of the company and to represent the company towards third parties

Shareholders typically purchase stock in the SAS, either common or preferred SAS does not have access to the capital markets and its shares cannot be listed on a stock exchange

Société à responsabilité limitée (SARL)

Up to 100 shareholders; only one class of stock allowed

Generally no personal liability of the shareholders

Typical charter documents include:

Bylaws

Organizational shareholders' meeting resolutions

Managing director(s) get(s) the broadest powers to act in the name and on behalf the company and to represent the company towards third parties Shareholders typically purchase stock in the SARL, but only one class of stock is allowed

Société anonyme (SA)

SA enables public offering of shares

Unlimited number of members allowed and at least two

Generally no personal liability of the members

Typical charter documents include:

Bylaws

Organizational shareholders' meeting resolutions

Share transfer register and shareholders' accounts

Shareholders typically purchase stock in the SA, either common or preferred

MINIMUM CAPITAL REQUIREMENT

Société par actions simplifiée (SAS)

The minimum is EUR1.

Société à responsabilité limitée (SARL)

There is a minimum of EUR1.

Société anonyme (SA) EUR37,000.

LEGAL LIABILITY

Société par actions simplifiée (SAS)

Shareholders of a SAS are generally not liable for the debts of a corporation aside from their financial contribution to the SAS.

Société à responsabilité limitée (SARL)

Shareholders of a SARL are generally not liable for the debts of a corporation aside from their financial contribution to the SARL.

Société anonyme (SA)

Shareholders of a SA are generally not liable for the debts of a corporation aside from their financial contribution to the SA.

TAX PRESENCE

Société par actions simplifiée (SAS)

Are subject to French taxes, including corporate income tax (33 1/3 percent), withholding tax on profits and business tax as well as VAT.

Société à responsabilité limitée (SARL)

Are subject to French taxes, including corporate income tax (33 1/3 percent), withholding tax on profits and business tax as well as VAT.

Société anonyme

(SA) Are subject to French taxes, including corporate income tax (33 1/3 percent), withholding tax on profits and business tax as well as VAT.

INCORPORATION PROCESS

Société par actions simplifiée (SAS)

Must apply for registration with the Registry of Commerce and Companies (RCS) with filing of the bylaws. Process can take from 48 hours to four weeks (in the event the company's registered office is located in the east of France) following the filing of the required documents with the Registry of Commerce and Companies and depending on the reactivity of the Registry of Commerce and Companies where the document shall be filed.

List of documents:

A copy of the bylaws and list of subscribers

A copy of the signed lease/sublease/domiciliation agreement

A copy of the certificate of deposit of funds issued by the bank/notary

A copy of the acceptance letter of the principal and substitute statutory auditors (if any)

A copy of the valid passport of the president and of the statement of non-conviction In the event the president to be appointed is a legal entity, an original of less than three months of the up-to-date company extract issued by the competent company register and a copy of the valid passport of the legal representative of the legal entity to be appointed as president

A copy of the valid passport of the general manager(s) and of the statement of non-conviction, if any

A copy of the valid passport of the members of the board and of their statement of non-conviction, if any, and

A copy of the beneficial owner declaration executed by the legal representative of the company: it is reminded that pursuant to the provisions of Articles L. 561-2-2, L. 561-46 à L. 561-50, R. 561-1 à R. 561-3 and R. 561-55 à R. 561-63 of the French Monetary and Financial Code, any French company (having its registered office in a French department) must file a declaration with the clerk's office of the Commercial Court regarding its ultimate beneficial owner (otherwise the legal representative will be liable with a fine of €7,500 and imprisonment).

In the event the beneficial owner changes, a new declaration must be filed within 30 days of this change For the beneficial owner to be disclosed, they must be an individual (not a legal entity) who:

Owns, directly or indirectly more than 25 percent of the share capital

Owns, directly or indirectly, more than 25 percent of the voting rights or

Has a power of control over the management of the declaring entity or over the general meetings of its shareholders

In the event it is not possible to determine the identity of the beneficial owner (ie, at the level of the top company, no individual fulfills one of the above criteria), the legal representative(s) of the declaring entity will have to be declared as beneficial owner; in the event the legal representative of the declaring entity is a legal entity, it will be necessary to declare the identity of the individual acting as legal representative of this legal entity.

In the event the company is incorporated with a clerk's office located in the east of France, originals of the documents will have to be filed.

Société à responsabilité limitée (SARL)

Must apply for registration with the Registry of Commerce and Companies (RCS) with filing of the bylaws. Process can take from 48 hours to four weeks (in the event the company's registered office is located in the east of France following the filing of the required documents with the Registry of Commerce and Companies and depending on the reactivity of the Registry of Commerce and Companies where the document shall be filed. List of documents:

A copy of the bylaws

A copy of the signed lease/sublease/domiciliation agreement

A copy of the certificate of deposit of funds issued by the bank/notary

A copy of the acceptance letter of the principal and substitute statutory auditors (if any)

A copy of the valid passport of the gérant and of the statement of non-conviction and

A copy of the beneficial owner declaration executed by the legal representative of the company: it is reminded that pursuant to the provisions of Articles L. 561-2-2, L. 561-46 à L. 561-50, R. 561-1 à R. 561-3 and R. 561-55 à R. 561-63 of the French Monetary and Financial Code, any French company (having its registered office in a French department) must file a declaration with the clerk's office of the Commercial Court regarding its ultimate beneficial owner (otherwise the legal representative will be liable with a fine of EUR7,500 and imprisonment). In the event the beneficial owner changes, a new declaration must be filed within 30 days of this change.

For the beneficial owner to be disclosed, they must be an individual (not a legal entity) who:

Owns, directly or indirectly more than 25 percent of the share capital

Owns, directly or indirectly, more than 25 percent of the voting rights or Has a power of control over the management of the declaring entity or over the general meetings of its shareholders

In the event it is not possible to determine the identity of the beneficial owner (ie, at the level of the top company, no individual fulfills one of the above criteria), the legal representative(s) of the declaring entity will have to be declared as beneficial owner; in the event the legal representative of the declaring entity is a legal entity, it will be necessary to declare the identity of the individual acting as legal representative of this legal entity. In the event the company is incorporated with a clerk's office located in the east of France, originals of the documents will have to be filed.

Société anonyme (SA)

Must apply for registration with the Registry of Commerce and Companies (RCS) with filing of the bylaws. Process can take from 48 hours to four weeks (in the event the company's registered office is located in the east of France) following the filing of the required documents with the Registry of Commerce and Companies and depending on the reactivity of the Registry of Commerce and Companies where the document shall be filed. List of documents:

A copy of the bylaws and list of subscribers

A copy of the minutes appointing the chairman of the board and the general manager

A copy of the signed lease/sublease/domiciliation agreement

A copy of the certificate of deposit of funds issued by the bank/notary

A copy of the acceptance letter of the principal and substitute statutory auditors (if any)

A copy of the valid passport of the directors, chairman of the board and general manager and of their statement of non-conviction and

A copy of the beneficial owner declaration executed by the legal representative of the company:

it is reminded that pursuant to the provisions of Articles L. 561-2-2, L. 561-46 à L. 561-50, R. 561-1 à R. 561-3 and R. 561-55 à R. 561-63 of the French Monetary and Financial Code, any French company (having its registered office in a French department) must file a declaration with the clerk's office of the Commercial Court regarding its ultimate beneficial owner (otherwise the legal representative will be liable with a fine of EUR7,500 and imprisonment). In the event the beneficial owner changes, a new declaration must be filed within 30 days of this change.

For the beneficial owner to be disclosed, they must be an individual (not a legal entity) who:

Owns, directly or indirectly more than 25 percent of the share capital

Owns, directly or indirectly, more than 25 percent of the voting rights or

Has a power of control over the management of the declaring entity or over the general meetings of its shareholders In the event it is not possible to determine the identity of the beneficial owner (ie, at the level of the top company, no individual fulfills one of the above criteria), the legal representative(s) of the declaring entity will have to be declared as beneficial owner; in the event the legal representative of the declaring entity is a legal entity, it will be necessary to declare the identity of the individual acting as legal representative of this legal entity. In the event the company is incorporated with a clerk's office located in the east of France, originals of the documents will have to be filed.

Branch of a foreign company

The required documents to incorporate a branch in France are:

1. Name of the legal representative in France of the branch, together with a copy of their valid passport

Name of the legal representative in the US, together with a copy of their valid passport and their personal address. (Please note that this person can be the same as in (1) above. Consequently, the French branch would have only one legal representative, acting in France and in the US)

A copy of the articles of association and of the bylaws of the US company, to be certified to conform to the original by the legal representative in France of the branch, together with a copy of a French translation, to be certified to conform to the original by the legal representative in France of the branch

Original of the certificate of incorporation of the US company issued by the relevant US authorities (dated less than three months) (to be certified as being original by the legal representative in France of the branch), together with a French translation, certified to conform the original by the legal representative in France of the branch

A short description of the business of the branch, the starting date of business and the number of employees, if any, at the time of the registration

A copy of the executed commercial lease or domiciliation contract for the premises where the French branch will be located (in French). We can provide for the whereabouts of a domiciliation company we are used to work with, if necessary, and

A copy of the beneficial owner declaration executed by the French representative of the French branch

BUSINESS RECOGNITION

Société par actions simplifiée (SAS)

Highly regarded and widely used.

Société à responsabilité limitée (SARL)

Highly regarded and widely used.

Société anonyme (SA)

Highly regarded for large companies but considered as a very complex form. Not appropriate for a first incorporation in France.

SHAREHOLDER MEETING REQUIREMENTS

Société par actions simplifiée (SAS)

According to the bylaws. Obligation to hold an annual meeting each year to approve the annual accounts.

Société à responsabilité limitée (SARL)

Obligation to hold an annual meeting each year to approve the annual accounts. Management structure SA can be incorporated in accordance with two different management structures:

Either with a board of directors (Conseil d'Administration), or

With an executive board (Directoire) and a supervisory board (Conseil de Surveillance)

Société anonyme (SA)

Obligation to hold an annual meeting each year to approve the annual accounts.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Société par actions simplifiée (SAS)

The law does not impose a particular management structure for the SAS except the appointment of a president. There is no obligation to have a board of directors but it can be organized by the bylaws.

Société à responsabilité limitée (SARL)

There is no board of directors in SARL.

Société anonyme (SA)

Meetings shall occur at least when required by law and the bylaws for the statement of the annual accounts, interim accounts (when applicable).

ANNUAL COMPANY TAX RETURNS

Société par actions simplifiée (SAS)

Must annually file tax returns with French tax authority.

Société à responsabilité limitée (SARL)

Must annually file tax returns with French tax authority.

Société anonyme (SA)

Must annually file tax returns with French tax authority.

BUSINESS REGISTRATION FILING REQUIREMENTS

Société par actions simplifiée (SAS)

Require initial registration, as well as annual filings. There are additional, on-going filing requirements including, in particular, an obligation to file its bylaws whenever they are amended and its yearly financial statements.

Société à responsabilité limitée (SARL)

Require initial registration, as well as annual filings. There are additional, on-going filing requirements including, in particular, an obligation to file its bylaws whenever they are amended and its yearly financial statements.

Société anonyme (SA)

Require initial registration, as well as annual filings. There are additional, on-going filing requirements including, in particular, an obligation to file its bylaws whenever they are amended and its yearly financial statements.

BUSINESS EXPANSION

Société par actions simplifiée (SAS)

No need to change as business expands.

Société à responsabilité limitée (SARL)

Number of shareholders limited to 100 people.

Société anonyme (SA)

No need to change as business expands.

EXIT STRATEGY

Société par actions simplifiée (SAS)

File dissolution and liquidation documents with the Registry of Commerce and Companies (RCS).

Société à responsabilité limitée (SARL)

File dissolution and liquidation documents with the Registry of Commerce and Companies (RCS).

Société anonyme (SA)

File dissolution and liquidation documents with the Registry of Commerce and Companies (RCS).

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Société par actions simplifiée (SAS)

Annual shareholders' meeting to approve once a year the financial statements within six months from the closing of the last financial year.

Société à responsabilité limitée (SARL)

Annual shareholders' meeting to approve once a year the financial statements within six months from the closing of the last financial year.

Société anonyme (SA)

Annual shareholders' meeting to approve once a year the financial statements within six months from the closing of the last financial year.

DIRECTOR / OFFICER REQUIREMENTS

Société par actions simplifiée (SAS)

Shareholders enjoy total freedom to set in the bylaws the composition of the management structure of the SAS. The only obligation is to have the SAS represented by a president.

Société à responsabilité limitée (SARL)

One or more manager(s) (Gérant(s)) appointed by the shareholders is/are required. The number of managers is freely determined by the bylaws. The SARL shall be managed by one or more individuals.

Société anonyme (SA)

One of the following management structures is required:

Either a board of directors with three to 18 members (Conseil d'Administration) or

An executive board (Directoire) (with a maximum of five members) with a supervisory board (Conseil de Surveillance) with three to 18 members

LOCAL CORPORATE SECRETARY REQUIREMENT

Société par actions simplifiée (SAS)

Not applicable for this jurisdiction.

Société à responsabilité limitée (SARL)

Not applicable for this jurisdiction.

Société anonyme (SA)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Société par actions simplifiée (SAS)

None beyond the required president.

Société à responsabilité limitée (SARL)

None beyond the required managing director(s).

Société anonyme (SA)

None beyond the required board of directors in the event of an SA with a board of directors (Conseil d'administration) or the required executive board (Directoire) with a supervisory board (Conseil de Surveillance) in the event of an SA with an executive board (Directoire) with a supervisory board (Conseil de Surveillance).

LOCAL OFFICE LEASE REQUIREMENT

Société par actions simplifiée (SAS)

Must justify the regular occupation of the registered office for incorporation.

Société à responsabilité limitée (SARL)

Must justify the regular occupation of the registered office for incorporation. Société anonyme (SA) Must justify the regular occupation of the registered office for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Société par actions simplifiée (SAS)

Not applicable. Management decisions to be taken in France.

Société à responsabilité limitée (SARL)

Not applicable. Management decisions to be taken in France.

Société anonyme (SA)

Not applicable. Management decisions to be taken in France.

SUFFICIENCY OF VIRTUAL OFFICE

Société par actions simplifiée (SAS)

SAS must be at least domicile in a domiciliation company (domiciliation agreement to be signed prior the process of incorporation). Société à responsabilité limitée (SARL) SARL must be at least domicile in a domiciliation company (domiciliation agreement to be signed prior the process of incorporation).

Société anonyme (SA)

SA must be at least domicile in a domiciliation company (domiciliation agreement to be signed prior the process of incorporation).

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Société par actions simplifiée (SAS)

Law firms cannot provide for a registered address. The accountant may provide for a local registered address. Société à responsabilité limitée (SARL) Law firms cannot provide for a registered address. The accountant may provide for a local registered address.

Société anonyme (SA)

Law firms cannot provide for a registered address. The accountant may provide for a local registered address.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Société par actions simplifiée (SAS)

Not applicable for this jurisdiction.

Société à responsabilité limitée (SARL)

Not applicable for this jurisdiction.

Société anonyme (SA)

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Société par actions simplifiée (SAS)

None.

Société à responsabilité limitée (SARL)

None.

Société anonyme (SA)

None.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Société par actions simplifiée (SAS)

Not applicable for this jurisdiction.

Société à responsabilité limitée (SARL)

Nominee shareholders do not apply. The managing director cannot be a corporate entity.

Société anonyme (SA)

Nominee shareholders do not apply. The chairman of the board/CEO or the members of the executive board cannot be a corporate entity.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Société par actions simplifiée (SAS)

The president is the highest authority in the management of the SAS and governs the organization by establishing broad policies, objectives, and overseeing day-to-day operations of the SAS.

Société à responsabilité limitée (SARL)

The managing director is appointed by the vote of shareholders holding more than half of the shares. They have the broadest powers to act in the SARL's interests, subject to powers that may be expressly attributed to the shareholders.

Société anonyme (SA)

Board of directors:

The managing director (ie, CEO or Directeur Général) has broadest powers to act in the SA's interests, with full authority to manage the SA and represent it vis-à-vis third parties. Executive board and supervisory board:

The executive board is vested with full authority to manage the SA. In principle, the chairman of the executive board represents the company vis-à-vis third parties. The supervisory board's sole function is to control the company's executive bodies.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Société par actions simplifiée (SAS)

Identity of the president is publicly disclosed. Identity of shareholders is not publicly disclosed.

Société à responsabilité limitée (SARL)

Identity of the managing director and of the shareholders is publicly disclosed.

Société anonyme (SA)

Identity of: Members of the board of directors and managing director or Members of the executive board and members of the supervisory board are disclosed Identity of shareholders is not publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Société par actions simplifiée (SAS)

A SAS may have one or more shareholders (either individuals or corporate entities). The number of shareholders is not limited. There must be only one president.

Société à responsabilité limitée (SARL)

Between one and 100 shareholders, either individuals or corporate entities. The number of managing directors is freely determined by the bylaws.

Société anonyme (SA)

Board of directors: from three to 18 members.

Executive board: from two to five (and up to seven members in listed companies).

Note that if stated capital is under EUR150,000, the executive board may be composed of only one person referred to as sole managing director (Directeur Général Unique).

Supervisory board: from three to 18 members.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Société par actions simplifiée (SAS)

One shareholder is sufficient.

Société à responsabilité limitée (SARL)

One shareholder is sufficient.

Société anonyme (SA)

The number of members may not be less than two. The number of members may not be less than seven if the company is a listed company.

REMOVAL OF DIRECTORS OR OFFICERS

Société par actions simplifiée (SAS)

Removal of the president allowed by a vote of the shareholders. Removal must not intervene within vexatious circumstances and the president must be able to defend their position with the shareholders prior to their removal.

Société à responsabilité limitée (SARL)

Removal of the manager allowed by a vote of the shareholders. Removal must nevertheless be motivated and shall not intervene within vexatious circumstances and the manager shall be able to defend their position with the shareholders prior to their removal. If dismissal is decided upon without just cause, it may give rise to damages.

Société anonyme (SA)

Removal of the CEO, the members of the executive board, the members of the board of directors, the chairman of the board of directors, the members of the supervisory board and the chairman of the executive board must not intervene within vexatious circumstances and they must be able to defend their position with the shareholders prior to their removal (note that the removal of the CEO or the members of the executive board shall be also motivated).

REQUIRED AND OPTIONAL OFFICERS

Société par actions simplifiée (SAS)

Only one president is required by law. Possibility to appoint (if it is provided in the bylaws) managing directors or a collegial governing body.

Société à responsabilité limitée (SARL)

Typically one or more manager(s) is/are required; any other optional officer is not allowed.

Société anonyme (SA)

Board of directors: one individual to be the chairman of the board and CEO or two individuals to be chairman and CEO respectively is/are required. The board may appoint, upon the CEO's proposal, one or more persons to act as executive managing directors (Directeurs Généraux Délégués).

Executive board: an executive board comprises generally two to five members who shall be individuals. A managing director (Directeur Général) may be appointed by the supervisory board with full authority to represent the company vis-à-vis third parties, if the bylaws so provide. If stated capital is under EUR150,000, the executive board may be composed of only one person referred to as sole managing director (Directeur Général Unique).

BOARD MEETING REQUIREMENTS

Société par actions simplifiée (SAS)

According to the bylaws.

Société à responsabilité limitée (SARL)

None.

Société anonyme (SA)

According to the bylaws and the French Commercial code, the board of directors must meet at least once a year to close the annual accounts and convene the shareholders' meeting called to approve the annual accounts; the executive board must meet at least once a year to close the annual accounts and convene the shareholders' meeting called to approve the annual accounts, and the supervisory board must meet at least four times per year.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Société par actions simplifiée (SAS)

According to the bylaws.

Société à responsabilité limitée (SARL)

For an ordinary general meeting, no quorum is required. For an extraordinary general meeting (mainly for any decisions which imply a change of the bylaws): If the company is incorporated before August 4, 2005:

no quorum is required If the company is incorporated after August 4, 2005:

the general meeting's proceedings shall be considered valid only if the members present or represented have at least the quarter of shares when first convened and the fifth of those shares if the meeting is reconvened

Société anonyme (SA)

An ordinary general meeting, may validly deliberate when first convened only if the shareholders present or represented hold at least one fifth of the voting shares. Companies whose shares are not admitted to trading on a regulated market may provide for a higher quorum in their articles of association. If it is reconvened, no quorum is required. It makes its decisions on a majority of the votes held by the shareholders present or represented.

An extraordinary general meeting (mainly for any decisions which imply amendments of the bylaws), may validly deliberate when first convened only if the shareholders present or represented hold at least one quarter of the voting shares and, if reconvened, one fifth of the voting shares. Failing this, the second meeting may be postponed to a date not later than two months after the date originally scheduled.

Companies whose shares are not admitted to trading on a regulated market may provide for higher quorums in their constitution. The extraordinary general meeting shall make its decisions on a majority of two thirds of the votes held by the shareholders present or represented.

Quorum and majority for board of directors:

Quorum: the board of directors may validly deliberate only if at least half of its members are present.

Majority: unless the bylaws require a larger majority, the decisions are taken on a majority vote of the members present or represented.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Société par actions simplifiée (SAS)

Initial capital contribution must be deposited prior to incorporation on a local bank account, or at the "Caisse des Dépôts et consignations," or a notary bank's account.

Société à responsabilité limitée (SARL)

Initial capital contribution must be deposited prior to incorporation on a local bank account, or at the "Caisse des Dépôts et consignations," or a notary bank's account.

Société anonyme (SA)

Initial capital contribution must be deposited prior to incorporation on a local bank accounts or at the "Caisse des Dépôts et consignations," or a notary bank's account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Société par actions simplifiée (SAS)

If the SAS is under the control of another company or controls a company, it is mandatory to have statutory auditors. The SAS must also have statutory auditors when it meets two of the three following thresholds: A balance sheet amounting at least to EUR4 million A turnover of at least EUR8 million (taxes excluded) and 50 employees Company's books are kept locally.

Société à responsabilité limitée (SARL)

Statutory auditor is necessary if SARL exceeds two of the following three thresholds: Pre-tax turnover over EUR8 million Total balance sheet over EUR4 million or 50 employees

Société anonyme (SA)

SA is required to have a statutory auditor when it meets two of the three following thresholds (no need to have an alternate statutory auditor when the principal statutory auditor is a legal entity):

A balance sheet amounting at least to EUR4 million

A turnover of at least EUR8 million (taxes excluded) and 50 employees

REQUIREMENT REGARDING PAR VALUE OF STOCK

Société par actions simplifiée (SAS)

There is no statutory minimum par value of stock.

Société à responsabilité limitée (SARL)

There is no statutory minimum par value of stock.

Société anonyme (SA)

There is no statutory minimum par value of stock.

INCREASING OF CAPITALIZATION IF NEEDED

Société par actions simplifiée (SAS)

Effectuated by amending the bylaws which requires a majority of the shareholders according to the provisions of the bylaws. In the event of a capital increase, the shareholders have a preferential subscription right.

Société à responsabilité limitée (SARL)

Effectuated by amending the bylaws, which requires a majority of the shareholders.

Société anonyme (SA)

Effectuated by amending the bylaws, which requires a majority of the shareholders. In the event of a capital increase, the shareholders have a preferential subscription right.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Société par actions simplifiée (SAS)

Funds can be repatriated abroad via dividends, distribution of reserves or capital reduction by redemption of shares.

Société à responsabilité limitée (SARL)

Funds can be repatriated abroad via dividends, distribution of reserves or capital reduction by redemption of shares.

Société anonyme (SA)

Funds can be repatriated abroad via dividends, distribution of reserves or capital reduction by redemption of shares.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Société par actions simplifiée (SAS)

Shares are freely transferable, unless otherwise provided in the bylaws.

Société à responsabilité limitée (SARL)

The transfer of shares to a third party is subject to the prior approval of the majority of the shareholders representing at least half of the shares comprising the share capital. The transfer of shares must be notified to the SARL to be enforceable against the SARL and third parties. Société anonyme (SA) Shares are freely transferable, unless otherwise provided in the bylaws.

OBTAINING A NAME AND NAMING REQUIREMENTS

Société par actions simplifiée (SAS)

Must check that the name of the SAS has not already been registered with the French Trademark and Patent Office (Institut national de la propriété industrielle).

Société à responsabilité limitée (SARL)

Must check that the name of the SARL has not already been registered with the French Trademark and Patent Office (Institut national de la propriété industrielle).

Société anonyme (SA)

Must check that the name of the SA has not already been registered with the French Trademark and Patent Office (Institut national de la propriété industrielle).

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Société par actions simplifiée (SAS)

Not required from a corporate law standpoint. However, at the time of the opening of a bank account in the name of the company, the bank will ask for KYC documents.

Société à responsabilité limitée (SARL)

Not required from a corporate law standpoint. However, at the time of the opening of a bank account in the name of the company, the bank will ask for KYC documents.

Société anonyme (SA)

Not required from a corporate law standpoint. However, at the time of the opening of a bank account in the name of the company, the bank will ask for KYC documents.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Société par actions simplifiée (SAS)

The bylaws freely determine the quorum and majority criteria, it being specified that the amendments of some specific provisions of the bylaws such as the exclusion of a shareholder must be adopted by an unanimous decision.

Société à responsabilité limitée (SARL)

For an extraordinary general meeting (mainly for any decisions which imply a change of the bylaws): If the company is incorporated before August 4, 2005, the amendments to the bylaws shall be decided by the shareholders representing at least three-quarters of shares. If the company is incorporated after August 4, 2005, the amendments to the bylaws shall be decided by the shareholders representing at least two-thirds of shares.

Société anonyme (SA)

For an extraordinary general meeting (mainly for any decisions which imply a change of the bylaws), the amendments to the bylaws shall be decided by the shareholders representing at least two thirds of the shares.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Société par actions simplifiée (SAS)

The exercise of certain businesses is subject to administrative authorization or prior approval (eg, chartered accountant, removal firm and goods traffic).

Société à responsabilité limitée (SARL)

The exercise of certain businesses is subject to administrative authorization or prior approval (eg, chartered accountant, removal firm and goods traffic).

Société anonyme (SA)

The exercise of certain businesses is subject to administrative authorization or prior approval (eg, chartered accountant, removal firm and goods traffic).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Société par actions simplifiée (SAS)

Not applicable for this jurisdiction.

Société à responsabilité limitée (SARL)

Not applicable for this jurisdiction.

Société anonyme (SA)

Not applicable for this jurisdiction.

GERMANY



FORM OF ENTITY

GmbH – limited liability company

The GmbH is a company for all kinds of business with a corporate organization and its own legal personality. The shareholders mainly control the company by instructing the managing directors. It has a share capital, which matches the sum total of the share contributions to be made by the shareholders. Only the company is liable to creditors for corporate debts. The legal frame allows individual formation to a certain extent. Note: Additional forms of entity structures also exist and could be useful in some instances but are not covered in this guide either because they are less commonly used types of entity structures or not as likely to be relevant to the reader.

ENTITY SET UP

Partnerships GbR (Gesellschaft bürgerlichen Rechts), oHG (Offene Handelsgesellschaft), KG (Kommanditgesellschaft), GmbH & Co. KG

Require no minimum share capital, and

At least one partner is personally unlimited liable

Corporations GmbH (Gesellschaft mit beschränkter Haftung) – Limited Liability Company:

One or more partners EUR 25,000 minimum share capital

Liability limited to share capital

Most popular legal form in Germany, and

Individual formation possible due to very few mandatory provisions

UG (Unternehmergesellschaft haftungsbeschränkt) – Limited Liability Entrepreneurial Company: One or more partners EUR 1.00 minimum share capital Liability limited to share capital, and Strict requirements to accumulate yearly earnings

AG (Aktiengesellschaft) – Stock Corporation: One or more partners EUR 50,000 minimum share capital Liability limited to stock capital

Generally addresses a larger number shareholders, and Stocks fungible and can be traded at the stock markets KGaA

(Kommanditgesellschaft auf Aktien) – Partnership limited by Shares:

Two partners or more:

at least one as general partner and one as limited partner EUR 50,000 minimum share capital

General partner is personally liable without limitation (but a limited liability partner can be the general company), and

Limited partner's liability is limited to his share

MINIMUM CAPITAL REQUIREMENT

GmbH – limited liability company

There is a minimum of EUR 25,000.

LEGAL LIABILITY

GmbH – limited liability company

Shareholders are not liable to creditors if the share contribution has been paid in.

TAX PRESENCE

GmbH – limited liability company

A GmbH is usually taxed on two levels:

Firstly, it is subject to corporate income tax (Körperschaftsteuer)

On the second level, a GmbH is subject to trade tax (Gewerbesteuer), which is imposed by local municipalities (ie, the town or city where the company is based)

Companies are obliged to add value-added tax (VAT – Mehrwertsteuer) to the prices of their goods or services and to invoice their customers accordingly.

INCORPORATION PROCESS

GmbH – limited liability company

Notarial certification for the articles of association to be filed with the local commercial register (Handelsregister).

BUSINESS RECOGNITION

GmbH – limited liability company

Most popular legal form in Germany. However, some people might feel more secure contracting with bigger companies, especially stock companies (AG) or smaller companies where the partners are subject to personal liability.

SHAREHOLDER MEETING REQUIREMENTS

GmbH – limited liability company

Generally, a written invitation by the managing directors (including the necessary information) is used. Requirements are set out in the German limited liability company Act (GmbHG) and/or in the articles of association. At least one shareholder meeting each year to agree on accounts.

BOARD OF DIRECTOR MEETING REQUIREMENTS

GmbH – limited liability company

Requirements depend on the respective articles of association.

ANNUAL COMPANY TAX RETURNS

GmbH – limited liability company

Must file tax returns annually for corporate income, trade and value added tax with the competent tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

GmbH – limited liability company

Both initial registration, as well as annual filings can be necessary. Germany recently implemented the transparency register by an amendment of its Money Laundering Act. Companies such as GmbH, AG, KG and KGaA have to submit to the transparency register specific information about their beneficial owner if a natural person holds directly or indirectly 25% or more. Such a filing with the transparency register is not required if the same information can already be retrieved from the German commercial register or the 25% threshold is not triggered.

BUSINESS EXPANSION

GmbH – limited liability company

No need to change as business expands. It is also possible to open up branches of a German entity in order to expand in Germany. There are two groups:

Independent branch (selbständige Zweigniederlassung)

Dependent office/site (unselbständige Zweigniederlassung)

The main distinctive feature is the dependency on the head office company. Whereas the independent branch engages in business activities independently (i.e., a spatial and organizational separation, independent participation in the course of business, own management with the required proxies, separate accounting and separate business assets), the dependent office/site can make out invoices only in the name of the head office company.

As a consequence, while the independent branch is required to register, the dependent office/site establishment does not have to be entered in the commercial register. It is only necessary for the business activity that is being practiced to be notified at the responsible trade office (Gewerbe-/Ordnungsamt). Both groups are not separate legal entities.

EXIT STRATEGY

GmbH – limited liability company

The dissolution resolution by the shareholders starts the liquidation proceedings. The liquidation process takes at least one year. At the end of the liquidation process there is the ending and deletion of the company in the commercial register.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

GmbH – limited liability company

Annual accounts have to be filed with the German Federal Gazette (Bundesanzeiger). The auditing of the annual financial statements is mandatory for large and medium-sized GmbHs in accordance with German Commercial Law.

DIRECTOR / OFFICER REQUIREMENTS

GmbH – limited liability company

Managing directors are required (at least one). A supervisory board is optional, unless the Company is subject to co-determination (500 employees and above), then, the supervisory board is mandatory.

LOCAL CORPORATE SECRETARY REQUIREMENT

GmbH – limited liability company

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

GmbH – limited liability company

None.

LOCAL OFFICE LEASE REQUIREMENT

GmbH – limited liability company

Filing for incorporation requires an office in Germany. A lease is not required, however, a full postal address suitable for formal service of documents must be given. The actual location of the administrative headquarter can differ and

therefore be in a foreign country as well.

OTHER PHYSICAL PRESENCE REQUIREMENTS

GmbH – limited liability company

None.

SUFFICIENCY OF VIRTUAL OFFICE

GmbH – limited liability company

Yes, generally possible. However, you still need a registered office address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

GmbH – limited liability company

Yes, but should be only an interim solution as this bears the risk of not having enough "substance" from a tax perspective. However, in the recent past some commercial register judges have refused to register an address of a law firm. Therefore, it might not be possible to register in the future with an address of a law firm or third-party provider.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

GmbH – limited liability company

No local directors required.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

GmbH – limited liability company

None as long as they can easily enter Germany (or obtain easily a Visa).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

GmbH – limited liability company

None with respect to the shareholders. Directors must meet certain requirements under the German limited liability company Act (GmbHG).

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

GmbH – limited liability company Internally, the shareholders are the predominant organ. They can issue binding instructions to the directors to carry out certain actions, decide on rules of procedure and/or the basic direction of the business. The articles of association define the authority and the limitations, as long as legally allowed (ie, there needs to be a core competency for the managing directors).

A number of actions are mandatory managing directors' responsibilities (such as filing for insolvency). The managing directors represent the company vis-à-vis third parties and run the company. Their power of attorney has unlimited external legal effect, and, thus, even binds the company if internal restrictions of their representational powers are violated.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

GmbH – limited liability company

The commercial register contains a list of the shareholders. The managing director is listed in the commercial register as well.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

GmbH – limited liability company

One shareholder. One director, who can be the only shareholder (managing shareholder).

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

GmbH – limited liability company

One shareholder.

REMOVAL OF DIRECTORS OR OFFICERS

GmbH – limited liability company

The shareholders resolve on the appointment of the managing directors. The recall of a managing director is possible at any time and without notice by the executive organ stated in the statutes. Recall must be recorded in the commercial register.

Please note that German law distinguishes between the position as managing director and the contractual relationship based on the service agreement. The termination of the service agreement is subject to the agreed notice period.

REQUIRED AND OPTIONAL OFFICERS

GmbH – limited liability company

None.

BOARD MEETING REQUIREMENTS

GmbH – limited liability company

There is no statutory requirement to have board meetings. Requirements depend on the respective articles of association.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

GmbH – limited liability company

There are no statutory quorum requirements for shareholder and board meetings. Requirements can be regulated in articles of association.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

GmbH – limited liability company

The share capital must be paid to an account of the company to be established. It is possible to use a foreign bank account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

GmbH – limited liability company

The GmbH is obliged to prepare financial statements. It is obliged to draw up a balance sheet (annual balance sheet) and a profit and loss account at the end of every fiscal year. In addition, the annual financial statements are to be extended by notes with explanations. They must be drawn up in the German language. Auditing of the annual financial statements is mandatory for large and medium-sized limited liability companies. There is no statutory rule where the books have to be kept.

REQUIREMENT REGARDING PAR VALUE OF STOCK

GmbH – limited liability company

The registered nominal amount must be at least EUR 1,00 per share and – in case of a higher amount per share – must be a full Euro amount.

INCREASING OF CAPITALIZATION IF NEEDED

GmbH – limited liability company

Effected by amending the articles of association, which requires a notarized shareholders' resolution.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS

OR REDEMPTION)

GmbH – limited liability company

Funds can be repatriated abroad from Germany via profit withdrawal in accordance with the relevant tax provisions. No exchange control exists.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

GmbH – limited liability company

Shares are generally transferable. However, the articles of association can restrict the transfer (ie by implementing approval requirements).

OBTAINING A NAME AND NAMING REQUIREMENTS

GmbH – limited liability company

The name has to be distinct and must show the legal form (GmbH).

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

GmbH – limited liability company

The German "Know Your Client" requirements are based on the European provisions. Most common applicable law is the Anti-Money Laundering Act (Geldwäschegesetz). Thereunder, transactions are subject to different identification and reporting requirements, with penalties resulting from non-compliance. These vary from simple proof of identification (for individuals) or a physical/electronic record of the company, to simple or enhanced due diligence, depending on the risk.

For instance, Politically Exposed Persons (PEPs) are always subject to an enhanced due diligence process. The reporting is made to the Criminal Investigation Department of the relevant state and to the central Criminal Investigation Department of Germany (Central Division for Suspicious Activity Reports (Financial Intelligence Unit FIU)).

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

GmbH – limited liability company

The shareholders resolve on amendments. The resolution must have a majority of three-quarters of the votes cast. The articles of association can provide additional approval requirements. The resolution needs to be notarized. Amended articles of association need to be filed with the commercial register.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

GmbH – limited liability company

Before starting their business operations, all business operators must inform the trade office (Gewerbe/Ordnungsamt) of the town or local district in which the business operation is located. In some additional sectors, business licenses are necessary (eg, pharmacies, property developers, real estate agents, brokers, security firms, pubs and hotels, and banks).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

GmbH – limited liability company

The purchase of a shelf company is feasible and requires a share purchase agreement. After the purchase of the company and its application for registration with the commercial register, you may take up business.

GREECE



FORM OF ENTITY

Societe (S.A.)

A societe anonyme is a legal entity where liability can be imposed solely on its assets and not personally on its shareholders. A societe anonyme is a company managed by its general meeting of shareholders and its board of directors. The board of directors is competent to decide on every act concerning the management of the company, the administration of its assets and the pursuance of the company's business activities in general. Directors are elected by the shareholders of the company. Officers, who run the day-to-day operations of the company, are appointed by directors.

Limited liability company (L.T.D.)

Separate and distinct legal entity. Shareholder (partner) liability is limited solely to the assets of the company. The governing body of the company is the partners meeting (assembly) which is responsible for making major business decisions and overseeing general affairs of the company. The director (administrator) of the company is elected by the company's partners and is the legal representative and responsible for managing the day-to-day operations and business of the company.

Private company (P.C.)

Separate and distinct legal entity. Shareholder (partner) liability is limited solely to the assets of the company. The governing body of the company is the partners meeting (assembly) which is responsible for making major business decisions and overseeing general affairs of the company. The director (administrator) of the company is elected by the company's partners. Director is the legal representative of the company and is responsible for managing the day-to-day operations of the company.

ENTITY SET UP

Societe anonyme (S.A.)

Unlimited number of shareholders but can be also formed as a single member company, namely as a company with

one shareholder, either a natural or a legal person

Generally, no personal liability of the shareholders

Typical documents:

The Act of establishment of a *societe anonyme*

The Articles of Association of a *societe anonyme*, which are subject to publicity

Shareholders are not personally liable, but the company is liable with its own assets

Taxed on its earnings at a corporate level, and partners are taxed on any distributed dividends (withholding tax)

The *societe anonyme* can be formed before a notary public with a notarial deed or with a private document where the articles of association are included

Board of directors has overall main management responsibilities; officers have day-to-day responsibilities

Shareholders typically purchase the shares of the company

Limited liability company (L.T.D.)

Can be formed as a single member company, namely as company with one partner who is either a natural or a legal person There is no restriction to the number of partners, who can be either individuals or legal entities

Partners are not personally liable, but company is liable with its own assets

Taxed on its earnings at a corporate level, and partners are taxed on any distributed dividends (withholding tax)

The LTD can be formed before a notary public with a notarial deed or with a private document where the articles of association are included Articles of association set forth how the business has to be managed

Partners typically contribute in cash or in kind (eg, real estate property), only capital contributions are made

Private company (P.C.)

Can be formed as a single member company, namely as a company with one partner who is either a natural or a legal person There are no restrictions on the number of partners, who can be either individuals or legal entities

Partners are not personally liable, but the company is liable with its own assets

Taxed on its earnings at a corporate level and partners are taxed on any distributed dividends (withholding tax)

Formed by a private document with few exceptions, where the articles of association are included Articles of association set forth how the business is to be managed Partners typically contribute in cash or services to the PC (capital and non-capital contributions)

Any person can become a partner only by accepting the obligation to cover any company debt to any third party at any time in the future up to a specific amount, which has to be stated in the articles of association, either during incorporation or during any other future amendments thereof (guarantee contributions)

MINIMUM CAPITAL REQUIREMENT

Societe anonyme (S.A.)

The minimum share capital required for the establishment of a *societe anonyme* is currently EUR25,000, fully paid upon the establishment of the company.

Limited liability company (L.T.D.)

No minimum capital requirement.

Private company (P.C.)

No minimum capital requirement.

LEGAL LIABILITY

Societe anonyme (S.A.)

Shareholders

Shareholders of a *societe anonyme* are generally not liable for the debts of the company. Company is solely liable for its debts with its assets. Shareholders would be directly liable for the debts of the *societe anonyme* in case they misuse the company for the purpose of evading their personal liability (lifting of the corporate veil).

Members of the BoD

The board of directors members are liable towards the company for any fault committed by them during the management of the company's affairs. Every member shall be particularly liable for any omissions or untrue statements in the balance sheets concealing the true position of the company. The BoD members of a *societe anonyme* may be jointly and severally liable with the company for any tort committed. Furthermore, the BoD members are directly liable in accordance with the provisions of the Greek Bankruptcy Code.

Limited liability company (L.T.D.)

Partners are only liable for their corporate obligations through the company's assets. Partners in principle have no personal liability whatsoever regarding the company's affairs, obligations, responsibilities and liability towards third parties or towards the authorities.

Private company (P.C.)

Partners are only liable for their corporate obligations through the company's assets. Partners in principle have no personal liability whatsoever regarding the company's affairs, obligations, responsibilities and liability towards third parties or towards the authorities.

TAX PRESENCE

Societe anonyme (S.A.)

The SA pays a corporate tax on its corporate income and then distributes dividends to shareholders who are taxed as well.

Limited liability company (L.T.D.)

Company pays a corporate tax on its corporate income and then distributes profits to partners. A tax of a specific rate is withheld for profits that are distributed by the company.

Private company (P.C.)

Company pays a corporate tax on its corporate income and then distributes profits to partners. A tax of a specific rate is withheld for profits that are distributed by the company.

INCORPORATION PROCESS

Societe anonyme (S.A.)

Pursuant to Greek Law, the incorporation of a *societe anonyme* is completed through a simplified procedure, which is called the "one-stop service." The *societe anonyme* can be formed before a notary public with a notarial deed or with a private document where the articles of association are included (which is under control of the General Commercial Registry Services – under this regime, all documents required for the incorporation are submitted in writing or electronic form). Publicity is required for processing of the establishment of a *societe anonyme* in Greece. Obligation for publicity concern among others the act of incorporation and the articles of association, if it consists of a different act, as well as any amendments thereof which do not need to have been performed by means of notarial deed.

Limited liability company (L.T.D.)

Established and amended by a notarial deed of notary public or a private document, which is under control of the General Commercial Registry Services. The LTD is incorporated through the "one stop shop" authorities, as defined by law.

Private company (P.C.)

Incorporated through the "one stop shop" authorities, as defined by law. The PC is established and amended by a simple private document, which is under control of the General Commercial Registry Services.

BUSINESS RECOGNITION

Societe anonyme (S.A.)

Well regarded and extensively used especially for companies that wish to have a significant share capital, different shareholders and more sophisticated decision-making.

Limited liability company (L.T.D.)

Well regarded and used regularly in various industries. Used frequently by foreign entities with a small scale of activity in Greece.

Private company (P.C.)

Relatively new type of capital company with lots of similarities to LTD During recent years, this type of entity has been more frequently used by foreign entities who wish to incorporate a subsidiary in Greece due to its flexibility, simple incorporation (thorough a private agreement) and its partners' contributions system.

SHAREHOLDER MEETING REQUIREMENTS

Societe anonyme (S.A.)

Required for approval of company's financial statements and balance sheet. At least one meeting is held for each fiscal year and within six months from the end of that fiscal year. General meeting of the shareholders is solely competent to decide on:

Amendments of the articles of association Election or removal of members of the BoD and auditors

Approval of the total management of the BoD and discharge of the auditors from their liability for the specific fiscal year

Approval of the company's balance sheet

Distribution of annual profits

Approval of payment or advance payment of fees to the members of the BoD

For companies listed in regulated markets, approval of remuneration policy and remuneration report for the members of the BoD and the general manager or its deputy, if any Company's merger, division (demerger), conversion, revival, extension of duration or dissolution

Appointment of liquidators

Limited liability company (L.T.D.)

There is a law requirement to hold an annual meeting of partners for the purpose of voting on approval of the balance sheet.

Private company (P.C.)

There is a law requirement to hold annual meeting of partners for the purpose of voting on approval of the balance sheet.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Societe anonyme (S.A.)

Board of directors convenes whenever the law, the articles of association or the needs of the company so require.

Limited liability company (L.T.D.)

There is no requirement for annual meeting of directors. Provisions of articles of association may determine any meeting requirements.

Private company (P.C.)

There is no requirement for annual meeting of directors. Provisions of articles of association may determine any meeting requirements.

ANNUAL COMPANY TAX RETURNS

Societe anonyme (S.A.) Must file tax returns annually to the tax authorities. For the fiscal year 2019, the corporate income tax was 24 percent. There is a tax withholding to dividends at five percent.

Limited liability company (L.T.D.)

Must annually file tax returns to the tax authorities. For the fiscal year 2019, the corporate income tax was 24 percent. There is a tax withholding to dividends at five percent.

Private company (P.C.)

Must annually file tax returns to the tax authorities. For the fiscal year 2019, the corporate income tax was 24 percent. There is a tax withholding to dividends at five percent.

BUSINESS REGISTRATION FILING REQUIREMENTS

Initial registration as well as annual filings are required with General Commercial Registry.

BUSINESS EXPANSION

Societe anonyme (S.A.)

Not applicable for this jurisdiction.

Limited liability company (L.T.D.)

There is no need for changes as the business expands. It can be converted to societe anonyme if decided by the partners' meeting.

Private company (P.C.)

There is no need for changes as the business expands. It can be converted to societe anonyme if decided by the partners' meeting.

EXIT STRATEGY

Societe anonyme (S.A.)

A societe anonyme can be dissolved either by decision of the shareholders or by court decision or due to the expiration of its duration or due to its entering into insolvency proceedings. The dissolution of the company is registered to the General Commercial Registry. Liquidation of the company follows.

Limited liability company (L.T.D.)

A limited liability company can be dissolved either by decision of the general partner's meeting or by court decision or due to the expiration of its duration. The dissolution of the company is registered to the General Commercial Registry. Liquidation of the company follows.

Private company (P.C.)

A private company can be dissolved either by decision of the general partner's meeting or due to the expiration of its duration or due to its entering into insolvency proceedings. The dissolution of the company is registered to the General Commercial Registry. Liquidation of the company follows.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Societe anonyme (S.A.)

Submission of financial statements together with balance sheet, management report and auditor's report, if required by law, to be registered to the Companies' Registry. Additionally, several other decisions of shareholders as well as BoD decisions must be registered to the General Commercial Registry.

Limited liability company (L.T.D.)

Annual financial statements of the company are registered to the General Commercial Registry and some other decisions of the partners meeting.

Private company (P.C.)

Annual financial statements of the company are registered to the General Commercial Registry and some other decisions of the partners meeting.

DIRECTOR / OFFICER REQUIREMENTS

Societe anonyme (S.A.)

The board of directors is appointed by the shareholders of the company. The initial board of directors is specified in the articles of association. Generally, the BoD consists of three up to 15 members by law. There is an exception for an SA with small annual turnover (category very small- and/or small-sized entity) where only one director may be appointed. In this case, the sole director may solely be a natural person. The board appoints its legal representative.

Limited liability company (L.T.D.)

Director of the company is appointed either by the articles of association or by the decision of partners meeting. There can be one or more directors, who can be partners or third parties. In case there is no specific provision in the articles, all partners of the company act as directors by law.

Private Company (P.C.)

Director of the company is appointed either by the articles of association or by the decision of partners meeting. There can be one or more directors, who can be partners or third parties. In case there is no specific provision in the articles, all partners of the company act as directors by law.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

A lease agreement or sub-lease agreement in force is provided by the company to the General Commercial Registry to prove its registered address. Depending on the company's activity, a commercial lease agreement may be essential for the legitimate operation of the company.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

A local registered address can be temporarily provided by a law firm or a third-party until a permanent registered address is found.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Directors, shareholders and officers should have an official work/residence permit if they are non-EU citizens.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Directors represent a company and act in its name in all activities that are covered by the company's scope and provided within AoA.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Identity of directors and shareholders is registered in the General Commercial Registry.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Societe anonyme (S.A.)

Appointed directors may be removed at any time by those having the right to appoint them (general meeting of the shareholders) and be replaced by others. Revocation and appointment of new directors are to be registered to the General Commercial Registry. Board of directors is competent to decide on a removal of an officer.

Limited liability company (L.T.D.)

Directors can be removed by decision of the general partners' meeting or by court decision. Revocation of directors is registered in the General Commercial Registry.

Private company (P.C.)

Directors can be removed by decision of the general partners' meeting or by court decision. Revocation of directors is registered to the General Commercial Registry.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Societe Anonyme (S.A.)

The BoD convenes at the registered address of the company, but may also convene outside Greece if provided in the articles of association or all members are present or represented. Another way of holding a meeting is by teleconference. The BoD is convened each time it must take a decision within its scope of authority.

Limited Liability Company (L.T.D.)

Provisions of articles of association determine any meeting requirements if there is more than one director.

Private Company (P.C.)

Provisions of articles of association determine any meeting requirements if there is more than one director.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Societe anonyme (S.A.)

Decisions of the general meeting are taken by absolute majority of shares casted, unless increased quorum is provided by the company's articles of association and/or by the law. Board meeting decisions are taken by absolute majority of the board members.

Limited liability company (L.T.D.)

Decisions during the meetings are taken by majority plus half of the total number of partners, representing more than half of the total company capital save otherwise, provided explicitly for in the law.

Private company (P.C.)

Decisions during the meetings are taken by absolute majority of the total number of partners unless increased quorum

is provided by the company's articles of association and/or by the law.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

A bank account must be opened upon completion of transaction for the payment of share capital. The bank account may be held either in a local bank or in a bank institution of the European Economic Area.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

An auditor must be located in Greece, and the company's books must be kept locally. This applies for all types of companies.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Societe anonyme (S.A.)

Nominal value of each share may not be fixed at an amount lower than EUR0.40 and higher than EUR100. The issue of shares below par is prohibited.

Limited liability company (L.T.D.)

Not less than EUR1.

Private company (P.C.)

Not less than EUR1.

INCREASING OF CAPITALIZATION IF NEEDED

Societe anonyme (S.A.)

Increase of the share capital may be made either by decision of the general meeting of shareholders, with the ordinary or extraordinary quorum and majority or by a decision of the board of directors, according to the provisions of Greek law and the articles of association of the company. Increase of the company capital may only take place through amendment of the articles of association and following a resolution of the general meeting. Accordingly, the share capital increase is effectuated as soon as the essential registrations to the General Commercial Registry are made.

Limited liability company (L.T.D.)

Increase of the company capital takes place through amendment of the articles of association and following a resolution of the general meeting taken with the extraordinary quorum and increased majority and pursuant to Greek law. Accordingly, the share capital increase is effectuated as soon as the essential registrations to the General Commercial Registry are made.

Private company (P.C.)

Increase of the company capital takes place through amendment of the articles of association and following a resolution of the general meeting taken with the extraordinary quorum and majority and pursuant to Greek law. Accordingly, the share capital increase is effectuated as soon as the essential registrations to the General Commercial Registry are made.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Societe anonyme (S.A.)

Shares may be freely transferred unless the articles of association provide for the issuance of restricted stocks and/or stock options granted to certain shareholders.

Limited liability company (L.T.D.)

Corporate parts may be freely transferred unless otherwise stipulated in the articles of association or in the law.

Private company (P.C.)

Corporate parts may be freely transferred unless otherwise stipulated in the articles of association or in the law.

OBTAINING A NAME AND NAMING REQUIREMENTS

Societe anonyme (S.A.)

Societe anonyme can be named after the type of business it is engaged in. A company's name may also include the name and surname of founders or shareholders. The company name must in any case include words "Societe Anonyme." In the case company's object covers many fields, the company's name may be formed from the most important among them. For a company's international transactions, company name may be presented in a foreign language, accurate translation or the Latin alphabet. Verification regarding the nonexistence of previous registration of the corporate name at stake on the General Commercial Registry is mandatory before obtaining a name.

Limited liability company (L.T.D.)

Name of LTD could be either objective, which means it is formed according to the object and the purpose of the enterprise; or subjective, meaning it is formed by the name of 1 or more of partners; or a combination of the above. In addition, written mention of "Limited Liability Company" is obligatory, mainly to inform transacting parties. Verification regarding the nonexistence of previous registration of the corporate name at stake on the General Commercial Registry is mandatory before obtaining a name.

Private company (P.C.)

Name could be either objective, which means it is formed according to the object and the purpose of the enterprise; or subjective, meaning it is formed by the name of one or more of partners; or a combination of the above. In addition, written mention of "Private Company" is obligatory, mainly to inform the transacting parties. Verification regarding the nonexistence of previous registration of the corporate name at stake on the General Commercial Registry is mandatory before obtaining a name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Societe anonyme (S.A.)

Amendment of company's articles of association may be made according to the provisions of local legislation and its articles of association. Depending on the issue at stake, a resolution of the general meeting must be taken with absolute majority or with an increased majority of two-third of the votes casted in the general meeting. Accordingly, the resolution of the general meeting and the deed of amendment of the articles of association are to be registered to the General Commercial Registry.

Limited liability company (L.T.D.)

Amendment of a company's articles of association may be made following a general meeting resolution, which is taken by a majority corresponding to the presence of more than half of the partners of the company representing at least 65 percent of total corporate parts (shares) of the company. Accordingly, the resolution of the general meeting and the deed of amendment of the articles of association are to be registered to the General Commercial Registry.

Private company (P.C.)

Amendment of the company's articles of association may be made following a general meeting resolution, which is taken by an increased majority of two-third of the total corporate parts. Concerning certain items provided for in the law, amendment of the company's articles of association may be made following a resolution of the administrator of the company. Accordingly, the resolution of the general meeting and the deed of amendment of the articles of association are to be registered to the General Commercial Registry.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Not applicable for this jurisdiction.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

HONG KONG, SAR



FORM OF ENTITY

Limited private companies

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders or the board of the corporation. Officer could be appointed by directors to run the day-to-day operations of the corporation.

Note: Additional forms of entity structures also exist and could be useful in some instances but are not covered in this guide either because they are less commonly used types of entity structures or they are not as likely to be relevant to the reader.

ENTITY SET UP

Limited private companies

Up to 50 shareholders

Right to transfer shares restricted Invitation to public to subscribe for any shares or debentures prohibited. Generally no personal liability of the shareholders

Taxed on its profits at a corporate level. No tax on capital gains or dividends

Typical corporate documents include:

Articles of Association

Certificate of Incorporation

Business Registration

Certificate Board resolutions

Shareholders' resolutions

Share certificates

Common seal (optional) Registers, etc.

Board of directors has overall management responsibility

Annual return, notification of changes (such as share capital and directors) and creation of certain charges need to be filed with the Companies Registry

Limited public companies

No restrictions on number of shareholders, right to transfer and invitation to public to subscribe for shares or debentures Interim and annual report also to be filed with Hong Kong Stock Exchange if the public company is listed in Hong Kong Stock Exchange Companies limited by guarantee (without a share capital)

Same as limited private companies except liability of shareholders limited by the company's articles to the amount that the shareholders undertake to contribute to the assets of the company in the event of it being wound up

MINIMUM CAPITAL REQUIREMENT

Limited private companies

No minimum capital requirement.

LEGAL LIABILITY

Limited private companies

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

TAX PRESENCE

Limited private companies

A limited private company is taxed on its business profits at a corporate level. There are no tax on capital gains or dividends.

INCORPORATION PROCESS

Limited private companies

File Incorporation

Form and Articles of Association with the Companies Registry.

BUSINESS RECOGNITION

Limited private companies

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Limited private companies

Save for annual general meeting, regular meeting is not mandatory.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited private companies

Regular meetings are not mandatory unless required by a shareholders' agreement and/or articles of association. However, it is recommended to convene board meetings to approve corporate changes and significant transactions.

ANNUAL COMPANY TAX RETURNS

Limited private companies

Must annually file tax returns with Inland Revenue Department.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited private companies

Business registration with Inland Revenue Department valid for one or three years required.

BUSINESS EXPANSION

Limited private companies

Usually there is no need to change the Articles of Association as business expands, unless the business scope is clearly stated in the Articles. There may be a need to change the business scope in the Business Registration Certificate.

EXIT STRATEGY

Limited private companies

Exit usually takes place by:

Voluntary winding-up of company

Sale of shares, or Sale of assets

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited private companies

Annual general meeting – Generally required to hold annual general meeting of shareholders 9 months after the end of its accounting reference period. Audited financial statements have to be tabled at the annual general meeting. Annual general meeting can be replaced by written resolutions by all shareholders. This requirement may be waived for certain companies.

Annual Return – Generally required to be filed with the Companies Registry with updated company's information, including the shareholders' and the directors' information.

Audited Financial Statements – Required to be prepared up to the end of the financial year of the company in accordance with the Hong Kong GAAP.

DIRECTOR / OFFICER REQUIREMENTS

Limited private companies

At least one director; at least one director must be a natural person.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited private companies

Company secretary must be either a Hong Kong corporate or an individual who is a Hong Kong resident.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited private companies

None beyond the required natural director and company secretary.

LOCAL OFFICE LEASE REQUIREMENT

Limited private companies

None required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited private companies

Each Hong Kong company must have a registered office in Hong Kong.

SUFFICIENCY OF VIRTUAL OFFICE

Limited private companies

Sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited private companies

Allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited private companies

Allowed. Starting from March 1, 2018, company service providers will be required to apply for a Trust or Company Service Provider License from the Registrar of Companies.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited private companies

None, except for the company secretary (see Local corporate secretary requirement).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited private companies

None except one natural director is required.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited private companies

Directors are appointed by the shareholders or the board (if permitted by the Articles of Association) and board of director is the highest authority in the management of the corporation, and govern the organization by establishing broad policies and objectives. In contrast, officers may be appointed by the directors to oversee day-to-day operations of the corporation.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited private companies

Identity of directors and shareholders is publicly disclosed in filings with the Companies Registry. Starting from March 1, 2018, companies incorporated in Hong Kong (except for listed and exempted companies) are required to create and maintain a Significant Controllers Register. The register will not be publicly available but should be open for inspection by law enforcement officers upon demand.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited private companies

A minimum of one shareholder and a maximum of 50 shareholders (otherwise the company will become a public company). A minimum of one natural director and no maximum number of directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited private companies

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Limited private companies

Removal of directors is generally allowed in general meeting (written resolution is not allowed) by an ordinary resolution of shareholders, but note special procedures apply (eg director must be given the right to be heard before decision).

REQUIRED AND OPTIONAL OFFICERS

Limited private companies

None except director and company secretary.

BOARD MEETING REQUIREMENTS

Limited private companies

Notice to all directors, but directors can agree to short notice.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited private companies If a company has only one member, that member present is a quorum of a general meeting of the company. Otherwise 2 members is a quorum of a general meeting of the company. Quorum of board meetings depends on the Articles of Association of the Company.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited private companies

Not necessary and a company can have a bank account anywhere.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited private companies

Audit of financial statements by registered Hong Kong auditors is required but such audited financial statements are not publicly available. A company's accounting records must be kept at its registered office or any other place that the directors think fit. If a company's accounting records are kept at a place outside Hong Kong, the accounts and returns with respect to the business dealt with in those records must be sent to, and kept at, a place in Hong Kong. Audited accounts must be approved by the board and tabled at the annual general meeting.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited private companies

No par value.

INCREASING OF CAPITALIZATION IF NEEDED

Limited private companies The company may: Increase its share capital by allotting and issuing new shares Increase its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of the company Capitalize its profits, with or without allotting and issuing new shares Allot and issue bonus shares with or without increasing its share capital

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited private companies

Funds can be repatriated abroad via dividends, redemption (if the relevant shares are issued as redeemable shares) or share buyback. Different rules and procedures apply in each case.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited private companies

Shares can generally be transferred but company may refuse to register the transfer. Note also that the transfer documents must be duly stamped or adjudicated before the transfer can be registered by the company.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited private companies

No name reservation system. Name must generally end with "Limited." There are specific words which relate to the government and certain industries which are prohibited.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited private companies

Professional service providers generally have their own KYC documents to be completed.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited private companies

Generally the Articles of Association can be amended by special resolution of shareholder.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited private companies

Generally no license required except business registration with the IRD. Certain businesses require special licenses (eg, telecommunications).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited private companies

Shelf companies can be purchased from third-party service providers, but are less common nowadays.

HUNGARY



FORM OF ENTITY

Private company limited by shares (Zrt.)

Private company limited by shares (zártkörön működő részvénytársaság or Zrt.) is a separate and distinct legal entity. A Zrt. is established with a predetermined amount of share capital. Such share capital is represented by shares with a face (par or nominal) value. The owners of a Zrt. are the shareholders.

Liability of the shareholders is limited to their respective share capital contributions. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the Zrt. Directors are elected by shareholders of a Zrt. Company managers may also be appointed by shareholders to assist the directors in day-to-day operations.

Limited liability company (Kft.)

Limited liability company (korlátolt felelősség társaság or Kft.) is a separate and distinct legal entity. A Kft. is established with a predetermined amount of initial capital provided by its quotaholders. Equity contribution of such quotaholders is not – and must not be – embodied in any negotiable instrument (eg, share certificate). Liability of the quotaholders is limited to their capital contributions. Managed by managing directors appointed by quotaholders. Company managers may also be appointed by quotaholders to assist managing directors in the day-to-day operations of the corporation.

Note: Further corporate forms are also available: general partnership (közkereseti társaság or Kkt.), limited partnership (betéti társaság or Bt.) and public company limited by shares (nyilvánosan működő részvénytársaság or Nyrt.). However, these corporate forms are not very common in the Hungarian market.

ENTITY SET UP

Private company limited by shares (Zrt.)

Unlimited number of shareholders. Generally, no personal liability of shareholders. Taxed on its worldwide income at a corporate level, and shareholders are taxed on any distributed dividends, both subject to conditions of double tax treaty provisions.

Typical charter documents include the articles of association, stock certificates and stock ledger. Board of directors has overall management responsibility. At least 1 shareholders' meeting must be held each year. Instead of cash or in-

kind contributions, shareholders purchase either common or preferred stock in a Zrt. Annual financial statements to be filed with the Court of Registration.

Limited liability company (Kft.)

Unlimited number of quotaholders allowed. Generally, no personal liability of quotaholders.

Typical charter documents include the articles of association or deed of foundation and list of quotaholders. At least 1 quotaholders' meeting must be held each year. Quotaholders contribute cash or in-kind contributions to Kft. Quotaholders may be required to provide a Kft. with supplementary capital contributions in order to cover losses. Taxed on its worldwide income at a corporate level, and quotaholders are taxed on any distributed dividends, both subject to conditions of double tax treaty provisions.

MINIMUM CAPITAL REQUIREMENT

Private company limited by shares (Zrt.)

At least HUF5 million (USD16,000).

Limited liability company (Kft.)

LEGAL LIABILITY

Private company limited by shares (Zrt.)

Shareholders of a Zrt. are generally not liable for its debts; however, in extreme cases, such as in the case of insolvency, shareholders may be held liable. Liability of shareholders is limited to their respective share capital contributions.

Limited liability company (Kft.)

Quotaholders are generally not liable for the debts of a Kft.; however, in extreme cases, such as in the case of insolvency, shareholders may be held liable. Liability of quotaholders is limited to their capital contributions.

TAX PRESENCE

Private company limited by shares (Zrt.)

A Zrt., as a Hungarian resident company, is taxed on its worldwide income subject to conditions of double tax treaty provisions. A company is resident if it has been incorporated in Hungary or has its place of effective management in Hungary.

Limited liability company (Kft.)

A Kft., as a Hungarian resident company, is taxed on its worldwide income subject to conditions of double tax treaty provisions. A company is a resident if it was incorporated in Hungary or has its place of effective management in Hungary.

INCORPORATION PROCESS

A corporate entity is established by:

Founding shareholders or quotaholder(s) executing, among other documents, the articles of association of a company; to be effective, the articles of association must be countersigned by a lawyer or must be incorporated into a notarial deed

Filing an application for registration with the Court of Registration within 30 days from the date of execution of the articles of association and Registration of a corporate entity with the court of registration. The registration procedure is generally completed within 1 to 15 working days after the application is filed. Representation by a Hungarian attorney at law is mandatory in the course of registration. Registration has a constitutive effect (ie, a corporate entity is deemed to exist from the date of registration).

Note: The mandatory set of documentation differs between the corporate form. In addition, directors or managing directors and other officers (eg, statutory auditor or supervisory board members) must execute certain documents (eg, declaration of acceptance).

BUSINESS RECOGNITION

Private company limited by shares (Zrt.)

Well regarded and widely used.

Limited liability company (Kft.)

Most widely used corporate form in Hungary.

SHAREHOLDER MEETING REQUIREMENTS

Private company limited by shares (Zrt.)

A Zrt. is required to hold an annual meeting of shareholders to vote on certain items, such as acceptance of annual financial statements and payment of dividends. The shareholders' meeting is convened by a board of directors.

Limited liability company (Kft.)

A Kft. is required to hold an annual meeting of quotaholders to vote on certain items, such as acceptance of annual report and payment of dividends. The quotaholders' meeting is convened by managing directors.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private company limited by shares (Zrt.)

Annual meeting of a board of directors is required.

Limited liability company (Kft.)

Since managing directors do not act as a board but as individual officers (ie, directors) of a Kft., an annual meeting of the managing directors is not required. However, managing directors may still hold meetings informally at their convenience.

ANNUAL COMPANY TAX RETURNS

Private company limited by shares (Zrt.)

Corporate income tax is self-assessed. Annual corporate income tax return must be filed within 5 months following the end of a tax year.

Limited liability company (Kft.)

Corporate income tax is self-assessed. Annual corporate income tax return must be filed within 5 months following the end of the tax year.

BUSINESS REGISTRATION FILING REQUIREMENTS

Private company limited by shares (Zrt.)

Court of Registration – initial registration

Central Statistical Office – after initial (court) registration

Chamber of commerce – after initial (court) registration

Tax Authority – tax number is issued in the course of initial (court) registration

Local municipality – for local taxes, after initial (court) registration

Central clearing house – requesting ISIN code for the shares, after initial (court) registration

Limited liability company (Kft.)

Court of Registry – initial registration

Central Statistical Office – after initial (court) registration

Chamber of commerce – after initial (court) registration

Tax Authority – tax number is issued in the course of initial (court) registration

Local municipality – for local taxes, after initial (court) registration

BUSINESS EXPANSION

No need to change as business expands

EXIT STRATEGY

Corporate entities must conduct a dissolution procedure (végelszámolás) to liquidate their assets and to settle their debts. Dissolution documentation must be filed with the Court of Registration after completion of the procedure. The tax authority usually conducts an audit of final tax returns.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Companies must prepare, submit and publish annual financial statements within 5 months following the end of the tax year. If the company fails to submit and publish its financial statements upon the request of tax authorities, default payment is assessed up to HUF 500,000. After that, if the company fails to submit and publish its financial statements, the tax authority deletes the tax number of the company.

DIRECTOR / OFFICER REQUIREMENTS

Basically, any natural person can be appointed as director provided that such person is of legal age and their legal capacity is not restricted. A person may not serve as a director if they:

Were sentenced by a final court decision to imprisonment, until the person is deemed relieved from the detrimental consequences related to the committed criminal act

Are barred by a final court decision from accepting a director (or other executive officer) position or

Are barred by a final court decision from exercising a regulated profession, which is in the scope of major business activities pursued by the Zrt. In case of a Kft., legal entities (eg, a Kft.) may also be appointed as managing director (ie, corporate director). In this case, a natural person is appointed to represent a corporate director.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

It is possible and lawful to establish a wholly foreign-owned and -managed company. Representation by a Hungarian attorney at law is mandatory in the course of the initial corporate registration and subsequent amendment registration procedures before the Court of Registration. Due to professional qualification requirements, companies are recommended to engage local accountants or accountancy firms to perform day-to-day business, accounting and taxation tasks for the company.

LOCAL OFFICE LEASE REQUIREMENT

Corporate entity's registered seat must be in Hungary. The seat of central administration (place of effective management) of a corporate entity may be located outside of Hungary. From a taxation perspective, this may result in dual tax residency and potential double taxation for Hungarian purposes which can be mitigated based on the provisions of a relevant double tax treaty.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Hungarian tax law does not stipulate specific minimum substance requirements for companies, but general anti-avoidance rules are in effect concerning business transactions. Accordingly, artificial structures that aim, exclusively or mainly, at tax avoidance may be disregarded, and the real substance of such transactions may be considered for taxation purposes based on the anti-avoidance principles:

A contract, transaction or any other arrangement is assessed by the tax authorities for taxation purposes based on its actual substance (the legal substance of the transaction prevails over its legal form)

Taxation rights must be exercised properly. Transactions and contracts that aim at tax avoidance are regarded as abuse of rights. In this case, tax liabilities must be assessed as if the parties had not abused rights and If, in respect to legal

relationships affected by international treaties or income generated from such relationships, the available facts or the different interpretation of international treaty rules by the respective countries involve that the income realized from the legal relationship is not taxable in any country, then Hungary does not provide tax exemption in respect to that income.

SUFFICIENCY OF VIRTUAL OFFICE

A corporate entity's registered seat must be in Hungary. A corporate entity must be available at the address of its registered seat and must mark it with a sign indicating the corporate entity's name. A registered seat functions as the corporate entity's: Headquarters Mailing address and Place where all business and official documents are received, filed, safeguarded and archived.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Provision of a local registered address is strictly regulated in Hungary. Either a law firm or a third-party service provider may provide the registered address on the basis of a written contract. If the local registered address is provided by a third-party service provider and an administrative penalty was imposed on the corporate entity due to the hindrance of tax administration proceedings, then the corporate entity will qualify as a "risky taxpayer" resulting in, amongst other consequences, less favorable rules for VAT refunds and potentially higher default penalties in the case of tax audits conducted by the Hungarian tax authority.

As a general rule, only real estate that is in the sole ownership of the service provider or such service provider is entitled to use it under a right (eg, usufruct) which is registered in the land registry can be provided as a registered seat to corporate entities.

Exceptions to the general rule:

Prior written consent is provided from an owner of a real estate and parties (ie, the service provider and the corporate entity) that are affiliated entities

A service provider that is registered as a delivery agent (of a foreign shareholder or quotaholder or executive officer of a corporate entity) into the companies register kept by the Court of Registration or

There is a bookkeeping mandate relationship between the parties (ie, the service provider and the corporate entity).

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

There are third-party service providers that offer corporate secretarial services, including: Directorship services to non-trading entities, including management services by rendering 1 or more individuals who act as director Holding shareholder meetings Preparing documentation annual filing Ensuring that statutory books are in order and Assistance during dissolution.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable for this jurisdiction. It is possible and lawful to establish a wholly foreign-owned and -managed company.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Nominee managing directors are not possible. Appointing a nominee quotaholder is possible in the form of a fiduciary asset management (bizalmi vagyonkezelés) relationship, which is similar to a trust. In such a relationship, the trustee undertakes to manage the assets, rights and receivables entrusted to it by the principal in its own name and on the principal's behalf for an agreed fee.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

General meeting of shareholders or quotaholders of a corporate entity is the primary decision-making body of a corporate entity, deciding on major strategic issues (eg, amendment of articles of association, increasing or decreasing registered capital, approving financial statements, dividend payment, transformation and dissolution of a corporate entity) and personal matters (eg, appointing and recalling directors or managing directors) of a corporate entity. Directors or managing directors are appointed by the shareholders or quotaholders of a corporate entity, and they run

the day-to-day operations.

Directors or managing directors are entitled to represent or act on behalf of a corporate entity vis-à-vis third parties. Limitation on the right of representation of directors or managing directors is possible by applying a co-signature, where only the joint acts of 2 directors or managing directors will bind a corporate entity. The representation right of a director or managing director may further be limited in the articles of association (eg, certain acts require approval of the shareholders' or quotaholders' meeting).

However, such limitations are not effective vis-à-vis third parties (ie, acts of a director or managing director will bind the corporate entity regardless of limitations, but a director or managing director may be liable vis-à-vis the corporate entity for a breach of limitations).

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Private company limited by shares (Zrt.)

Identity of directors is publicly disclosed. The following personal data will appear in the companies' register kept by the Court of Registration: name, mother's maiden name, address, date of birth and tax number. Identity of shareholders is only disclosed publicly.

The following personal data will appear in the companies' register kept by the Court of Registration: name, mother's maiden name, address, date of birth and tax number; or, for corporates: company name, registered seat, registration number and registering authority, if the shareholder: Is the sole shareholder of the corporate entity or Has more than 50-percent ownership in a corporate entity.

Limited liability company (Kft.)

Identity of managing directors and quotaholders is publicly disclosed. The following personal data will appear in the companies' register kept by the Court of Registration: name, mother's maiden name, address, date of birth and tax number; or, for corporates: company name, registered seat, registration number and registering authority.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private company limited by shares (Zrt.) Zrt. is set up by at least 1 shareholder. There is no upper limit on the number of shareholders. The minimum number of directors on the board of directors is 3. There is no upper limit on the number of quotaholders of the board of directors.

Limited liability company (Kft.) Kft. is set up by at least 1 quotaholder. There is no upper limit on the number of quotaholders. The minimum number of managing directors is 1. There is no upper limit on the number of managing directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private company limited by shares (Zrt.) Zrt. is set up by at least 1 shareholder.

Limited liability company (Kft.) Kft. is set up by at least 1 quotaholder.

REMOVAL OF DIRECTORS OR OFFICERS

Directors may be removed by a resolution of a shareholders' or quotaholders' meeting. Directors may also resign from their position without reason at any time. If operation of a corporate entity is required to terminate upon their mandate, it will terminate on a 60th day after the resignation is submitted.

REQUIRED AND OPTIONAL OFFICERS

Private company limited by shares (Zrt.)

At least 3 directors are required for the board of directors. In addition, company managers may be appointed by shareholders to assist directors in the day-to-day operations of a corporate entity. Shareholders may also authorize employees of a corporate entity to represent it in certain dedicated matters. The auditor and supervisory board may additionally be appointed by shareholders. Appointment is mandatory in certain instances.

Limited liability company (Kft.)

At least 1 managing director is required. In addition, company managers may be appointed by quotaholders to assist

managing directors in the day-to-day operations of a corporate entity. The quotaholders' meeting may also authorize employees of a company to represent it in certain dedicated matters. The auditor and supervisory board may also be appointed by shareholders. Appointment is mandatory in certain instances.

BOARD MEETING REQUIREMENTS

Private company limited by shares (Zrt.)

An annual meeting of the board of directors is required.

Limited liability company (Kft.)

Because managing directors do not act as a board, but as individual officers (ie, directors) of the Kft., an annual meeting of managing directors is not required. However, managing directors may hold meetings informally at their convenience.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

A quorum exists on shareholders' or quotaholders' meetings when more than 1/2 of shareholders or quotaholders with voting rights is present. Shareholders or quotaholders adopt resolutions by a majority of votes needed for the purposes of quorum. Some matters (eg, amendment of articles of association, increase or decrease of registered capital, transformation or dissolution) require a qualified majority (ie, 3/4 of votes) or even unanimity (if the amendment to the articles of association would be detrimental for the rights of certain shareholders or quotaholders). In a Kft., the board of directors adopts resolutions by a majority of directors present.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Capital contributions of shareholders must be transferred to a bank account. A corporate entity must have at least 1 local bank account. A company must open at least 1 Hungarian bank account for its operations. Foreign bank accounts of the company must be reported to the Hungarian tax authority. Information on the bank account, account number and date of opening and closure of the bank account must be reported to the Hungarian tax authority within 15 days from the date of an event.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

If the company has an auditor, or if appointment of an auditor is mandatory, the mandated auditor must own all necessary qualification requirements, which are determined by Hungarian laws. In general, it is statutory in Hungary to appoint an auditor for a company operating on the basis of double-entry bookkeeping. Exemption is available if both of the following requirements are met:

Annual net sales revenues did not exceed HUF300 million (USD1 million) on average for the 2 prior financial years and

The average number of people employed did not exceed 50 people on average for the 2 prior financial years. For newly established companies, because no data is available for prior financial years, the expected data of a given financial year is to be considered.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private company limited by shares (Zrt.)

A par value (ie, face value) and an issue price can differ for the same share. However, the share's issue price cannot be less than its par value.

Limited liability company (Kft.)

Capital contributions of quotaholders, which are equal to the business quotas, must not be less than HUF100,000 (USD300).

INCREASING OF CAPITALIZATION IF NEEDED

Registered capital can be increased by a resolution of a shareholders' or quotaholders' meeting. The effective date of the capital increase may be set out in the pertaining resolution, but it cannot be earlier than the date of the resolution.

In order to cover the losses of the Kft., the quotaholders' meeting may order that the quotaholders provide supplementary contributions (pótbefizetés). The supplementary contributions must be repaid to the quotaholders if the Kft. no longer suffers losses.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Payment of dividends requires a resolution of a shareholders' meeting and is subject to the Zrt.'s Kft.'s financial statements showing sufficient funds to pay dividends. Decrease in a registered capital requires a resolution of a shareholders' meeting. An intention to decrease registered capital must be published, and creditors of a Zrt. or Kft. may demand collateral.

Payments to shareholders regarding capital decrease may only be made after the Court of Registration registers the capital decrease. There is no withholding tax on accumulated profits distributed in the course of a capital decrease (ie, redemption) or with respect to dividends distributed to resident or nonresident corporate entities. Accumulated profits distributed in the course of a capital decrease (ie, redemption) or dividends distributed to resident individuals are subject to personal income tax and health\care tax.

Withholding tax due on dividends paid or accumulated profits distributed in the course of a capital decrease (ie, redemption) to nonresident individuals must be withheld by the paying company. The withholding tax obligation may be mitigated on the basis of double tax treaty provisions, while there is no healthcare tax obligation in respect of payments made to an individual who does not qualify as a Hungarian resident for social security purposes.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private company limited by shares (Zrt.)

Articles of association may stipulate that transfer of shares to a third party is restricted or subject to approval of the shareholders' meeting. Articles of association can stipulate right of first refusal or approval of the shareholders' meeting as a needed condition for share transfer.

Limited liability company (Kft.)

Business quota may be transferred freely amongst quotaholders. Articles of association may stipulate right of first refusal for other quotaholders in case of a business quota transfer amongst quotaholders for cash consideration. Business quota can only be transferred to a third party if a capital contribution of the transferring quotaholder is fully paid in. Other quotaholders of Kft., the Kft. itself or a person nominated by the quotaholders' meeting – in this sequence – has statutory right of first refusal.

The right of first refusal may be exercised proportionally to the number of business quotas held by the quotaholders. Articles of association may stipulate that approval of the quotaholders' meeting is required for the transfer of a business quota to a third party. Foreign investment control regulations The minister of home affairs must be notified of certain covered transactions, and they have the right to block them they deem them to be against the national security interests of Hungary.

A transaction is covered if, among other things,

(i) the investor is incorporated in, or resident of, a country that is not part of the EU, the EEA or Switzerland, (ii) a key industry sector (eg, national defense, financial services or energy) is involved or

(iii) the transaction pertains to, among others, the acquisition of more than 25 percent of the shares in a Hungarian entity. Under recent COVID-19 regulation, the minister responsible for the domestic economy must be notified of certain transactions, and they have the right to block them if they deem them to be against the national interests of Hungary.

A transaction is covered if, among other things,

(i) the investor is incorporated in, or resident of, a country that is not part of the EU, the EEA or Switzerland or is incorporated in the EU, EEA or Switzerland in some instances,

(ii) the target company conducts its business in a key industry sector (eg, pharma, leisure or energy),

(iii) the transaction pertains to, among others, the acquisition of at least 10 percent of the shares in a Hungarian

strategic company or a controlling shareholding interest in case of buyers incorporated in the EU, the EEA or Switzerland, but only if the aggregate value of the transaction reaches HUF350 million (USD1.1 million), in both cases.

OBTAINING A NAME AND NAMING REQUIREMENTS

A corporate entity's name cannot be similar to the name of any other corporate entity already registered in Hungary. A name can only contain reference to "state" or "national" if the Hungarian State holds a majority interest in the corporate entity. If a third party has a legal interest to a certain extent, a name can only contain such expression subject to consent of a beneficiary. A name is picked by shareholders or quotaholders and is registered in the course of an initial court registration procedure.

Shareholders or quotaholders may conduct a name reservation procedure before the initial court registration procedure. If the desired name is registerable, it will be reserved for 60 days.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Service providers (eg, inter alia, law firms, credit institutions, financial service providers, auditor companies, funds and tax advisers) must verify the identity of their clients for anti-money laundering purposes before entering into an engagement. Service providers must record the identification data of a client (in case of natural persons: name and surname, name at birth, nationality, date and place of birth, mother's birth name, home address, number and type of identification document; in case of legal entities and unincorporated organizations: name, abbreviated name, registered office, main activities, name and position of authorized representatives, identification data of the agent for service of process, registration number and tax number).

For the purposes of identification and verification procedures, service providers must require the appropriate documents to be presented (in case of natural persons: an official document suitable for identification purposes and official address card for Hungarian citizens, and passport or personal identification document for foreign nationals; in case of legal entities and unincorporated organizations: personal identification documents of a natural person acting on behalf of a legal entity or unincorporated organization, documentary evidence of registration or that an application for registration has been submitted, and a constitutional document if an application for registration has not yet been submitted). If the client is a natural person, it is required to provide a written statement as to whether the person is acting in the name or on behalf of a beneficial owner. The statement must indicate the following data of the ultimate beneficial owner:

Name at birth

Nationality

Date and place of birth and

Home address.

The service provider must additionally request a statement declaring whether the beneficial owner is a politically exposed person. If a client is a legal entity or unincorporated organization, it is required to provide a written statement identifying its ultimate beneficial owner; the statement must indicate the following data of the ultimate beneficial owner:

Name and surname

Name at birth

Nationality Date and place of birth

Home address and

The nature and extent of ownership interest.

The service provider must additionally request a statement declaring whether the beneficial owner is a politically exposed person.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

A shareholders' or quotaholders' meeting may approve, with a qualified majority of 3/4 of the votes, amendment to the

articles of association of the Zrt. or Kft. Amended articles of association must be submitted to the Court of Registry.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

There is no general business license requirement, but some business activities (typically financial services, but also certain forms of industrial, energy and public utility activities, among others) may only be conducted with a regulatory license.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Some service providers offer shelf companies for sale but the use of a shelf company is not common in practice.

INDIA



FORM OF ENTITY

Private limited company

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the company. Officers, who run the day-to-day operations of the company, are appointed by the directors.

ENTITY SET UP

Private limited company

Preferred choice of corporate entity by foreign investors because it is simpler to administer

Minimum number of shareholders required is two, with a maximum of 200 non-employee shareholders, share transfers are restricted

Minimum capitalization requirement:

No

Minimum capitalization requirement. However companies continue to use INR 0.1 million

Must apply and register with the Registrar of Companies (ROC)

Must have a Board of Directors with a minimum of two Directors (only individuals) and must appoint an auditor; Board of Directors should consist of at least one India resident local director

Directors must secure a Directors Identification Number (DIN) and Digital Signature, prior to incorporation. The current incorporation form is an integrated form for allotment of DIN, reservation of name and incorporation of a new company

Typical charter documents include: Certification of incorporation; Articles of Association (AOA); Memorandum of Association (MOA) Board of directors has overall management responsibility; officers have day-to-day responsibility

Shareholders typically purchase shares in the company, either equity (equivalent to common) or preference

(equivalent to preferred)

Taxed on its earnings at a corporate level and also taxed on any distributed dividends. Shareholders are taxed on dividends received in excess of INR 1 million. Sale or redemption of shares in the company is taxed as capital gains. Any indirect transfer of India shares can trigger indirect tax provisions

Limited liability partnership

The Limited Liability Partnership (LLP) Act which was notified in April 2009 allowed LLPs to be incorporated in India. LLP is a hybrid form of business with the features of both a legal entity as well as traditional partnership.

Government approval dispensed with for foreign Investments in LLP where FDI is allowed under the automatic route, in sectors /activities where 100% FDI is allowed and no-FDI linked performance condition has been stipulated. Minimum of 2 partners (owners) are required. There is no limit to the maximum number of Partners. A legal entity can be a member of an LLP. Every LLP must have at least 2 designated partners who are individuals and at least one of them must be a resident in India. In case of an LLP where all partners are legal entities or one or more partners are individuals and legal entities, at least 2 individuals who are partners of such LLP or nominees of such legal entities must act as designated partners.

Designated partners are responsible for all acts of an LLP and designated partners must also be accountable for regulatory and legal compliances.

No minimum capitalization requirements

Similar process of incorporation as a Private Limited Company. Designated partners must secure a Designated Partners Identification Number (DPIN) and Digital Signature, prior to incorporation. If Designated partners already have a DIN, then the DIN can be used.

Typical charter documents include the LLP agreement. Partners typically contribute to the LLP as defined in the LLP agreement and also agree on a profit sharing ratio.

An LLP is required to get audit done only in case: Contributions of an LLP exceed INR2.5 million or annual turnover of an LLP exceeds INR4 million.

Taxed on its earnings at a corporate level and not taxed on any dividend distributions. Partners are not taxed on dividends.

While Compliance may be less cumbersome than a PLC, the cost of non-compliance is severe.

The FDI policy allows Foreign Direct Investment under automatic route in an LLP in specified sectors and has removed the specific prohibition on LLPs availing External Commercial Borrowings (ECBs). The ECB policy framework includes LLPs as eligible borrowers.

May not be suitable for all types of business, even though may be more tax efficient than a corporate structure in terms of repatriation. Suited best for professionals and small to medium businesses.

Branch office

Foreign company needs prior approval of the Reserve Bank of India (RBI) to establish a branch and is not permitted to expand its activities or undertake any new trading, commercial or industrial activity other than that expressly approved by the RBI.

Must register itself with Registrar of companies and file audited accounts.

Only specified activities permitted, cannot undertake any manufacturing activity in India. Liaison office.

Suitable for foreign companies that wish to set up a representative office as a first step to explore and understand the business and investment climate in India.

Serves as a communication channel between parent company overseas and its present or prospective customers in India.

Must obtain prior approval from RBI before establishing liaison office.

Must register itself with Registrar of companies and file audited accounts. Limited activity:

Can establish business contacts and may gather market intelligence to promote the products or services of the overseas parent company but cannot undertake any business activity in India or earn any income in India

MINIMUM CAPITAL REQUIREMENT

Private limited company

Minimum paid up capital of INR 100,000 now optional; Minimum Authorized capital requirements are based on name of the entity in India.

LEGAL LIABILITY

Private limited company

Private limited companies provide limited liability to its shareholders and the shareholders have no personal liability beyond the amount they originally paid for their shares.

TAX PRESENCE

Private limited company

A private limited company is taxed at two levels. First the company pays a corporate tax on its corporate income; then the company pays dividend distribution tax on profits distributed to shareholders. Further the shareholders pay an additional tax on dividend received in excess of INR1 million. Sale or redemption of shares in the company is taxed as capital gains. Any indirect transfer of India shares can trigger indirect tax provisions.

INCORPORATION PROCESS

Private limited company

Reserve name; submit Memorandum of Association and Articles of Association with the appropriate

Registrar of Companies (ROC) in state where the incorporation is sought. Current online incorporation forms provide for the reservation of name, allotment of DIN and the allotment of tax IDs (PAN and TAN) along with the incorporation.

BUSINESS RECOGNITION

Private limited company Highly regarded.

SHAREHOLDER MEETING REQUIREMENTS

Private limited company

1st Annual General Meeting (AGM) to be held within 18 months from incorporation subject to other conditions. Subsequent (AGM) within six months from close of year.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private limited company

At least four times in a year. Maximum gap between two meetings should not be more the 120 days. Every director is required to attend at least one meeting in a year.

ANNUAL COMPANY TAX RETURNS

Private limited company

On or before September 30th for companies exceeding a revenue threshold (INR10 Mn) and where no international transactions are involved; on or before November 30th for companies with any international transactions.

BUSINESS REGISTRATION FILING REQUIREMENTS

Private limited company

Every company to file a business commencement declaration within 180 days from incorporation certifying that the initial share capital has been remitted by the shareholders and that the company has adhered to registered office verification rules. In addition, every company to file verification of its registered office within 30 days from

incorporation. Audit of accounts to be conducted for every financial year within 5 months from the close of the financial year. Annual returns to be submitted to ROC within 30 days from the date of AGM and audited financial statements to be submitted to ROC within 60 days from the AGM.

Financial year

Every company's financial year will be the period ending on 31 March every year. Only exception available is for subsidiaries of foreign companies to enable them to align with financial year of the Parent company. However such a change is required to be approved by National Company Law Tribunal (NCLT).

BUSINESS EXPANSION

Private limited company

No need to change as business expands. Can be easily converted into a public company at any time if required.

EXIT STRATEGY

Private limited company

Cease operations; file closure documents with ROC.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Private limited company

Annual shareholder meetings; quarterly board meetings.

DIRECTOR / OFFICER REQUIREMENTS

Private limited company

At least two directors; new company law regulations mandate the appointment of a local director. Consequently recommend three directors, one from India and two from parent company's location.

LOCAL CORPORATE SECRETARY REQUIREMENT

Private limited company

Must appoint a Company Secretary, where the paid up capital of the company exceeds the prescribed limit (INR 50 million - threshold increased to INR 100 million effective 1 April 2020). Till such threshold can appoint a third-party service provider to manage corporate compliance.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Private limited company

None except for the forthcoming local director requirement.

LOCAL OFFICE LEASE REQUIREMENT

Private limited company

Local office or a virtual office capable of accepting letters/post is mandatory before incorporation. The local office address acts as the Registered office of the entity in the Incorporation documents.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Private limited company

None.

SUFFICIENCY OF VIRTUAL OFFICE

Private limited company

No. See Provision of local registered address by law firm or third-party service provider.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited company

Allowed for incorporation; preferable to use it temporarily.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited company

Allowed for incorporation. However, considering the liability that could fall on the local directors, provision of local directors by law firms or third party Service Providers is based on references and on a case to case basis.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private limited company

None except for the local director requirement.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Private limited company

None. However, reporting requirements apply.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Private limited company

Directors are elected by the shareholders and are the highest authority in the management of the company, and govern the organization by establishing broad policies and objectives. In contrast, officers are appointed by the directors to oversee day-to-day operations of the company. Directors are personally liable for breach of fiduciary duty, ultra vires acts, negligence, mala fide acts, breach of statutory duties.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Private limited company

Identity of directors and officers is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly disclosed. But this can be obtained on payment of certain nominal fees.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private limited company

There must be a minimum of two shareholders and maximum of 200. For directors, the minimum is two and maximum of 15.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private limited company

Two shareholders.

REMOVAL OF DIRECTORS OR OFFICERS

Private limited company

Removal of directors is allowed by majority of the shareholders. Size of the Board of Directors cannot fall below two.

REQUIRED AND OPTIONAL OFFICERS

Private limited company

None.

BOARD MEETING REQUIREMENTS

Private limited company

At least four times in a year. Maximum gap between two meetings should not be more than 120 days. Every director is required to attend at least one meeting in a year.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private limited company

For a shareholder meeting, usually a majority of shareholders must be present during the shareholder meeting. Corporate shareholders can appoint authorized signatories to attend the meetings on their behalf. For directors, at least two Directors must be present during a board meeting; alternatively, at least two directors must execute written resolutions.

Written resolutions (referred to as circular resolutions) cannot be used for all purposes. Meetings can also be held via videoconference which is recorded and stored. Meetings via video conference cannot be used for certain purposes.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private limited company

Bank account can only be opened after Incorporation and the Bank Account should be in India.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Private limited company

An annual audit is mandatory. The auditor can be located in any state in India. The company's books of accounts should be kept locally either with the company or with a third party service provider. The Act now stipulates mandatory rotation of auditors. Instead of the annual appointment, individual auditors can hold office for a maximum period of five years whereas Audit firms are allowed to retain the post for up to 10 years.

The first auditor of the company should be appointed by the Board within 30 days from incorporation or within 90 days from incorporation by the shareholders on failure to appoint within 30 days. Corporate books, such as the minute book and other statutory registers, should be kept with the company. The Common Seal, if available, should also be kept with the company. The requirement for common seal has now been made optional and the directors signature is acceptable in lieu of the common seal of the company.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private limited company

No minimum par value for private limited companies. Normally, used par value is INR10 per share.

INCREASING OF CAPITALIZATION IF NEEDED

Private limited company

Effectuated by amending the charter document, which requires authorization from both the board of directors and a majority of the shareholders. Further filing requirements with the ROC will apply along with the payment of filing fees calculated based on the amount of authorized capital being increased.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private limited company

Funds can be repatriated abroad from India via dividends or redemption (commonly referred to as buyback of equity).

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private limited company

In general shares of a private limited company are not freely transferable. Shares can be transferred via private sales, with the approval of the board and subject to conditions of the charter documents. A public offer to sell shares or invite fresh capital subscriptions cannot be made i.e. shares cannot be offered to the public. Shares can generally be

transferred between existing shareholders.

OBTAINING A NAME AND NAMING REQUIREMENTS

Private limited company

The name should reflect the main objects/business of the Indian company. In case the Indian company would use the same name, as used abroad, then, a letter from the foreign company would also have to be given. In all states, a corporate ending such as “private limited.” must be used.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Private limited company

Know your client requirements are mandatory for incorporation as well as for bank account opening. Significant beneficial owner filing requirements apply to all shareholders who hold more than 10% or more in the company

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private limited company

Both the board of directors and a majority of shareholders must formally approve any amendment to the charter documents.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Private limited company

In addition to incorporation, an entity needs to obtain registration under the Shops and Establishment Act, Permanent Account Number (PAN) and Tax Identification Number (TAN) under Income Tax, Profession Tax under Labor law, Goods & Services Tax (GST), Importer Exporter Code (IEC) for enabling import and export, Provident Fund, if number of employees exceed a threshold, and Employees State Insurance (ESI), if salary of employees is below a threshold.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Private limited company

Not widely used.

INDONESIA



FORM OF ENTITY

Limited liability company

A separate and distinct legal entity, managed by the board of directors responsible for making major business decisions and overseeing the general affairs of the company, under the supervision of a board of commissioners. The members of the board of directors and the board of commissioners are appointed and dismissed by the general meeting of shareholders.

ENTITY SET UP

Limited liability company

A separate legal entity. The typical charter documents and main features include the following:

The deed of establishment containing the articles of association and its approval from the Ministry of Law and Human Rights (MOLHR)

The shareholders' resolutions containing any amendments to the articles of association and their receipts of notice or approvals from the MOLHR

The limited liability of the shareholders

The board of directors has overall management responsibility and

The board of commissioners has overall supervisory responsibility. The general meeting of shareholders must be convened annually (within 6 months of the end of the financial year) and an extraordinary general meeting of shareholders may be convened at any time required to make necessary decisions.

MINIMUM CAPITAL REQUIREMENT

Limited liability company

The minimum authorized capital is IDR50 million, at least 25% of which must be issued and paid up as required under the Indonesian Company Law. The shareholders of a foreign investment company (a company with any number of foreign shareholders - a PMA company) must invest more than IDR10 billion for each line of business, excluding the value of any land and or building, a minimum 25% of which must be paid by the shareholders as paid up share capital or equity and the remaining investment can be funded by either shareholder loans or bank loans.

LEGAL LIABILITY

Limited liability company

Subject to limited exceptions as stipulated under the Indonesian Company Law, the shareholders are not liable for the debts of the company beyond their financial contributions to the company.

TAX PRESENCE

Limited liability company

Corporate income tax is payable at a rate of 22 percent for the 2020 and 2021 tax years and will be reduced further to 20 percent as of the 2022 tax year. A VAT of 10 percent is imposed on the delivery of goods and services.

INCORPORATION PROCESS

Foreign investment limited liability company in general

Establish the company by signing the deed of establishment (which includes the articles of association) and file an application for the ratification of the deed of establishment to the MOLHR and for obtaining the company's legal entity status. The MOLHR's online/registration system will additionally issue a taxpayer identification number (Nomor Pokok Wajib Pajak or NPWP) to the newly established company. Apply for a Business Identification Number (NIB) through the Online Single Submission (OSS) system maintained by the OSS Agency.

The NIB also applies as a Company Registration Certificate (TDP), Importer's Identification Number (API), customs access and initial mandatory manpower reporting. If foreign manpower is going to be employed, an application for license to use foreign manpower may additionally be submitted through OSS. Acquiring an NIB means that the company has participated in health and manpower social security programs.

Attain relevant licenses (Business, Commercial, Operating, Environmental and others) through OSS by fulfilling certain commitments. Certain business licenses must be acquired through the Investment Coordinating Board (BKPM) or other government institutions. Fulfill various post-establishment company obligations such as reporting obligation, creating a masterlist (if applicable) and other obligations.

BUSINESS RECOGNITION

Limited liability company

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company

Required to hold an annual general meeting of shareholders within six months of the end of each financial year. An extraordinary general meeting of shareholders can be held at any time required by the company.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company

No requirements unless imposed under the company's articles of association.

ANNUAL COMPANY TAX RETURNS

Limited liability company

Must submit an annual tax return to the Indonesian tax authorities. MOLHR recently implemented a confirmation on the taxpayer's status (Konfirmasi Status Wajib Pajak or KSWP) process for services provided through the MOLHR's online/registration system. The MOLHR may withhold issuing the approval or receipt of notification if the result of

the KSWP shows invalid information (ie, the company is not compliant in submitting the annual tax returns) and will resume the services when the company has rectified the issue.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company

Initial registration with the Minister of Trade within 3 months of the company's establishment is required followed by renewal every 5 years. Additionally, ongoing filing requirements apply to, among other things, certain amendments made to the articles of association, changes to the board of directors and the board of commissioners, and its annual financial statement. Following the implementation of the OSS system, reports on the amendments or changes are now covered under the process to obtain an NIB (please see "Incorporation Process").

A PMA company is additionally required to submit a periodical investment report (Laporan Kegiatan Penanaman Modal or LKPM) to BKPM through its online system.

BUSINESS EXPANSION

Limited liability company

No need to change, although for a PMA company business expansion may need the OSS Agency, BKPM or other government institutions approval. If the expansion constitutes 1 or more new lines of business, a PMA company shall be required to inject at least IDR10 billion for each line of business (please also "Minimum Capital Requirement").

EXIT STRATEGY

Limited liability company

An Indonesian company may be dissolved by being wound up (voluntary dissolution and liquidation) or under a court order.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company

The board of directors must draw up the annual report to be approved by the annual general meeting of shareholders. The board of commissioners must also draw up the annual supervisory report to be presented in the annual general meeting of shareholders.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company

Generally, every company must have at least 1 director and 1 commissioner. In certain lines of business, the board of directors and the board of commissioners are each required to have at least 2 members, as well as an independent commissioner. No director or commissioner may, within the 5 years before their appointment, have been:

Declared bankrupt

A member of a board of directors or a board of commissioners found by a court to have caused a company to be declared bankrupt or Sentenced for a criminal offense which caused the state to suffer a financial loss or related to the financial sector.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company

Generally, not legally required, unless it is a publicly listed company.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company

Not legally required.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company

A company incorporated in Indonesia must have a registered office in Indonesia. A lease agreement is one of the supporting documents to be submitted to the OSS agency, BKPM or other government institution when applying for a business license.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company

A company must have a physical office located in Indonesia, particularly for a PMA company. However, in general there is no explicit prohibition against using a virtual office.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

May apply in certain circumstances and subject to certain requirements.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

Not applicable to a law firm and there is no specific prohibition against a local director or corporate secretary being provided by a third-party service provider.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company

In certain business fields which are closed to foreign investment, all shareholders must be Indonesian (legal entities or individuals). Shareholders are not subject to any residency requirement. In general, no Indonesian nationality or residency requirement applies to either directors or commissioners, except that the director or other officer that handles or is responsible for employment matters must be Indonesian. For certain lines of business, a specific requirement on the nationality or residency of a director or a commissioner may apply.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company

Although under a strict interpretation of the law, nominee shareholder and director arrangements are not allowed, they are still common in practice.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company

Members of the board of directors and the board of commissioners are appointed and dismissed by the general meeting of shareholders. The board of directors is responsible for making business decisions, overseeing the general affairs and running the day-to-day operations of the company and is supervised by the board of commissioners. Limitations on the authority of the board of directors may be stipulated in the articles of association of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company

The identities of the shareholders and members of the board of directors and board of commissioners are publicly available in the relevant company register, accessible upon request in the MOLHR database.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company

A company must have at least 2 shareholders, 1 director and 1 commissioner, except for certain business activities which, for example, require at least 2 directors and 2 commissioners and to appoint an independent commissioner. There is no limit on the number unless stipulated under the articles of association.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company

A company must have at least two shareholders, except in certain special circumstances when it can have only one, but only for a limited period of time.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company

Members of the board of directors or the board of commissioners may be removed under a resolution of the general meeting of shareholders, the procedure for which is commonly provided in the company's articles of association and in line with the provisions under the Indonesian Company Law.

REQUIRED AND OPTIONAL OFFICERS

Limited liability company

A company is legally required to have a board of directors and board of commissioners.

BOARD MEETING REQUIREMENTS

Limited liability company

There are none under the Indonesian Company Law. However, the company's articles of association may stipulate requirements for meetings of the board of directors and the board of commissioners, such as the quorum, procedure and voting requirements.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company

The quorum for a shareholders' meeting depends on the agenda for the meeting. The quorum may be 2/3, more than 1/2, or at least 3/4 of all of the issued shares with valid voting rights depending on the nature of the resolutions to be passed and as stipulated under the company's articles of association. If the quorum for the first meeting is not met, a second meeting may be held with a different quorum, depending on the agenda for the meeting. The Indonesian Company Law does not set the quorum for meetings of the board of directors or the board of commissioners. These may be stipulated in the company's articles of association.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company

In practice, banks in Indonesia can only open an account after the company has been incorporated as they require certain documents from the company including, but not limited to, its deed of establishment and the taxpayer registration number. Indonesian Company Law does not specifically require the bank to be local but, in practice, the share capital is paid into a bank which has opened its office in Indonesia. This payment evidence must be submitted to the MOLHR.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company

According to the Indonesian Company Law, a company's financial reports must be audited if:

The company's business activities are related to the collection and/or management of public funds

The company issues promissory notes to the public

The company is a publicly listed company (Perseroan Terbuka) The company is a state-owned company (Persero)

The value of the company's assets and/or total business turnover is at least IDR50 billion and

It is required under the prevailing laws and regulations. The Ministry of Trade, as the government institution who manages the submission of the audited financial statements, and other related ministries may issue a regulation which provides a more extensive coverage for parties who are required to submit the audited financial statements. The auditor or public accountant must be local and have a license issued by the Ministry of Finance as a public accountant, and in some cases, must be registered with the relevant government institutions. The company's books are usually kept in the company's premises.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company

Under the Indonesian Company Law, all shares must be issued with a par value or nominal value denominated in Rupiah, except for publicly owned companies that may issue shares without any par value.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company

The capital of an Indonesian limited liability company consists of its authorized, issued capital and paid-up capital. An increase in capital must be approved under the general meeting of shareholders resolutions. The articles of association must be amended and approval must be obtained from the MOLHR for the increase of the authorized capital or receipt of notification from the MOLHR for the increase of the issued capital and paid-up capital.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company

Funds can be repatriated from Indonesia through dividends, capital reductions and share buybacks, subject to certain requirements and procedures under Indonesian law, such as the minimum reserve requirement (for dividends) or a maximum 10% of all the company's issued shares (for a share buyback).

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company

Shares are generally transferable, subject to certain requirements and procedures under the Indonesian Company Law, the Articles of Association of the company, the investment negative list and contractual arrangements with a third party, if any. A share transfer requires a notarized deed and publication in the newspaper if it causes a change of control in the company; it must be approved by the general meeting of shareholders under a resolution (that must be converted into a notarized deed), approved by certain government institutions, if any, recorded in the company's shareholders register and reported to the MOLHR.

The company's articles of association usually stipulate other requirements for transferring rights over shares, such as to first offer them to a certain classification of shareholders or the other shareholders, to obtain prior approval from a company organ and or to obtain prior approval from the relevant authorities as required under the prevailing laws and regulations.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company

The proposed name of a company can be reserved with the MOLHR for a certain period and requires payment of a minimum fee. By law, the name of a company must satisfy several requirements, such as it must be in Roman script, not already be used or be identical to that of another company, not be contrary to public order and or morality and not be identical to that of a government entity or international organization, unless approved otherwise.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company

Banks and financial service institutions in Indonesia are required to apply certain know your client principles. Indonesian companies, as well as notaries, are required to identify, verify and report the ultimate beneficial owner to

the government. If necessary, a government institution may audit a company to identify and verify its beneficial owner.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company

Amendments to the company's articles of association or data must either be approved by or reported to the MOLHR, depending on the item being amended. In addition, PMA companies may need to apply for approval from certain government institutions (if any) to change certain company information such as their name, line of business or capital contributions. Please also see the KSWP process discussed in “Annual Company Tax Returns.”

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company

Limited liability companies require approval from the MOLHR for their deed of establishment, which contains their articles of association. PMA companies are also required obtain a business license from the OSS Agency, BKPM or other government institutions.

General company licenses and documents like an NIB and an NPWP are required. Certain other permits, licenses and/or approvals from relevant national or local government authorities may also be required depending on the company's location and line(s) of business. In 2018, an integrated online system (the OSS System) was launched by the government to support the issuance of licenses and permits. However, consultation may be required to ensure the issuance of the required licenses or permits is approved.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company

There is no specific regulation on purchasing or utilizing a shelf company.

IRELAND



FORM OF ENTITY

The information in this guide provides a summary of two corporate structures that are commonly used in Ireland. Other alternatives such as a designated activity company (DAC), a private unlimited company (ULC), a company limited by guarantee (CLG) or a public limited company (PLC) could be useful in some instances but are less common.

Private company limited by shares (LTD)

Separate and distinct legal entity. Managed by a board of directors which has collective authority and is responsible for managing the affairs of the company. Subject to the constitution, the shareholders have the power to appoint and remove directors. A LTD cannot offer shares to the public and the right to transfer shares is generally restricted by the company's constitution. Shareholders have limited liability protection.

External company

A company with limited liability incorporated under the laws of another jurisdiction and which establishes operations in Ireland is obliged to register as an external company (i.e. a branch) in certain circumstances. The requirement to register a branch generally arises where the Irish operations of the foreign company has:

A physical place of business

The appearance of permanency

A person to manage the place of business and

Authority to independently negotiate and contract directly with third parties on an independent basis

From an Irish perspective, the branch is not a separate legal entity to the "home" or "parent" company.

ENTITY SET UP

Private company limited by shares (LTD)

External company (ie, an Irish branch)

MINIMUM CAPITAL REQUIREMENT

Private company limited by shares (LTD)

No minimum capital requirement.

External company

Determined by the laws of the jurisdiction of incorporation.

LEGAL LIABILITY

Private company limited by shares (LTD)

The liability of shareholders is limited to the amount, if any, unpaid on the shares issued by the company.

External company

Determined by the laws of the jurisdiction of incorporation.

TAX PRESENCE

Private company limited by shares (LTD)

If Irish tax resident, a LTD is subject to Irish corporation tax on its worldwide income at 12.5% on its trading income and 25% for non-trading (passive) income. If non-resident for Irish tax purposes, a LTD is not subject to Irish corporation tax unless it carries on a trade in Ireland through a branch or agency or if it receives income from Irish sources (for example, income from the rental of Irish properties).

External company

An Irish branch is subject to Irish corporation tax on:

Trading income arising directly or indirectly through or from the branch

Any income from property or rights used by, or held by or for, the branch and Chargeable gains accruing on the disposal of Irish land and any assets situated in Ireland which are used for the purposes of a trade carried on by the Irish branch or are held for the purposes of the branch

INCORPORATION PROCESS

Private company limited by shares (LTD)

For purposes of incorporation the following documentation must be submitted to the Companies Registration Office (CRO):

Fee of EUR100 (or EUR50 if the online incorporation scheme is used)

The company's constitution

A Form A1 which contains details of the company's Name

Registered office

Principal activity

Directors and secretary and Subscribers and their shares

External company

For purposes of registration the following must be submitted to the Companies Registration Office (CRO) within 30 days of the date of establishment of the branch in Ireland:

Fee of €60 CRO

Form F12 or F13 (depending on whether the branch is a branch of an EEA or a non-EEA country company)

Certified copy of the foreign company's constitutional documentation and certificate/articles of incorporation and

A copy of the latest publicly filed accounting documents of the foreign company If the documents are not written in the Irish or English language, a certified translation will be required.

BUSINESS RECOGNITION

Private company limited by shares (LTD)

Very well recognized. A LTD is the most common form of corporate entity used in Ireland.

External company

Well recognized.

SHAREHOLDER MEETING REQUIREMENTS

Private company limited by shares (LTD)

Generally required to hold an annual general meeting (AGM) once in each calendar year. A LTD can dispense with the requirement to hold a physical AGM. This involves the shareholders of the LTD (on an annual basis) signing a unanimous written resolution acknowledging receipt of financial statements, resolving all matters as would be required to be resolved at the AGM and confirming that there is to be no change to the auditor.

External company

Determined by the laws of the jurisdiction of incorporation.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private company limited by shares (LTD)

Subject to the constitution, the directors may meet as they think fit and no minimum number of board meetings is required annually although regular board meetings are recommended for corporate governance purposes.

External company

Determined by the laws of the jurisdiction of incorporation.

ANNUAL COMPANY TAX RETURNS

Private company limited by shares (LTD)

Corporation tax returns are generally due by the 21st day of the 9th month following the end of the relevant company's accounting period. Companies are also obliged to pay preliminary tax in either one or two installments within their current accounting period.

External company

Corporation tax returns are generally due by the 21st day of the 9th month following the end of the relevant company's accounting period. Branches are also obliged to pay preliminary tax in either one or two installments within their current accounting period.

BUSINESS REGISTRATION FILING REQUIREMENTS

Private company limited by shares (LTD)

No general requirement but it should be considered whether any regulatory permits or licenses are required to conduct certain activities in specific industries.

External company

No general requirement but it should be considered whether any regulatory permits or licenses are required are required to conduct certain activities in specific industries.

BUSINESS EXPANSION

Private company limited by shares (LTD)

No general requirements.

External company

No general requirements.

EXIT STRATEGY

Private company limited by shares (LTD)

Dissolution can be achieved by way of voluntary liquidation or strike-off procedure. It is also possible to merge a LTD with:

One or more other Irish companies under Irish domestic legislation (provided that none of the companies is a public limited company and at least one of the companies is a private company limited by shares) or Another limited company registered under the laws of a state of the European Economic Area under Ireland's cross border merger regulations

External company

Notice of closure of the branch (Form F14) must be filed with the CRO within 30 days of the branch ceasing to exist, for example, on the liquidation of the company in the jurisdiction of incorporation.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Private company limited by shares (LTD)

Convene the AGM (or pass a written shareholder resolution in lieu). File an annual return and audited financial statements with the CRO. Certain events also give rise to CRO filing requirements (for example, changes to the constitutional documents, share capital, registered office or officers of the company).

External company

A branch is required to file a copy of the company's accounting documents with the CRO no later than 30 days after the last date for publication of accounting documents in the jurisdiction of incorporation. Certain events give rise to CRO filing requirements (for example changes to constitutional documents, address of the branch or offices of the company).

DIRECTOR / OFFICER REQUIREMENTS

Private company limited by shares (LTD)

Must have at least one director. A body corporate cannot act as a director.

External company

Determined by the laws of the jurisdiction of incorporation.

LOCAL CORPORATE SECRETARY REQUIREMENT

Private company limited by shares (LTD)

A company secretary must be appointed. Unless a LTD has only one director, it is possible for one of the directors to also act as company secretary. A body corporate may act as company secretary.

External company

Determined by the laws of the jurisdiction of incorporation.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Private company limited by shares (LTD)

None.

External company

A branch is required to indicate the following on registration:

The person or persons authorized to represent the branch

A person resident in Ireland authorized to accept service of proceedings and notices

A person resident in Ireland authorized to ensure compliance with the Companies Act 2014

LOCAL OFFICE LEASE REQUIREMENT

Private company limited by shares (LTD)

Every company is required to have a registered office address in Ireland. This is not required to be a business or trading address of the company and can be the address of a third party services provider.

External company

None but every branch is required to indicate its address in Ireland.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Private company limited by shares (LTD)

No other legal requirement but may be required by the Irish Revenue Authority in respect of certain types of tax (for example, required for registration for value added tax).

External company

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Private company limited by shares (LTD)

Insufficient, a physical address must be specified on incorporation documentation. External company Insufficient, a physical address must be specified on registration documentation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private company limited by shares (LTD)

Permitted.

External company

Permitted.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private company limited by shares (LTD)

Permitted.

External company

Permitted.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private company limited by shares (LTD)

At least one director of the company must be resident in the European Economic Area. Alternatively the company must:

Put in place a bond to pay any fines or penalties which may be imposed on the company under the Companies Act 2014 or the Taxes Consolidation Act 1997 or Obtain a certificate from the CRO confirming that the company has a real and continuous link with one or more economic activities in Ireland

External company

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Private company limited by shares (LTD)

None. Nominee directors generally subject to the same duties as other directors.

External company

Determined by the laws of the jurisdiction of incorporation.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Private company limited by shares (LTD)

Authority for management of the company's affairs is typically delegated collectively to the board of directors in the constitution with certain fundamental decisions relating to the company being reserved for the shareholders (for example, changes to the company's constitution).

External company

Determined by the laws of the jurisdiction of incorporation.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Private company limited by shares (LTD)

Identities of the following persons must be disclosed and are publicly available from filings made at the CRO:

Directors

Secretary

Shareholders

Any "beneficial owners," being any natural person who ultimately owns or controls, directly or indirectly, 25% or more of the company

External company

Details of the branch's representatives (see Director/officer requirements) are publicly disclosed at the CRO.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private company limited by shares (LTD)

Directors – minimum one; and no maximum, however a company's constitution may set an upper limit. Shareholders – minimum one; and maximum 149.

External company

Determined by the laws of the jurisdiction of incorporation.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private company limited by shares (LTD)

At least one shareholder is required.

External company

Determined by the laws of the jurisdiction of incorporation.

REMOVAL OF DIRECTORS OR OFFICERS

Private company limited by shares (LTD)

Shareholders can remove or replace directors by availing of a statutory procedure set out in the Companies Act 2014. The constitution of a company can also often provide authority to the board of directors to remove and appoint directors.

External company

Determined by the laws of the jurisdiction of incorporation.

REQUIRED AND OPTIONAL OFFICERS

Private company limited by shares (LTD)

Directors and secretary are the only officers required under statute. The constitution may allow for the appointment of a managing director or other executive officer(s).

External company

Determined by the laws of the jurisdiction of incorporation. (See "Local Legal or Admin Representative Requirement")

BOARD MEETING REQUIREMENTS

Private company limited by shares (LTD)

Subject to the constitution, the directors may meet as they think fit and no minimum number of board meetings is required annually from a legal perspective (although regular board meetings are recommended for corporate governance purposes). The company's constitution will often provide for quorum and voting requirements.

External company

Determined by the laws of the jurisdiction of incorporation.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private company limited by shares (LTD)

Shareholder meetings - subject to the company's constitution, the minimum quorum requirement is two shareholders present in person or by proxy (or in the case of a single member company the quorum is one shareholder). Shareholders can also approve resolutions by way of written resolutions. Meetings of the board of directors - subject to the company's constitution, the minimum quorum requirement is two directors (or in the case of a company with a sole director the quorum is one director). Subject to the company's constitution, written resolutions of the directors can also be used but require the unanimous consent of all directors.

External company

Determined by the laws of the jurisdiction of incorporation.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private company limited by shares (LTD)

A bank account does not need to be opened prior to incorporation. There is no legal requirement for a company to have an Irish bank account. External company A bank account does not need to be opened prior to registration. There is no legal requirement for a branch to have an Irish bank account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Private company limited by shares (LTD)

Subject to limited exceptions, audited financial statements must be prepared annually and publicly filed at the CRO. Subject to certain approval and registration requirements, the auditor can be located outside of Ireland. There is no statutory obligation that the company's accounting records must be kept in Ireland, but significant additional requirements are imposed where the accounting records are kept outside of Ireland. Certain statutory registers (including the register of members, register of directors and secretaries, shareholder and director's meeting minute books and the register of disclosable interests) must be kept in Ireland.

External company

No requirement to audit the local financial statements of the branch. A branch is required to file a copy of the company's accounting documents with the CRO no later than 30 days after the last date for publication of the accounting documents in the jurisdiction of incorporation. No requirement for the branch's books to be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private company limited by shares (LTD)

All allotted shares must have a fixed nominal value. Shares must not be allotted at less than nominal value but may be issued at a premium. There is no statutory minimum nominal value.

External company

Determined by the laws of the jurisdiction of incorporation.

INCREASING OF CAPITALIZATION IF NEEDED

Private company limited by shares (LTD)

Generally permitted. A company may increase its share capital by issuing and allotting further shares provided that the company's constitution authorises such action.

External company

Determined by the laws of the jurisdiction of incorporation.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private company limited by shares (LTD)

Funds can be repatriated via dividends, a redemption or buyback of shares or a reduction of share capital. Capital maintenance rules must be complied with.

External company

Determined by the laws of the jurisdiction of incorporation.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private company limited by shares (LTD)

Shares are generally freely transferrable subject to restrictions, such as pre-emption rights, that may be contained in a company's constitution. External company Determined by the laws of the jurisdiction of incorporation.

OBTAINING A NAME AND NAMING REQUIREMENTS

Private company limited by shares (LTD)

The CRO approves the names of all companies and will reject a name that is currently registered or if the proposed name is offensive, misleading or otherwise objectionable. Every LTD must include the word "limited" or "teoranta" as the last word of the registered name (although this may be shortened to "ltd." or "teo." in subsequent usage). Prior to incorporation it is possible on payment of a fee to reserve a company name for a period of 28 days.

External company

A branch can use the name of the company or adopt a separate name, typically the company name with the appendix "Irish Branch." The CRO approves the names of all branches and will reject a name that is currently registered or if the proposed name is offensive, misleading or otherwise objectionable.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Private company limited by shares (LTD)

Typical KYC information required by banks, professional services firms, etc. is as follows:

Proof of incorporation/registration

Up-to-date list of directors

Identification of the ultimate beneficial owners

Personal identification of at least one director (copies of a recent utility bill and passport or driver's license) and Disclosure of any politically exposed persons

KYC information does not need to be submitted for the incorporation of the company itself.

External company

Typical KYC information required by banks, professional service firms, etc. is as follows: Proof of incorporation / registration Up-to-date list of directors (if any)

Identification of the ultimate beneficial owners

Personal identification of at least one director (copies of a recent utility bill and passport or driver's license) and Disclosure of any politically exposed persons

KYC information does not need to be submitted for registration of the branch.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private company limited by shares (LTD)

A special resolution of the shareholders (approval of shareholders holding at least 75% of the voting rights in the company) must be passed in order to alter the constitution of the company.

External company

Determined by the laws of the jurisdiction of incorporation.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Private company limited by shares (LTD)

No general business license is required but an authorization or permit may be required to conduct certain activities in specific industries. External company

No general business license is required but an authorization or permit may be required to conduct certain activities in specific industries.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Private company limited by shares (LTD)

Shelf companies can be purchased from third party providers.

External company

Not applicable for this jurisdiction

FORM OF ENTITY

Company

Separate and distinct legal entity. Must be registered with the Israeli Registrar of Companies. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the company. Directors are appointed by the shareholders of the company. The general manager, if appointed (appointment is not required), is appointed by the board of directors and runs the day-to-day operations of the corporation. Other officers may be appointed.

Branch / representative office

A foreign corporation conducting business in Israel must register as a Foreign Company with the Israeli Registrar of Companies. The Foreign Corporation is regarded as the same legal entity as the Original Entity.

ENTITY SET UP

Company

Unlimited number of shareholders. However, having over 50 shareholders will subject the company to different reporting requirements. Generally no personal liability of the shareholders. Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends.

Typical charter documents include:

Certificate of Incorporation; and Articles of Association.

Board of directors has overall management responsibility; general manager has day-to-day responsibility within the framework set by the board of directors and is subject to the board's supervision.

Shareholders typically purchase shares in the corporation, either common or preferred.

The Company is subject to various annual corporate maintenance requirements such as: annual fee to the Registrar of Companies, appointment of auditors and filing of an annual report with the Registrar of Companies.

Branch / representative office

Registration of an already existing corporate entity (excluding a partnership) organized outside of Israel (the Original Entity) with the Israeli Registrar of Companies Defined under the Israeli Companies Law – 1999, as a “Foreign Company”, and Not a separate legal entity (same entity as the Original Entity)

MINIMUM CAPITAL REQUIREMENT

Company

No minimal requirement.

Branch / representative office

Not applicable.

LEGAL LIABILITY

Company

Shareholders of a company are generally not liable for the debts of a company aside from their financial contribution to the company. Branch / representative office Same as the original entity.

TAX PRESENCE

Company

A company is taxed at two levels. First, the company pays a corporate tax on its corporate income; shareholders are then taxed on dividends distributed by the company (if distributed).

Branch / representative office

Only taxed at the corporate entity level on income.

INCORPORATION PROCESS

Company

Filing of various documents with the Israeli Registrar of Companies, including the company's articles of association and other incorporation forms. Branch / representative office Filing of various documents with the Israeli Registrar of Companies, including a Hebrew translation of the Original Entity's incorporation documents.

BUSINESS RECOGNITION

Company

Well regarded and widely used.

Branch / representative office

Well regarded and not uncommon for corporation with limited local presence (eg limited sales or marketing activity).

SHAREHOLDER MEETING REQUIREMENTS

Company

Required to hold a general meeting of the shareholders every year and no later than 15 months following the previous general meeting (unless otherwise determined in the articles of association). Unanimous written consents, in lieu of meetings, are generally permitted.

Branch / representative office

Not applicable.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Company

The board convenes in accordance with the company's requirements and at least once a year. Unanimous written consents, in lieu of meetings, are generally permitted.

Branch / representative office

Not applicable.

ANNUAL COMPANY TAX RETURNS

Company

Must annually file tax returns.

Branch / representative office

Must file tax returns annually.

BUSINESS REGISTRATION FILING REQUIREMENTS

Company

Depending on the type of business and is issued by the municipality in which the company's facilities are located.

Branch / representative office

Depending on the type of business and is issued by the municipality in which the branch's facilities are located.

BUSINESS EXPANSION

Company

No need to change as business expands.

Branch / representative office

No need to change as business expands. However, as the business expands, it may make sense to incorporate a local subsidiary instead of the representative office.

EXIT STRATEGY

Company

Voluntary liquidation is generally performed vis-à-vis the Registrar of Companies. Involuntary liquidation will generally require the involvement of the court and/or the Official Receiver.

Branch / representative office

Not applicable.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Company

Annual meetings of the board of directors and of the shareholders; filing of annual report with the Registrar of Companies; payment of annual fee to the Registrar of Companies. The company is also required to notify the Registrar of Companies of various changes within the company on an ongoing basis (changes in share capital, shareholdings and directors, etc).

Branch / representative office

Required to notify the Registrar of Companies of various changes within the branch and/or the Original Entity (changes in the organizational documents or board of directors of the Original Entity, changes relating to the

authorized signatories of the branch, etc).

DIRECTOR / OFFICER REQUIREMENTS

Company

Minimum of one director. General manager and other officers are not required.

Branch / representative office

Not applicable.

LOCAL CORPORATE SECRETARY REQUIREMENT

Company

None beyond the required director.

Branch / representative office

Required to register the name and address of a person residing in Israel who is authorized to accept judicial documents and other notices on behalf of the Foreign Company.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Company

None beyond the required director.

Branch / representative office

Not applicable.

LOCAL OFFICE LEASE REQUIREMENT

Company

None required.

Branch / representative office

Not applicable.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Company

None required.

Branch / representative office

Not applicable.

SUFFICIENCY OF VIRTUAL OFFICE

Company

Insufficient. While physical presence is not required, a company must maintain a valid local registered mailing address.

Branch / representative office

Insufficient. While physical presence is not required, a Foreign Company must be represented by at least one person who regularly resided in Israel.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Company

Allowed.

Branch / representative office

Allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Company

Allowed.

Branch / representative office

Not applicable.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Company

None.

Branch / representative office

Required to execute a power of attorney in favor of a person regularly residing in Israel, authorizing him to act in its name.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Company

None.

Branch / representative office

Not applicable.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Company

Directors are elected by the shareholders and are the highest authority in the management of the company, and govern the organization by establishing broad policies and objectives. In contrast, the general manager is appointed by the directors to oversee day-to-day operations of the company.

Branch / representative office

Required to execute a power of attorney in favor of a person regularly residing in Israel, authorizing him to act in its name.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Company

Identity of directors and shareholders is publicly disclosed. Branch / representative office Identity of directors is publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Company

Shareholders – there must be a minimum of 1 shareholder, and while there is no maximum number, if a private company is not limited to less than fifty shareholders then it must file a balance sheet together with its annual report to the Registrar of Companies. Additionally, offering securities to over 35 individuals or entities may subject the company to various securities regulations and requirements (similar to those imposed on publicly traded companies). Directors – there must be at least one director and there is no maximum number.

Branch / representative office

Not applicable.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Company

There must be at least one shareholder.

Branch / representative office

Not applicable.

REMOVAL OF DIRECTORS OR OFFICERS

Company

Directors are generally removed by a majority vote of the shareholders who appointed them. The board of directors appoints and removes the general manager.

Branch / representative office

Not applicable.

REQUIRED AND OPTIONAL OFFICERS

Company

None required. Any optional officer is allowed.

Branch / representative office

Not applicable.

BOARD MEETING REQUIREMENTS

Company

The board convenes in accordance with the company's requirements and at least once a year. Unanimous written consents, in lieu of meetings, are generally permitted.

Branch / representative office

Not applicable.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Company

Shareholder meetings – Unless otherwise determined in the company's articles of association, the presence of at least two shareholders holding at least 25% of the voting rights is required.

Board meetings – Unless otherwise determined in the company's articles of association, the presence of a majority of the directors is required.

Branch / representative office

Not applicable.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Company

It is not possible to open a bank account prior to incorporation. Once opened, the account is not required to be local (though recommended for convenience purposes). Bank account will be required in order to open tax files (tax files are required in order to have any significant business activity, engage employees, etc)

Branch / representative office

It is not necessary to open a bank account prior to registration. Once opened, the account is not required to be local (though recommended for convenience purposes). Bank account will be required in order to open tax files (tax files are required in order to have any significant business activity, engage employees, etc).

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Company

Companies are generally required to appoint an auditor. The auditor must be an Israeli certified accountant and the books must be in Hebrew and kept at the company's registered offices.

Branch / representative office

Yes.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Company

Nominal value is not required. However, when used the nominal value will generally not be lower than NIS0.01 per share.

Branch / representative office

Not applicable.

INCREASING OF CAPITALIZATION IF NEEDED

Company

Effectuated by shareholder action.

Branch / representative office

Not applicable.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Company

Generally by distribution of dividends, return of shareholder loans, etc. Branch / representative office Generally by distribution of dividends, return of shareholder loans, etc.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Company

Shares can be transferred to shareholders or other third parties, but are generally subject to the board of directors' consent and registration of the transfer in the company's shareholder register. The articles of association may apply various restrictions on transfer such a "right of first refusal" or "co-sale right."

Branch / representative office

Not applicable.

OBTAINING A NAME AND NAMING REQUIREMENTS

Company

Names cannot be reserved and are subject to the approval of the Registrar of Companies. Names cannot be misleading, insult the public or its feelings and cannot contain registered trademarks unless given the consent of the holder of such trademark.

Branch / representative office

The branch will be registered under the same name as the Original Entity.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Company

To open a tax file, the company will need to have bank account and the bank will have the "know your client"

requirements under Israeli anti money laundering laws.

Branch / representative office

To open a tax file, the company will need to have bank account and the bank will have the “know your client” requirements under Israeli anti money laundering laws.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Company

The shareholders must approve any amendment by such majority as determined in the articles of association (simple majority, if not otherwise determined).

Branch / representative office

Not applicable.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Company

Typically the only license required, if required, would be a business license issued by the municipality in which the company’s facility is located. However, the requirement of a business license, as well as other licenses and permits, is dependent on the type of business conducted by the company.

Branch / representative office

Typically the only license required, if required, would be a business license issued by the municipality in which the company’s facility is located. However, the requirement of a business license, as well as other licenses and permits, is dependent on the type of business conducted by the company.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Company

Not applicable.

Branch / representative office

Not applicable.

ITALY



FORM OF ENTITY

Società a responsabilità limitata (S.r.l.)

Separate and distinct legal entity. A S.r.l. can be managed by:

A sole director

A board of directors, composed by two or more members

Two or more directors acting jointly or severally

Directors can also be quota-holders. Directors are elected by the quota-holders with a proper decision.

ENTITY SET UP

Società a responsabilità limitata (S.r.l.)

Typical documents include:

A list of Italian company's quota-holders and all the information regarding the foreign company wishing to incorporate it

Power of attorney, notarized and apostilled, if necessary, issued in favour of the persons who are requested to carry out the incorporation meeting in Italy

Certificate of existence and good standing of the quotaholders

Specific information about the company management Italian Fiscal Code of the Italian company's directors the auditing body (if any) and of the quota-holders (at this respect, please note that any non-Italian citizen director must request the issuance of an Italian tax code)

Bylaws and deed of incorporation of the company, which must have the specific requirements provided by the Italian Civil Code

At least 25% of the contributions in cash of the corporate capital must be deposited in a temporary deposit, in proportion of the interest underwritten by each quotaholder and all of the capital must be duly underwritten, otherwise the incorporation meeting cannot take place. The remaining contributions of the corporate capital must be paid in

when requested by the Board of Directors or the sole director. In case of sole quota-holder, all of the corporate capital must be paid in at time of incorporation.

Società per azioni (S.p.A.)

Typical documents include:

A list of Italian company's shareholders and all the information regarding the foreign company wishing to incorporate it

The company shareholder's ledger and shares' certificates Italian Fiscal Code of the Italian company's director, the auditing body and of the shareholders (at this respect, please note that any non-Italian citizen director must request the issuance of an Italian tax code)

By-laws and deed of incorporation of the company, which must have specific requirements provided by the Italian Civil Code

The entity set-up is subject to the following:

The share capital must be entirely underwritten

The provisions contained in Articles 2342, 2343 and 2343-ter of Italian Civil Code must be respected

The authorizations and the other conditions provided by special laws for the incorporation of the company, in relation to its particular purposed, shall apply

Branch office

Not a separate legal entity from its parent company. However, it still has the power to permanently represent the parent company in Italy

It is autonomous with respect to the way in which it organizes its activities in Italy

It has decision-making ability to carry on the business of its parent company in Italy

One or more persons are granted with the ability to represent the branch office in Italy

It is taxed on its earnings at a corporate level. Once the gross profits have been taxed in Italy at the branch level, they can be transferred to the parent company (foreign headquarter) without further Italian taxation

Technically they are not dividends since the net profit of an Italian branch already belongs to the parent company) and

Typical charter documents include:

Registration with the appropriate Companies'

Register Issuance of an Italian fiscal code and VAT code

Statement of new activity in Italy

Power of attorney/proxy to be provided to the persons entitled to represent the branch office

Representative office

Not a separate legal entity from its parent company It does not has the power to represent the parent company in Italy

It can only carry out promotional and advertising activities in Italy, receive and provide information on behalf of the parent company, carry out scientific research activity, create relationship with possible clients and monitor the Italian market

Cannot bind the parent company to any third party It is not subject to taxation in Italy (by definition a representative office does not carry out a business activity) and

Typical charter documents include:

Registration with the Economic and Administrative Register (R.E.A.)

Issuance of an Italian fiscal code

MINIMUM CAPITAL REQUIREMENT

Società a responsabilità limitata (S.r.l.)

Minimum capital requirement of EUR10,000. A change in law introduced the possibility to incorporate a S.r.l. with a corporate capital of less than EUR10,000 provided that: The corporate capital is at least equal to EUR1 The entire amount must be paid in cash by the directors of the company and A special reserve is formed to fill the gap in the capital with the future profits of the company Società per azioni (S.p.A.) EUR50,000.

LEGAL LIABILITY

Società a responsabilità limitata (S.r.l.)

The quotaholders have no personal liability. Quotaholders of a corporation are generally not liable for the debts of the corporation. According to Italian law, their liability is limited to their contributions. The quotaholders are jointly liable with the directors in case they have intentionally decided or authorized the performance of harmful activities on the company, the quotaholders or third parties.

Società per azioni (S.p.A.)

No personal liability of the shareholders. The different allocation of the corporate rights to shareholders is not allowed.

TAX PRESENCE

Società a responsabilità limitata (S.r.l.) Its earnings are taxed at a corporate level and quotaholders are taxed on any distributed dividends.

INCORPORATION PROCESS

Società a responsabilità limitata (S.r.l.)

The S.r.l. may be incorporated either by contract or unilateral act and the articles of association shall be drafted by way of a public deed. Therefore, the incorporation meeting takes place before an Italian Notary Public and provides for, inter alia, the filing and registration of the articles of association (and the annexed bylaws) with the competent Chamber of Commerce/Companies' Register.

BUSINESS RECOGNITION

Società a responsabilità limitata (S.r.l.)

Well regarded and widely used. The most common corporate entity in Italy for small to medium sized businesses, especially due to the flexibility in management.

SHAREHOLDER MEETING REQUIREMENTS

Società a responsabilità limitata (S.r.l.)

The articles of association of a S.r.l. may provide that the decisions of the quotaholders are taken by way of written consultation or written consent. In the absence of this kind of provision in the articles of association and:

With reference to some items expressly provided by Italian law:

The amendments of the articles of association

The decision to carry out the transactions entailing a substantial amendment of the corporate purpose or a substantial amendment of the rights of the shareholders)

In case of a decrease in the corporate capital for losses, or When requested by one or more directors or a number of quotaholders representing at least one third of the corporate capital, the decisions are taken by way of a quotaholder's meeting

Quotaholders are required to, at a minimum, approve the company's financial statements each year.

Società per azioni (S.p.A.)

A shareholder's meeting must be called at least once a year, in order to resolve upon the approval of the Financial

Statements of the company.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Società a responsabilità limitata (S.r.l.)

The articles of association of a S.r.l. may provide that the decisions of the board of directors are taken by way of written consultation or written consent. Directors are required to, at a minimum, approve the company's draft financial statements each year.

Auditing body

The S.r.l. is obliged to appoint an auditing body which can consist either:

In a board of three effective members and two alternate members or In a sole auditor or In an external auditor

The following requirements/thresholds need to be met:

The company is required to prepare the consolidated financial statements

The S.r.l. controls a company which is subject to the legal auditing by an external auditor

For two consecutive financial years the company has been exceeding at least one of the following thresholds:

The assets resulting from the balance sheet are equal to EUR2 million

The profits are equal to EUR2 million

The average number of the personnel employed by the company is 10 employees

The obligation to appoint an auditing body in a S.r.l. ceases if, for three subsequent financial years, none of the aforementioned numeric limits have been exceeded. For Società per azioni (S.p.A.):

The auditing body is mandatory in the joint stock companies. It is composed by three effective auditors and two alternate auditors, appointed by the shareholder's meeting (with the exception of the first statutory auditors, appointed by the deed of incorporation)

They must receive a remuneration for their office

ANNUAL COMPANY TAX RETURNS

Società a responsabilità limitata (S.r.l.)

Must annually file tax returns with the Italian tax authority; the most common are (not exhaustive list):

Corporate income tax return

Regional income tax return VAT return

Withholding agent tax return Moreover, other periodical (i.e. monthly or quarterly) tax declarations could be due, depending on the actual activity carried out; such as: Intrastat form, communication of any transactions with counterparties originating from the list of black listed countries, etc.

BUSINESS REGISTRATION FILING REQUIREMENTS

Società a responsabilità limitata (S.r.l.)

The filings are made when required by law. The financial statements must be filed each year after their approval by the shareholders' meeting, within 30 days from the approval itself.

BUSINESS EXPANSION

Società a responsabilità limitata (S.r.l.)

If a S.r.l. expands beyond a certain point (please refer to the Auditing body topic under Board of director meeting requirements) the company must appoint a board of statutory auditors or a sole auditor or an external auditor.

EXIT STRATEGY

Società a responsabilità limitata (S.r.l.)

The limited liability company dissolves:

For the expiration of the company's term

For the achievement of the corporate purpose or for the occurred impossibility to achieve it, unless the quotaholder's meeting, called with no delay, does not resolve upon the relevant by-laws amendments

For the impossibility to operate or for the continuous inactivity of the quotaholder's meeting

For the decrease in the corporate capital below the legal minimum required, unless what is provided by Articles 2447 and 2482-ter of Italian Civil Code

In cases foreseen by Articles 2437- quater and 2473 In case the quotaholder's meeting resolves so

For the other causes provided in the by-laws or the deed of incorporation

The effects of dissolution are determined at the date of registration, at the Companies' Register, of the declaration by which the directors of the company ascertain the causes of dissolution (with reference to the case described under number 6 above, at the date in which the relevant minutes will be filed with the companies' register).

Società per azioni (S.p.A.)

The joint stock company dissolves:

For the expiration of the company's term

For the achievement of the corporate purpose or for the occurred impossibility to achieve it, unless the shareholder's meeting, called with no delay, does not resolve upon the relevant by-laws amendments

For the impossibility to operate or for the continuous inactivity of the shareholder's meeting

For the decrease in the share capital below the legal minimum required, unless what is provided by Articles 2447 and 2482-ter of Italian Civil Code In cases foreseen by Articles 2437- quater and 2473

In case the shareholder's meeting resolves so

For the other causes provided in the by-laws or the deed of incorporation

The effects of dissolution are determined at the date of registration, at the Companies' Register, of the declaration by which the directors of the company ascertain the causes of dissolution (with reference to the case described under number 6 above, at the date in which the relevant minutes will be filed with the companies' register).

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Approval of financial statements (both at quotaholders' and directors' level)

DIRECTOR / OFFICER REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Directors are required.

Officers: Not applicable for this jurisdiction.

LOCAL CORPORATE SECRETARY REQUIREMENT

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The Italian entity shall have to appoint a legal representative who may be also a foreign individual.

LOCAL OFFICE LEASE REQUIREMENT

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not mandatory. The Italian entity may be domiciled at the bookkeeper office.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not allowed.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Società a responsabilità limitata (S.r.l.)

Directors are elected by the quotaholders and are the highest authority in the management of the company. A S.r.l. can be managed by:

A sole director A board of directors, composed by two or more members

Two or more directors acting jointly or severally

Directors can also be quotaholders. The directors are jointly liable towards the company for damages arising from the failed observance of their duties, imposed by law and by the deed of incorporation for the management of the company. However, directors proving to be not in fault and having opposed to that specific transaction to be carried out, are deemed as not liable. The remuneration for their office is not mandatory.

Società per azioni (S.p.A.)

The joint stock company is managed by an administrative body, appointed by the shareholder's meeting (except for the first directors, who are appointed in the Deed of Incorporation)

It is possible to choose among:

A sole director

A Board of Directors

Two or more directors with several powers

The directors must fulfil their duties, in accordance with the provisions set forth by the law and the articles of associations, and with the diligence required by the type of appointment and their specific competences. They are jointly liable towards the company with respect to the damages arising from the non-fulfilment of such duties, provided that they are not specific powers of the executive committee or they are concrete functions exercised by one or more directors. They are jointly liable if, being aware of negative facts, they did not what they could to prevent the carrying out of such facts or to eliminate or mitigate the harmful consequences thereof. The directors of a joint stock company are also liable towards company's creditors for the failed compliance with the obligations concerning the assets' integrity. The remuneration for their office is not mandatory.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Quotaholders, directors, members of oversight body (eg members of the board of statutory auditors, if any), and proxy-holders (if any) are publicly identified. Their data (date and place of birth, domicile address and Italian Fiscal Code if they are persons, the registered office if they are companies) are filed with the Companies' Register.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The minimum and maximum number of directors are specified in the by-laws, and the number is decided in the deed of their appointment. For directors, generally the minimum number is one (in this case, the management body of the company consists of a sole director).

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The number of shareholders is potentially unlimited. One quotaholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Applicable.

REQUIRED AND OPTIONAL OFFICERS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Applicable (eg, attorney in fact).

BOARD MEETING REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The articles of association of a S.r.l. and S.p.A. may provide that the decisions of the board of directors are taken by way of written consultation or written consent.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The quota required for the meetings are provided by the Articles of Association or by law.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The bank account may be opened even after the incorporation. The necessary sum to set-up the company (ie, the corporate capital) can be kept in escrow by the Notary Public on his trust bank account and then can be transferred onto the Italian entity's bank account when the latter is opened. The bank account is local.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

In a S.r.l., the appointment of the auditing body is not mandatory under Italian law, except for the cases described in the Auditing body topic under Board of director meeting requirements. In the S.p.A. the auditing body is necessary. The relevant books must be kept.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Società a responsabilità limitata (S.r.l.)

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Applicable.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Società per azioni (S.p.A.)

The funds can be divided between corporate capital and share premium.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Possible restrictions on the transfer of quotas can be set forth in the Italian entity's by-laws.

OBTAINING A NAME AND NAMING REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

There are no limitations on the name of a limited liability company or joint stock company; in any case, in order to prevent competitive objections, it is suggested to avoid choosing names which are equal or similar to those of competitors companies. Before choosing the name of the company it is advisable to carry out research at the Register of Companies (Registro delle imprese) or at the Italian Trademark Offices. Furthermore, according to Italian law, the name of the company must include the legal form, ie, "S.r.l." or "S.p.A."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

The By-laws and the Deed of Incorporation can be amended with a quotaholder's meeting to be held before the Notary Public.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Depends on the specific business of the corporation.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Società a responsabilità limitata (S.r.l.) and Società per azioni (S.p.A.)

Applicable, if required but the shelf companies are not usual under Italian law.

JAPAN



FORM OF ENTITY

Registered branch

This form is often used by foreign companies seeking to gain presence and do business in Japan without establishing a subsidiary. A foreign company must appoint at least one representative in Japan.

Kabushiki-Kaisha (KK)

A KK is a distinct legal entity. KKs are most similar to C-corporations in other jurisdictions. The liability for shareholders is limited and the KK is a well-established structure. The KK may be established with or without a board of directors.

Godo-Kaisha (GK)

A GK structure is similar to an LLC in other jurisdictions. The GK allows more flexibility in regards to corporate governance and management decisions. The annual corporate governance requirements costs are generally lower as there are few formal corporate governance requirements that must be observed.

ENTITY SET UP

Registered branch

This form is used by foreign companies which wish to gain presence in Japan without establishing a subsidiary

Appointment of a representative in Japan who has an address in Japan is needed. Other than that, there are no requirements regarding corporate maintenance This form is taxed on its income arising within Japan in principle

Kabushiki-Kaisha (KK)

Unlimited number of shareholders

No personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

The corporate formalities are fairly strict

Directors have overall management responsibility. A KK may be established with or without a board of directors.

Godo-Kaisha (GK)

Unlimited number of members allowed

Liability of members is limited to the amount of equity participation

Taxed on its earnings at a corporate level and members are taxed on any distributed profits

There are few formal corporate governance requirements that must be observed

Members are designated to manage the business

MINIMUM CAPITAL REQUIREMENT

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK) JPY 1.

Godo-Kaisha (GK) JPY

1. LEGAL LIABILITY

Registered branch

A registered branch is considered as a part of its foreign company, which will be liable for any activities or debts of the registered branch.

Kabushiki-Kaisha (KK)

Liability of shareholders is limited to the amount of equity participation.

Godo-Kaisha (GK)

Liability of members is limited to the amount of equity participation.

TAX PRESENCE

Registered branch Income arising within Japan is in principle taxed, and income attributable to a branch arising in the countries other than Japan (if any) would be subject to income tax in Japan.

Kabushiki-Kaisha (KK)

A KK is taxed at two levels. First the KK is subject to corporate tax; then shareholders are taxed on any dividends distributed by the KK.

Godo-Kaisha (GK)

A GK is taxed at two levels. First the GK is subject to corporate tax; then members are taxed on any dividends distributed by the GK.

INCORPORATION PROCESS

Registered branch

A foreign company is required to register with the Legal Affairs Bureau.

Kabushiki-Kaisha (KK)

Notarization of the Articles of Incorporation by Japanese notary public and registration with the Legal Affairs Bureau are required.

Godo-Kaisha (GK)

Registration with the Legal Affairs Bureau is required.

BUSINESS RECOGNITION

Registered branch

This form is used by foreign companies which wish to gain presence without establishing a subsidiary in Japan.

Kabushiki-Kaisha (KK)

Well regarded and widely used.

Godo-Kaisha (GK)

Some business entities may be hesitant in dealing with third party GKs since the structure is relatively new. A GK structure was introduced with the adoption of revised Japanese Companies Act in 2006, and it took some time to come to be recognized. However, as the number of GKs increased and some major global companies selected GKs as entities in Japan, GKs are getting to be commonly used.

SHAREHOLDER MEETING REQUIREMENTS

Registered branch

No requirements.

Kabushiki-Kaisha (KK)

A regular general shareholders meeting, in principle, must be held at least once every year. It needs to be held within three months of the end of the fiscal year in most KKs.

Godo-Kaisha (GK)

None.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Registered branch

No requirements.

Kabushiki-Kaisha (KK)

A KK has to hold board of directors meetings once in three months if the KK has a board of directors.

Godo-Kaisha (GK)

None.

ANNUAL COMPANY TAX RETURNS

Registered branch

A registered branch must annually file tax returns with the National Tax Agency.

Kabushiki-Kaisha (KK)

A KK must annually file tax returns with the National Tax Agency.

Godo-Kaisha (GK)

A GK must annually file tax returns with the National Tax Agency.

BUSINESS REGISTRATION FILING REQUIREMENTS

Registered branch

A foreign company intending to engage in business in Japan on a regular basis must register necessary information, which is also required from most other similarly situated companies in Japan, in order to carry out continuous transactions. In addition, the foreign company must register its governing law, name and address of its representative in Japan, and means by which it will provide public notice. A registered branch must also register changes to those items which have been registered in its corporate registry.

Kabushiki-Kaisha (KK)

Registration with the Legal Affairs Bureau is required. Also, a KK has to register changes of items that have been registered in its corporate registry.

Godo-Kaisha (GK)

Registration with the Legal Affairs Bureau is required. Also, a GK has to register changes of items that have been registered in its corporate registry.

BUSINESS EXPANSION

Registered branch If the scope of business purpose is expanded, filing the changes with the Legal Affairs Bureau is required.

Kabushiki-Kaisha (KK)

If the scope of business purpose is expanded, the articles of incorporation need to be amended by a special resolution of a general meeting of shareholders, which normally requires the presence of a majority of shareholders, and an approval of two-thirds or more of votes. Also, filing such changes with the Legal Affairs Bureau is required.

Godo-Kaisha (GK)

If the scope of business purpose is expanded, the Articles of Incorporation need to be amended by a majority vote of its members, and filing such changes with the Legal Affairs Bureau is required.

EXIT STRATEGY

Registered branch

If all of the representatives in Japan have resigned, a branch office can be closed.

Kabushiki-Kaisha (KK)

Dissolution will be approved by a special resolution of a general meeting of shareholders, which normally requires presence of a majority of shareholders, and an approval of two thirds or more of votes. A liquidator must perform the liquidation tasks. Dissolution and completion of liquidation are filed with the Legal Affairs Bureau.

Godo-Kaisha (GK)

Dissolution will be approved by all members, and a liquidator will perform liquidation tasks. Dissolution and completion of liquidation are filed with the Legal Affairs Bureau.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Registered branch

None.

Kabushiki-Kaisha (KK)

The requirements are an annual shareholders' meeting for every KK and a board of directors meeting once every three months if the KK has a board of directors.

Godo-Kaisha (GK)

None. A GK can flexibly organize its maintenance policy.

DIRECTOR / OFFICER REQUIREMENTS

Registered branch

At least one representative in Japan who has an address in Japan is required.

Kabushiki-Kaisha (KK)

At least one director is required for every KK. A KK with a board of directors needs to have three or more directors and one or more statutory auditors. An accounting auditor which is a CPA or an accounting firm is required if the KK has stated capital of at least JPY500 million or liabilities of at least JPY20 billion (this kind of KK is called a "large

company").

Godo-Kaisha (GK)

No requirements regarding directors. Normally, members execute the business of the GK and such members represent the GK. The GK can also appoint specific members (managing members) who execute the business. In this case, only the managing members represent the GK. In the case where a managing member is a legal entity, such legal entity needs to appoint natural person(s) who will execute the business affairs on behalf of such managing member as executive manager(s).

LOCAL CORPORATE SECRETARY REQUIREMENT

Registered branch

None.

Kabushiki-Kaisha (KK)

None.

Godo-Kaisha (GK)

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Registered branch

None.

Kabushiki-Kaisha (KK)

None beyond the required directors, statutory auditor, accounting auditor.

Godo-Kaisha (GK)

None.

LOCAL OFFICE LEASE REQUIREMENT

Registered branch

To lease property in the name of a foreign company, most lessors will require a certified copy of the registration with the Legal Affairs Bureau indicating that the foreign company is duly constituted and that the individual representative in Japan has been duly authorized to act on behalf of the company.

Kabushiki-Kaisha (KK)

None required for incorporation.

Godo-Kaisha (GK)

None required for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Registered branch

None.

A representative in Japan's address will be considered the address of the branch if the branch office does not register its own address.

Kabushiki-Kaisha (KK)

None.

Godo-Kaisha (GK)

None.

SUFFICIENCY OF VIRTUAL OFFICE

Registered branch

Sufficient for registration.

Kabushiki-Kaisha (KK)

Allowed for incorporation.

Godo-Kaisha (GK)

Allowed for incorporation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Registered branch

Allowed for registration.

Kabushiki-Kaisha (KK)

Allowed for incorporation.

Godo-Kaisha (GK)

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Registered branch

Allowed for registration.

Kabushiki-Kaisha (KK)

Allowed for incorporation.

Godo-Kaisha (GK)

Allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Registered branch

At least one representative in Japan must have an address in Japan, but such person does not have to be a Japanese national.

Kabushiki-Kaisha (KK)

None.

Godo-Kaisha (GK)

None.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Registered branch

None.

Kabushiki-Kaisha (KK)

None.

Godo-Kaisha (GK)

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Registered branch

Depends on the governing law of the foreign company. No relevant provisions under Japanese law.

Kabushiki-Kaisha (KK)

Directors are the highest authority in the management structure of a KK and govern the organization.

Godo-Kaisha (GK)

Normally, members execute the business of a GK and such members represent the GK. A GK can also appoint specific members (managing members) who execute the business. In this case, only the managing members represent the GK.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Registered branch

Name of directors, name and residential address of representative in Japan are registered on a corporate registry which is publicly accessible.

Kabushiki-Kaisha (KK)

Name of directors, statutory auditors, accounting auditor and residential address of the representative director are registered on a corporate registry which is publicly accessible; however, shareholders are not disclosed.

Godo-Kaisha (GK)

Name and address of managing members and executive managers, if appointed, are disclosed in a corporate registry which is publicly accessible; however, name and address of non-managing members are not disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Registered branch

At least one representative in Japan is needed.

Kabushiki-Kaisha (KK)

The minimum number of directors is three in a KK with a board of directors, but one for a KK without a board of directors. There is no limitation on the number of shareholders.

Godo-Kaisha (GK)

There is no limitation on the number of members and executive managers.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

One shareholder is sufficient.

Godo-Kaisha (GK)

One member is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

Removal of directors is generally allowed by a majority vote of shareholders at the general meeting of shareholders.

Godo-Kaisha (GK)

A managing member who appointed its executive manager may freely remove its executive manager.

REQUIRED AND OPTIONAL OFFICERS

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

An accounting auditor is required for a KK that has stated capital of at least JPY 500 million or liabilities of at least JPY 20 billion (this kind of KK is called a "large company"). An accounting auditor is optional for all forms of KKs.

Godo-Kaisha (GK)

None.

BOARD MEETING REQUIREMENTS

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

Board of director meetings are required once in three months. If permitted by the articles of incorporation of the KK, a resolution in relation to an agenda proposed by a director can be replaced by written consents of all directors, unless none of the statutory auditors make an objection to such agenda.

Godo-Kaisha (GK)

None.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Registered branch

Depends on the governing law.

Kabushiki-Kaisha (KK)

For a shareholder meeting, usually a majority of shareholders must be present at the meeting and a majority vote of the shareholders present is required, or all shareholders must sign written consents to a particular agenda. For a board meeting, usually a majority of directors must be present at the meeting and a majority vote of directors present is required. The resolution can be replaceable by all directors' written consent as mentioned in Board meeting requirements.

Godo-Kaisha (GK)

A majority vote of members.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Registered branch

Not necessary for registration, and not limited to local accounts.

Kabushiki-Kaisha (KK)

Not necessary in order to incorporate. Opening of a bank account for a KK before incorporation is not possible.

Godo-Kaisha (GK)

Not necessary in order to incorporate. Opening of a bank account for a GK before incorporation is not possible.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Registered branch

None.

Kabushiki-Kaisha (KK)

An audit is required for a KK with statutory auditors or an accounting auditor. Statutory auditors review the financial statements of the company and are responsible for auditing the execution of duties by directors for compliance with statutes and the Articles of Incorporation unless such statutory auditor's scope of audit is limited to accounting matters. There is no requirement that a statutory auditor be an accountant and he/she does not have to be located in local jurisdiction. A KK must keep its books for ten years, must place its books for five years at its head office and must place a copy of its books for three years at its branch office (if any).

Godo-Kaisha (GK)

Since there are no statutory auditors or accounting auditors in a GK, auditing is not required for a GK. A GK must keep its books for ten years.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Registered branch

Depends on the governing law.

Kabushiki-Kaisha (KK)

None.

Godo-Kaisha (GK)

None.

INCREASING OF CAPITALIZATION IF NEEDED

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

Increase of stated capital can be done by issuance of new shares. Filing the changes of the stated capital and the number of shares with the Legal Affairs Bureau is required.

Godo-Kaisha (GK)

Increase of stated capital can be done by capital injection by existing/new members. Filing the changes of the stated capital with the Legal Affairs Bureau is required.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Registered branch

A branch does not have equity participation shares, but the income of a branch may contribute to dividends of its head office.

Kabushiki-Kaisha (KK)

Funds can be repatriated abroad from Japan via dividends or distribution of residual assets upon liquidation.

Godo-Kaisha (GK)

Funds can be repatriated abroad from Japan via dividends or distribution of residual assets upon liquidation.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

A KK can issue shares that cannot be transferred without the approval of the KK, if so prescribed in the Articles of Incorporation.

Godo-Kaisha (GK)

A member cannot transfer his/her equity without the consent of all members.

OBTAINING A NAME AND NAMING REQUIREMENTS

Registered branch

A corporate name cannot be the one which can be mistaken as other companies, but this limitation is only applicable when other companies are located at the same address.

Kabushiki-Kaisha (KK)

A KK should use in its corporate name the words "Kabushiki-Kaisha." A corporate name cannot be the one which can be mistaken for the other company, but this limitation is only applicable when other companies are located at the same address.

Godo-Kaisha (GK)

A GK should use in its corporate name the words "Godo-Kaisha." A corporate name cannot be the one which can be mistaken for the other company, but this limitation is only applicable when other companies are located at the same address.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Registered branch

There is no system that is similar to KYC in this jurisdiction.

Kabushiki-Kaisha (KK)

There is no system that is similar to KYC in this jurisdiction.

Godo-Kaisha (GK)

There is no system that is similar to KYC in this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Registered branch

Depends on the governing law of the foreign company.

Kabushiki-Kaisha (KK)

Special resolution of a shareholders meeting, which normally requires presence of a majority of shareholders and an approval of two thirds or more of votes.

Godo-Kaisha (GK)

All members' consent are needed.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Registered branch

Registration with the Legal Affairs Bureau is required to conduct continuous business. If the registered branch intends to operate a specific business which requires a license under the Japanese law, such license needs to be obtained before commencing such business.

Kabushiki-Kaisha (KK)

If the KK intends to operate a specific business which requires a license under the Japanese law, such license needs to be obtained before commencing such business.

Godo-Kaisha (GK)

If the GK intends to operate a specific business which requires a license under the Japanese law, such license needs to be obtained before commencing such business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Registered branch

There is no concept of shelf company in this jurisdiction.

Kabushiki-Kaisha (KK)

There is no concept of shelf company in this jurisdiction.

Godo-Kaisha (GK)

There is no concept of shelf company in this jurisdiction.

LUXEMBOURG



FORM OF ENTITY

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Separate and distinct legal personality. Managed by a manager or a board of managers (college de gérance) – who may or may not be shareholders - responsible for making major business decisions and overseeing the general affairs of the company. Managers are elected by the shareholders for a limited or unlimited term and may represent the company acting alone, or as set out in the articles of association, if more than one is appointed.

Public limited liability company (Société anonyme or S.A.)

Separate and distinct legal personality. An S.A. can be organized as a one-tier company (ie, managed by a sole director or a board of directors composed of at least 3 directors) or two-tier company (ie, an executive board (directoire) and a supervisory board (conseil de surveillance). Directors are elected by the shareholders and may represent the company acting alone, or as set out in the articles of association, if more than one is appointed.

Special limited partnership (Société en commandite spéciale or SCSp)

Largely inspired by the Anglo-Saxon limited partnership regimes, the special limited partnership (SLP) has been designed to bolster Luxembourg's position as the main alternative investment fund structuring hub in the EU at a time when the manager regulation is seen as a potential substitute for product regulation. With no legal personality, the SCSp is formed by written agreement for a limited or unlimited duration, between one or more general partner(s) (associés commandités) jointly and severally liable for the partnership's commitments, and one or more limited partner(s) (associés commanditaires) whose liability does not extend beyond their commitment.

High level of contractual freedom and structuring flexibility characterize the SCSp as most of the relevant provisions applicable to the SCSp can be contractually set forth in the limited partnership agreement.

ENTITY SET UP

On July 13, 2016 the Luxembourg Parliament adopted a major company law reform, which is:

Modernizing the Luxembourg corporate law

Granting legal certainty for certain practices that were previously subject to legal practices

Introducing the simplified company limited by shares (société par actions simplifiée or S.A.S.), and Introducing added flexibility in the mostly used form of companies

The two underlying principles to this reform are enhancement of the contractual freedom and the promotion of a business friendly environment. This reform adapts the legal framework to the economic realities and improves the consistency of Luxembourg corporate law and the competitiveness of the Grand Duchy of Luxembourg. The forms of entities that are most commonly used in Luxembourg are the private limited liability company (société à responsabilité limitée or S.à r.l.), the public limited liability company (société anonyme or S.A.) and the special limited partnership (société en commandite spéciale or SCSp).

Other forms of entities commonly used in Luxembourg include the common limited partnership (société en commandite simple or SCS) and the corporate partnership limited by shares (société en commandite par actions or SCA).

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

From one to 100 shareholders

Share capital can be divided into several classes of shares

Generally no personal liability of the shareholders

Typical incorporation documents include: notarial incorporation deed including articles of association and share register

Managed by a sole manager or a board of managers

Annual accounts have to be filed with the Luxembourg Register of Commerce and Companies For US tax purposes, an S.à r.l. qualifies as a check the box company

Public limited liability company (Société anonyme or S.A.)

At least 1 shareholder, no maximum number Share capital can be divided into several classes of shares

Generally no personal liability of the shareholders

Company can be organized as a one-tier company (ie managed by a sole director or a board of directors composed of at least 3 directors) or two-tier company (ie an executive board (directoire) and a supervisory board (conseil de surveillance))

Typical incorporation documents include:

notarial incorporation deed including articles of association and share register

If organized as a one-tier company (which is the most common), managed by a sole director (only if a sole shareholder) or a board of directors composed of at least three directors Annual accounts have to be filed with the Luxembourg Register of Commerce and Companies

For US tax purposes, an S.A. does not qualify as a check the box company

Special limited partnership (Société en commandite spéciale or SCSp).

Inspired by the Anglo-Saxon limited partnership

At least one general partner (associé commandité) and one limited partner (associé commanditaire)

No legal personality and tax transparent

No minimum capital requirement, partnership units may be issued

Generally no liability for the limited partners

The general partner(s) jointly and severally liable for the partnership's commitments

The partnership may be managed by its general partner(s) or by a board of managers

Typical formation documents include: limited partnership agreement and a register of partnership interests

High level of contractual freedom and structuring flexibility, and Annual accounts, if any, must be filed with the Luxembourg Register of Commerce and Companies for statistical purposes, but they are not published.

MINIMUM CAPITAL REQUIREMENT

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

€12.000, fully paid-up upon incorporation.

Public limited liability company (Société anonyme or S.A.)

€30.000, fully subscribed and at least ¼ of each share must be paid up.

Special limited partnership (Société en commandite spéciale or SCSp)

No minimum capital requirement.

LEGAL LIABILITY

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Shareholders of the company generally not liable for the debts of the company, aside from their financial contribution to the capital of the company.

Public limited liability company (Société anonyme or S.A.)

Shareholders of the company generally not liable for the debts of the company, aside from their financial contribution to the capital of the company.

Special limited partnership (Société en commandite spéciale or SCSp)

General partner(s) (associés commandités) are jointly and severally liable for the partnership's commitments, and the limited partner(s) (associés commanditaires) are normally not liable beyond their commitment.

TAX PRESENCE

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The company pays a corporate tax on its corporate income (currently at the rate of 24.94%) and a withholding tax may apply when dividends are paid to its shareholders (at the rate of 15%, subject to reduction under applicable tax treaties). Exemptions are available under certain conditions.

Public limited liability company (Société anonyme or S.A.)

The company pays a corporate tax on its corporate income (currently at the rate of 24.94%) and a withholding tax may apply when dividends are paid to its shareholders (at the rate of 15%, subject to reduction under applicable tax treaties). Exemptions are available under certain conditions.

Special limited partnership (Société en commandite spéciale or SCSp)

The SCSp is in principle tax transparent.

INCORPORATION PROCESS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Prior to the incorporation meeting, the share capital amount (ie, at least €12,000) will have to be deposited on the Luxembourg bank account of the company. The bank will block the share capital amount and issue a blocking certificate to the attention of the Luxembourg notary. The incorporation meeting will have to be held in the presence of a Luxembourg notary public (to which the shareholders can be present or represented on the basis of proxies) at the occasion of which it will be decided to incorporate the S.à r.l. and adopt its articles of association. The share capital amount will be released after incorporation.

The incorporation deed including the articles of association will have to be filed with the Luxembourg Register of Commerce and Companies within one month and will be published in full to the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations). An S.à r.l. can also be incorporated by means of a contribution in

kind (or a mix of cash and kind), the value of such contribution having to be certified by the contributing shareholder to the Luxembourg notary. No external audit report is required. An S.à r.l. exists as from the date of its incorporation meeting.

Public limited liability company (Société anonyme or S.A.)

Prior to the incorporation meeting, the share capital amount (ie, at least €30,000) will have to be deposited on the Luxembourg bank account of the company. The bank will block the share capital amount and issue a blocking certificate to the attention of the Luxembourg notary. The incorporation meeting will have to be held in the presence of a Luxembourg notary public (to which the shareholders can be present or represented on the basis of proxies) at the occasion of which it will be decided to incorporate the S.A. and adopt its articles of association.

The share capital amount will be released after incorporation. The incorporation deed including the articles of association will have to be filed with the Luxembourg Register of Commerce and Companies within one month and will be published in full to the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations). An S.A. can also be incorporated by means of a contribution in kind (or a mix of cash and kind), the value of such contribution having to be certified by an external auditor (réviseur d'entreprise agréé) to the Luxembourg notary.

However, no report of an external auditor will be required if at least 90% of the share capital to be issued is paid by contribution(s) in kind, under to the following conditions:

The founders must agree to waive the issuance of the report;

A record of the waiver must be annexed to the deed of incorporation;

The contributing companies must have financial reserves and these reserves must be at least equal to the nominal value or the nominal value of the shares (issued as consideration for the contribution(s) in kind);

The contributing companies must guarantee the debts of the receiving company up to an amount equal to the nominal value or the par value of the shares (issued as consideration for the contribution or contributions in kind) until one year after the publication of the first financial year accounts. During this period, the shares may not be transferred; and

The contributing companies must allocate to a blocked reserve for three years (starting from the publication of the first financial year accounts) a sum equal to the nominal value or the nominal amount of the shares (issued against the contribution(s) in kind). An S.A. exists as from the date of its incorporation meeting.

Special limited partnership (Société en commandite spéciale or SCSp)

The SCSp may be formed before a Luxembourg notary or under private seal, which is the most common. There is a high level of contractual freedom, the provisions applicable to the SCSp being contractually provided for in the limited partnership agreement. The SCSp is formed by the execution of the limited partnership agreement by at least one general partner (associé commandité) and at least one limited partner (associé commanditaire).

The contributions can be made by means of a contribution in cash, kind or industry. No external valuation is required. An SCSp exists as from the date of execution of its limited partnership agreement. Extracts of the limited partnership agreement must be filed with the Luxembourg Register of Commerce and Companies within one month from its execution and published with the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

BUSINESS RECOGNITION

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Well regarded and widely used.

Public limited liability company (Société anonyme or S.A.)

Well regarded.

Special limited partnership (Société en commandite spéciale or SCSp)

Well regarded and widely used in the private equity/funds industry.

SHAREHOLDER MEETING REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Except for amendments to the articles of association, the holding of general meetings is not compulsory as long as there are no more than 60 shareholders. In such case, each shareholder shall receive the proposed resolutions and shall cast his vote in writing. Where there are more than 60 shareholders, at least one annual shareholders' meeting must be held each year at the time determined in the articles.

Public limited liability company (Société anonyme or S.A.)

Required to hold an annual shareholders' meeting in Luxembourg within six months from the end of the financial year in order to approve the annual accounts.

Special limited partnership (Société en commandite spéciale or SCSp)

There are no legal requirements to hold annual general partners' meetings.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Sole manager's resolutions to be taken, or board meetings (if more than one manager) to be held in Luxembourg, at least once a year. Managers may: Attend board meetings in person Grant power of attorney to another manager in order to be represented at a relevant meeting or Attend by means of conference call (ideally initiated from Luxembourg), unless expressly forbidden by the articles of association If the articles allow it, the resolutions of the board of managers may be adopted unanimously in writing by means of circular resolutions.

Public limited liability company (Société anonyme or S.A.)

Sole director's resolutions to be taken, or board meetings to be held in Luxembourg, at least once a year. Directors may: Attend board meetings in person Grant power of attorney to another director in order to be represented at a relevant meeting or Attend by means of conference call (ideally initiated from Luxembourg), unless expressly forbidden by the articles of association If the articles allow it, the resolutions of the board of directors may be adopted unanimously in writing by means of circular resolutions.

Special limited partnership (Société en commandite spéciale or SCSp)

There is no board of directors. The SCSp is managed by one or several managers, which can be general partner(s).

ANNUAL COMPANY TAX RETURNS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Annual filing of tax returns.

Public limited liability company (Société anonyme or S.A.)

Annual filing of tax returns.

Special limited partnership (Société en commandite spéciale or SCSp)

Annual tax returns should be filed for the SCSp (no tax returns for the investors).

BUSINESS REGISTRATION FILING REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Registration with the Luxembourg Register of Commerce and Companies and publication of the incorporation deed and subsequent deeds or filings in the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Public limited liability company (Société anonyme or S.A.)

Registration with the Luxembourg Register of Commerce and Companies and publication of the incorporation deed and subsequent deeds or filings in the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations). The identities of the shareholders are not disclosed to the Luxembourg Register of Commerce and Companies, nor published.

Special limited partnership (Société en commandite spéciale or SCSp)

Registration with the Luxembourg Register of Commerce and Companies and publication of extracts of the limited partnership agreement and subsequent amendments or filings in the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations). The identities of the limited partners are not disclosed to the Luxembourg Register of Commerce and Companies, nor published.

BUSINESS EXPANSION

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

As long as there are no more than 100 shareholders and that the company is not to be listed on a stock market, there is no need to change the legal form as business expands, as long as the activities are included in its corporate object.

Public limited liability company (Société anonyme or S.A.)

No need to change the legal form as business expands, to the extent that the activities remain within the corporate object of the limited liability company.

Special limited partnership (Société en commandite spéciale or SCSp)

No need to change the legal form as business expands, to the extent that the activities remain within the corporate object of the SCSp.

EXIT STRATEGY

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

An S.à r.l. may be dissolved and liquidated upon a decision of its shareholders. The dissolution documents are to be filed with the Luxembourg Register of Commerce and Companies and published in the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Public limited liability company (Société anonyme or S.A.)

Specific exit strategies for the shareholders' may be included in the articles of association or a possible shareholders' agreement between the shareholders. In addition, an S.A. can also be dissolved and liquidated by following the dissolution and liquidation procedure. An S.A. may be dissolved and liquidated upon a decision of its shareholders. The dissolution documents are to be filed with the Luxembourg Register of Commerce and Companies and published in the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Special limited partnership (Société en commandite spéciale or SCSp)

Specific exit strategies for the partners may be included in the limited partnership agreement.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Yearly approval by the shareholders of the balance sheet and profit and loss account prepared by the management. An annual shareholders meeting will have to be held if there are more than 60 shareholders. The annual accounts will have to be filed with the Luxembourg Register of Commerce and Companies within one month following their approval and will be published in full to the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Public limited liability company (Société anonyme or S.A.)

Annual shareholders' meeting in Luxembourg within six months from the end of the financial year in order to approve the annual accounts. The annual accounts will have to be filed with the Luxembourg Register of Commerce and Companies within one month following their approval and will be published in full to the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Special limited partnership (Société en commandite spéciale or SCSp)

No mandatory annual partners' meeting.

DIRECTOR / OFFICER REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

At least one manager required (individual or legal person).

Public limited liability company (Société anonyme or S.A.)

An S.A. can be organized as a one-tier company, in which case at least three directors are required (individual or legal person). If a legal person is appointed as director, it must appoint a permanent representative to perform such mission in the name and on behalf of the legal person. Directors are elected for a term of maximum 6 years (which may be renewed).

If the S.A. is held by a sole shareholder, the company can be managed by a sole director. An S.A. can also be organized as a two-tier company (ie an executive board (directoire) and a supervisory board (conseil de surveillance)).
Special limited partnership (Société en commandite spéciale or SCSp) There is no board of directors. The SCSp is managed by one or several managers, which may be unlimited partner(s). The limited partnership agreement must designate the managers of the SCSp.

LOCAL CORPORATE SECRETARY REQUIREMENT

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

None.

Public limited liability company (Société anonyme or S.A.)

None.

Special limited partnership (Société en commandite spéciale or SCSp)

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The company must be managed in Luxembourg.

Public limited liability company (Société anonyme or S.A.)

The company must be managed in Luxembourg.

Special limited partnership (Société en commandite spéciale or SCSp)

The company must be managed in Luxembourg.

LOCAL OFFICE LEASE REQUIREMENT

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Registered office in Luxembourg required.

Public limited liability company (Société anonyme or S.A.)

Registered office in Luxembourg required.

Special limited partnership (Société en commandite spéciale or SCSp)

Registered office in Luxembourg required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

It is preferable that the managers (or at least one half of the managers, if more than one) reside or work in Luxembourg from a corporate perspective.

Public limited liability company (Société anonyme or S.A.)

It is preferable that the directors (or at least one half of the directors, if more than one) reside or work in Luxembourg from a corporate perspective.

Special limited partnership (Société en commandite spéciale or SCSp)

It is preferable that the manager(s)/managing general partner(s) reside (or work) in Luxembourg from a corporate perspective.

SUFFICIENCY OF VIRTUAL OFFICE

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Real registered office required (domiciliation allowed).

Public limited liability company (Société anonyme or S.A.)

Real registered office required (domiciliation allowed).

Special limited partnership (Société en commandite spéciale or SCSp)

Real registered office required (domiciliation allowed).

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Corporate services providers may provide registered office address.

Public limited liability company (Société anonyme or S.A.)

Corporate services providers may provide registered office address.

Special limited partnership (Société en commandite spéciale or SCSp)

Corporate services providers may provide registered office address.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Corporate services providers may provide Luxembourg resident managers.

Public limited liability company (Société anonyme or S.A.)

Corporate services providers may provide Luxembourg resident managers.

Special limited partnership (Société en commandite spéciale or SCSp)

Corporate services providers may provide Luxembourg resident managers.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

No nationality or residency requirements for both managers and shareholders from a corporate perspective.

Public limited liability company (Société anonyme or S.A.)

No nationality or residency requirements both for directors and shareholders from a corporate perspective.

Special limited partnership (Société en commandite spéciale or SCSp)

No nationality or residency requirements both for managers and partners from a corporate perspective.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The shareholders will be deemed to be those indicated in the shareholders' register of the company.

Public limited liability company (Société anonyme or S.A.)

The shareholders will be deemed to be those indicated in the shareholders' register of the company.

Special limited partnership (Société en commandite spéciale or SCSp)

The partners will be deemed to be those indicated in the limited partnership agreement and the register of partnership interests of the SCSp.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The managers may carry out all acts necessary or useful to achieve the corporate purpose, except those reserved by law or the articles of association to the shareholders. A manager acting alone or the managers acting together (as provided in the articles of association, if more than one), represent the company towards third parties.

Public limited liability company (Société anonyme or S.A.)

The sole director of the board of directors, as the case may be, may carry out all acts necessary or useful to achieve the corporate purpose, except those reserved by law or the articles of association to the shareholders. The sole director or the board of directors, as the case may be, represent the company towards third parties and in court.

Special limited partnership (Société en commandite spéciale or SCSp)

Unless otherwise provided in the limited partnership agreement, each manager of the SCSp may carry out all acts necessary or useful to achieve the corporate purpose, except those reserved by law or the articles of association to the partners. Each manager represents the SCSp towards third parties and before any courts.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The identity of managers and the shareholders may be found in the Luxembourg Register of Commerce and Companies records and the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Public limited liability company (Société anonyme or S.A.)

The identity of directors may be found in the Luxembourg Register of Commerce and Companies records and the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

Special limited partnership (Société en commandite spéciale or SCSp)

The identity of managers (if any) and general partner(s) may be found in the Luxembourg Register of Commerce and Companies records and the Luxembourg electronic gazette (Recueil Electronique des Sociétés et Associations).

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

One or several managers; maximum of 100 shareholders.

Public limited liability company (Société anonyme or S.A.)

Managers: at least 3 directors, or a sole director if there is a sole shareholder, no maximum number. Shareholders: at least one shareholder, no maximum number.

Special limited partnership (Société en commandite spéciale or SCSp)

At least one general partner (associé commandité) and one limited partner (associé commanditaire), no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

There must be at least one shareholder.

Public limited liability company (Société anonyme or S.A.)

There must be at least one shareholder.

Special limited partnership (Société en commandite spéciale or SCSp)

At least one general partner (associé commandité) and one limited partner (associé commanditaire).

REMOVAL OF DIRECTORS OR OFFICERS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Managers may only be removed by the shareholders for legitimate reasons. The articles of association can allow the removal ad nutum (without cause).

Public limited liability company (Société anonyme or S.A.)

Directors may be removed ad nutum (without cause) by the general meeting of the shareholders.

Special limited partnership (Société en commandite spéciale or SCSp)

Managers must be designated in the limited partnership agreement. Their removal process is to be detailed in the limited partnership agreement.

REQUIRED AND OPTIONAL OFFICERS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

None.

Public limited liability company (Société anonyme or S.A.)

None.

Special limited partnership (Société en commandite spéciale or SCSp)

None.

BOARD MEETING REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

If more than one manager have been appointed, board meetings would typically be held at least once a year and as many times as necessary. If the articles allow it, the resolutions of the board of managers may be adopted unanimously in writing by means of circular resolutions.

Public limited liability company (Société anonyme or S.A.)

If more than one director have been appointed, board meetings would typically be held at least once a year and as many times as necessary. If the articles allow it, the resolutions of the board of directors may be adopted unanimously in writing by means of circular resolutions. Special limited partnership (Société en commandite spéciale or SCSp) No specific requirement applicable.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Shareholders' meetings

Except in the event of an amendment to the articles and unless otherwise provided in the articles of association of the company, no decision shall be validly adopted unless it has been adopted by shareholders representing more than half of the share capital of the company. Unless otherwise provided by the articles, if that quorum is not reached at the first meeting or first written consultation, the shareholders shall be convened or consulted a second time, by registered letter, and decisions shall be adopted by a majority of the votes cast, regardless of the portion of capital represented.

Unless otherwise provided in the articles of association of the company, the shareholders representing $\frac{3}{4}$ of the share capital of the company can amend the articles of association. The increase of the shareholders' commitments can only be decided unanimously. Board meetings Unless otherwise provided in the articles of association of the company, resolutions are validly adopted by a majority of the votes cast, provided that the majority of the managers are present or represented at the meeting.

Public limited liability company (Société anonyme or S.A.)

Shareholders' meetings Except in the event of an amendment to the articles of association and unless otherwise provided in the articles of association of the company, decisions are validly adopted by the majority of the votes cast, provided that the majority of the shareholders are present or represented at the meeting. Unless otherwise provided in the articles of association of the company, amendments to the articles of association of an S.A. require: That at least half of the share capital of the S.A. is represented at the meeting, and

The favourable votes of at least 2/3 of the votes cast

If the first requirement is not met at the first meeting, a second general meeting may be convened at least 15 days in advance. At such second meeting, the amendments will be adopted by 2/3 of the votes cast, regardless of the portion of share capital represented. The increase of the shareholders' commitments can only be decided unanimously. Board meetings

Unless otherwise provided in the articles of association of the company, resolutions are validly adopted by a majority of the votes cast, provided that the majority of the directors are present or represented at the meeting. Special limited partnership (Société en commandite spéciale or SCSp)

The form and quorum (if any) applicable to the decisions of the manager(s) must be detailed in the limited partnership agreement. Decisions to be adopted by partners and the relevant quorums for partners' meetings must be provided for in the limited partnership agreement.

Unless otherwise provided in the limited partnership agreement, the following rules apply: Any decision of the partners will be adopted by the favorable vote of the majority of the votes cast, save for

Any amendments to the corporate purpose, the nationality, the transformation or the liquidation of the SCSp must be adopted by the favorable votes of $\frac{3}{4}$ of the partnership interests and in any event unanimously by the general partner(s)

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

In case of incorporation by means of a contribution in cash, the share capital amount must be deposited in a bank account in Luxembourg prior to incorporation.

Public limited liability company (Société anonyme or S.A.)

In case of incorporation by means of a contribution in cash, the share capital amount must be deposited in a bank account in Luxembourg prior to incorporation.

Special limited partnership (Société en commandite spéciale or SCSp)

No bank account requirement.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Internal auditor required if more than 60 shareholders (and there is no certified statutory auditor). Luxembourg certified statutory auditor required if the company exceeds two out of the three following thresholds in respect of total balance sheet (€4.4 million), net turnover (€8.8 million) and average number of personnel (50). If the company has a certified statutory auditor, it does not have to appoint an internal auditor. The company's books must be kept at the registered office of the company.

Public limited liability company (Société anonyme or S.A.)

Internal auditor is required (if there is no certified statutory auditor). Luxembourg certified statutory auditor required if the company exceeds two out of the three following thresholds in respect of total balance sheet (€4.4 million), net turnover (€8.8 million) and average number of personnel (50). If the company has a certified statutory auditor, it does not have to appoint an internal auditor. The company's books must be kept at the registered office of the company.

Special limited partnership (Société en commandite spéciale or SCSp)

No auditor required.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Shares may be issued with, or without, par value.

Public limited liability company (Société anonyme or S.A.)

Shares may be issued with, or without, par value. Shares with different par values may be issued.

Special limited partnership (Société en commandite spéciale or SCSp)

Partnership interests may be represented by partnership units.

INCREASING OF CAPITALIZATION IF NEEDED

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The share capital of an S.à r.l. can be increased through a contribution in kind or cash by a decision of an extraordinary shareholders' meeting (held in the presence of a Luxembourg notary). The articles of association of the company may provide for authorized capital, in which case the share capital of the company can be increase by a decision of the board of managers, within the limits of the articles, and subsequently recorded by notarial deed. Equity contributions without the issuance of any shares can also be made to the capital contribution account of an S.à r.l. (account 115 "compte des apports des actionnaires non rémunérés par des titres" of the Luxembourg Chart of Accounts) connected to the shares of such company.

Public limited liability company (Société anonyme or S.A.)

The share capital of an S.A. can be increased through a contribution in kind or cash by a decision of an extraordinary shareholders' meeting (held in the presence of a Luxembourg notary public). In case of a contribution in kind, the value of such contribution must, in principle, be certified by an external auditor (réviseur d'entreprises agréé) to the Luxembourg notary. The general meeting may limit or suppress the preferential subscription rights of the existing shareholders when increasing the share capital.

The articles of association of the company may provide for an authorized capital, in which case the share capital of the company can be increase by a decision of the board of directors, within the limits of the articles, and subsequently recorded by notarial deed. The articles of association may allow the limitation or suppression of the preferential subscription rights of the existing shareholders by the board of directors when increasing the share capital of the company using the authorized capital. Equity contributions without the issuance of any shares can also be made to the capital contribution account of an S.A. (account 115 "compte des apports des actionnaires non rémunérés par des titres" of the Luxembourg Chart of Accounts) connected to the shares of such company.

Special limited partnership (Société en commandite spéciale or SCSp)

Conditions to be determined in the limited partnership agreement.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Repatriation of funds can be made through payment of (interim) dividends, redemption of shares (capital decrease) or upon liquidation (boni de liquidation). Debt or hybrid instruments can also be put in place, in which case the repatriation of funds can be made through interests payments, repayment of loans or redemption of securities.

Public limited liability company (Société anonyme or S.A.)

Repatriation of funds can be made through payment of (interim) dividends, redemption of shares (capital decrease) or upon liquidation (boni de liquidation). Debt or hybrid instruments can also be put in place, in which case the repatriation of funds can be made through interests payments, repayment of loans or redemption of securities.

Special limited partnership (Société en commandite spéciale or SCSp)

The distributions and reimbursements to the partners are to be provided for in the limited partnership agreement.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

A transfer or issuance of shares to a non-shareholder must be approved by shareholders representing at least three-quarters of the capital given at a shareholders meeting. The articles of association may lower this threshold up to the favorable votes of shareholders representing at least half of the capital.

Further to the reform, in the absence of consent from the shareholders, the shares can be acquired, with the transferring shareholder's consent, by (i) the other shareholders, (ii) a third party approved by them or (iii) the company itself, within a period of three months, which may be extended to six months under certain conditions.

The applicable conditions to determine the transfer price of the shares should be set out in the articles of association, failing which if the parties cannot reach an agreement, the price will be determined by the competent Luxembourg court. If the shares are not acquired in accordance with the aforementioned provisions, the shareholder may proceed with the initially proposed transfer. This represents a significant change to the previous rules under which shareholders of a S.à r.l. that wished to transfer their shares were unable to do so if they failed to obtain the requisite consent. It is however, still possible to provide for transfer restrictions in eg, a shareholders' agreement.

Public limited liability company (Société anonyme or S.A.)

The shares issued by an S.A. are freely transferable. The articles of association of the company, or a shareholders' agreement, may provide for certain restrictions, within the limits of the law on commercial companies. Special limited partnership (Société en commandite spéciale or SCSp) The limited partnership agreement should provide for the conditions at which the limited partnership interests or units issued by an SCSp may be transferred, dismembered (démembrées) or pledged. Unless otherwise provided in the limited partnership agreement, any transfer other than because of death, dismemberment of ownership (démembrement) or pledge of limited partnership interests requires the unanimous consent of the general partner(s).

The limited partnership agreement should provide for the conditions at which the general partnership interests or units issued by an SCSp may be transferred, dismembered (démembrées) or pledged. Unless otherwise provided in the limited partnership agreement, any transfer other than because of death, dismemberment of ownership (démembrement) or pledge of general partnership interests requires the consent of the partners deciding in the same manner as for the amendment of the limited partnership agreement.

OBTAINING A NAME AND NAMING REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

The corporate name of an S.à r.l. must be different from the denominations of all the other existing Luxembourg companies. Availability of corporate name can be checked with the Register of Commerce and Companies prior to incorporation, but cannot be reserved. Trademark and IP laws also apply to corporate denominations.

Public limited liability company (Société anonyme or S.A.)

The corporate name of an S.A. must be different from the denominations of all the other existing Luxembourg companies. Availability of corporate name can be checked with the Register of Commerce and Companies prior to incorporation, but cannot be reserved. Trademark and IP laws also apply to corporate denominations.

Special limited partnership (Société en commandite spéciale or SCSp)

The corporate name of an SCSp must be different from the denominations of all the other existing Luxembourg companies and partnerships. Availability of corporate name can be checked with the Register of Commerce and Companies prior to incorporation, but cannot be reserved. Trademark and IP laws also apply to corporate denominations.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Lawyers, banks and professionals of the financial sector, including domiciliation companies (corporate services providers), as well as notaries, are subject to KYC obligations. The Luxembourg law setting-up a register of beneficial owners, implementing the EU Directive on the prevention of the use of the financial system for the purposes of money

laundering or terrorist financing, lays down the following main obligations:

1. Obtaining and maintaining up-to-date information concerning beneficial owners of any Luxembourg entities at their registered office; Filing such information in a new, specially-created, register in Luxembourg; and
3. Providing information on beneficial owners to (i) national authorities (upon simple request) and (ii) certain professional organizations and professionals of the financial sector (upon grounded request). The notion of "beneficial owner" is defined by the Luxembourg law on the fight against money laundering and terrorist financing.

In a nutshell, it refers to any individual ultimately who either holds, directly or indirectly, more than 25% of the company's capital or voting rights, or exercises, by any other means, a control over the management or executive bodies of the company or over the general meeting of its shareholders. In case it can be confirmed that no natural person owns, holds or controls, directly or indirectly, at least 25% of the relevant entity and, therefore, no person meets the requirements to be identified as beneficial owner, the name (and details) of the senior managing official(s) (dirigeant(s) principal/principaux) should be communicated to, and filed with, the Luxembourg Beneficial Owners Register.

While no definition of the term "senior managing official(s)" has been provided by the Law, the Circular LBR 19/02 of 18 March 2019 issued by the Luxembourg Business Registers (which is not a source of binding law, but is limited to provide a certain guidance on the interpretation of law) provides that the term of "senior managing official" refers to the entire management body of a "company". Criminal sanctions amounting to fines ranging from EUR 1 250 to EUR 1 250 000 may be applied to entities within the scope and on the beneficial owners in case of non-compliance. Public limited liability company (Société anonyme or S.A.) Lawyers, banks and professionals of the financial sector, including domiciliation companies (corporate services providers), as well as notaries, are subject to KYC obligations. The Luxembourg law setting-up a register of beneficial owners, implementing the EU Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, lays down the following main obligations:

1. Obtaining and maintaining up-to-date information concerning beneficial owners of any Luxembourg entities at their registered office;
2. Filing such information in a new, specially-created, register in Luxembourg; and
3. Providing information on beneficial owners to (i) national authorities (upon simple request) and (ii) certain professional organizations and professionals of the financial sector (upon grounded request). The notion of "beneficial owner" is defined by the Luxembourg law on the fight against money laundering and terrorist financing.

In a nutshell, it refers to any individual ultimately who either holds, directly or indirectly, more than 25% of the company's capital or voting rights, or exercises, by any other means, a control over the management or executive bodies of the company or over the general meeting of its shareholders. In case it can be confirmed that no natural person owns, holds or controls, directly or indirectly, at least 25% of the relevant entity and, therefore, no person meets the requirements to be identified as beneficial owner, the name (and details) of the senior managing official(s) (dirigeant(s) principal/principaux) should be communicated to, and filed with, the Luxembourg Beneficial Owners Register.

While no definition of the term "senior managing official(s)" has been provided by the Law, the Circular LBR 19/02 of 18 March 2019 issued by the Luxembourg Business Registers (which is not a source of binding law, but is limited to provide a certain guidance on the interpretation of law) provides that the term of "senior managing official" refers to the entire management body of a "company". Criminal sanctions amounting to fines ranging from EUR 1 250 to EUR 1 250 000 may be applied to entities within the scope and on the beneficial owners in case of non-compliance.

Special limited partnership (Société en commandite spéciale or SCSp)

Lawyers, banks and professionals of the financial sector, including domiciliation companies (corporate services providers), as well as notaries, are subject to KYC obligations.

Obligation to identify the beneficial owner of corporate and legal entities, which is, in principle, any natural person holding, directly or indirectly, at least 25% of the share capital of said corporate and legal entities. Criminal sanctions amounting to fines ranging from EUR 1 250 to EUR 1 250 000 may be applied to entities within the scope and on the beneficial owners in case of non-compliance. As from March 2019, a register of beneficial owners shall be accessible

online.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

In principle, amendments to the articles of association of an S.à r.l. require a decision of the extraordinary shareholders' meeting (held in the presence of a Luxembourg notary), with shareholders representing 3/4 of the share capital of the company.

Public limited liability company (Société anonyme or S.A.)

In principle, amendments to the articles of association of an S.A. require a decision of the extraordinary shareholders' meeting (held in the presence of a Luxembourg notary) where at least half of the share capital of the company is represented at the meeting with favourable votes of at least 2/3 of the votes cast.

Special limited partnership (Société en commandite spéciale or SCSp)

Unless otherwise provided in the limited partnership agreement, the approval of all partners is required to make amendments thereto.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Business permits may be required depending upon the professional activities to be carried out. Holding companies are typically exempted from such requirement.

Public limited liability company (Société anonyme or S.A.)

Business permits may be required depending upon the professional activities to be carried out. Holding companies are typically exempted from such requirement.

Special limited partnership (Société en commandite spéciale or SCSp)

Business permits may be required depending upon the professional activities to be carried out. Holding companies are typically exempted from such requirement. SCSp are not typically used to conduct commercial activities.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Private limited liability company (Société à responsabilité limitée or S.à r.l.)

Shelf companies can be purchased from corporate services providers (not widely used as the articles of association and, in particular, the corporate purpose clause may have to be amended to fit a given transaction).

Public limited liability company (Société anonyme or S.A.)

Shelf companies can be purchased from corporate services providers (not widely used as the articles of association and, in particular, the corporate object clause may have to be amended to fit a given transaction).

Special limited partnership (Société en commandite spéciale or SCSp)

There are generally no shelf partnership. As there is a very high contractual freedom when setting up an SCSp, it is preferable to negotiate the limited partnership agreement directly amongst parties.

MALAYSIA



FORM OF ENTITY

To start a business in Malaysia, the first step is to set up a business entity with the Companies Commission of Malaysia. There are two types of business entities:

- The unincorporated entity
- The incorporated separate legal entity
- The unincorporated entities are:
- Sole proprietorship
- Partnership

A sole proprietorship is an entity with one person, whereas a partnership is a business entity, which is owned by at least two persons but not more than 20 persons. Both the sole proprietorship and partnership do not constitute separate legal entities and the business partners can sue and be sued in their personal names. A business owner or partners are exposed to personal risks and liabilities.

The incorporated separate legal entities are:

- A company limited by shares or private limited company
- A company limited by guarantee
- Unlimited company
- Limited liability partnership

Private limited companies are the most established business entities, as the shareholders of private limited companies are not exposed to personal risks and liabilities; their liabilities are limited to the number of shares that are owned by them.

ENTITY SET UP

Private Limited Company (Sendirian Berhad)

Liability of shareholders is limited to the amount of shares held by the shareholder

The minimum number of shareholders is 1 and the maximum number of shareholders is 50. If the number of shareholders exceeds 50, a private limited company will have to convert its status to a public company, which is an unlimited public company

Director will be appointed by the shareholders of a private limited company to manage such company. A director may or may not be a shareholder of the company A private limited company is restricted from offering any of its shares to the public

The Companies Act 2016, Malaysia, largely regulates the power and duties of a private limited company

MINIMUM CAPITAL REQUIREMENT

The minimum capital requirement is one share.

LEGAL LIABILITY

Shareholders of a private limited company are generally not liable for the debts of the company, aside from their financial contribution to the company.

TAX PRESENCE

A private limited company pays a corporate tax on its profits. These profits may then be distributed to their shareholders as dividends.

INCORPORATION PROCESS

A private limited company must be registered with the Companies Commission of Malaysia, and the promoter of such company must file the necessary incorporation documents to the Companies Commission of Malaysia.

BUSINESS RECOGNITION

A private limited company is a well-established and widely recognized business entity.

SHAREHOLDER MEETING REQUIREMENTS

A resolution of shareholders of a private limited company can be approved by way of written resolutions or shareholders' meeting.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Directors hold board of directors' meeting as and when required.

ANNUAL COMPANY TAX RETURNS

A private limited company must annually file its annual tax returns with the relevant tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

A private limited company is required to file initial registration as well as annual filings.

BUSINESS EXPANSION

If number of shareholders of a private limited company exceeds 50, it must be converted to a public company.

EXIT STRATEGY

There are 4 types:

Shareholders' voluntary winding up – the company is solvent, but the shareholders of the company decide to wind up the company

Creditors' voluntary winding up – the company is insolvent, and the creditors choose to wind up the company to realize the company's assets Compulsory winding up by the court of Malaysia – the court finds that a particular company is unable to pay its debts

Striking off by the Companies Commission of Malaysia – the Companies Commission of Malaysia can strike off a company if such company is not carrying on a business or has contravened with the Companies Act 2016 or is being used for unlawful purpose or the company has been wound up

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Annual return and financial statement of a private limited company are filed annually to the Companies Commission of Malaysia.

DIRECTOR / OFFICER REQUIREMENTS

Must be a natural person and at least 18 years of age Must be of sound mind Must ordinarily reside in Malaysia by having a principal place of residence in Malaysia Not an undischarged bankrupt under the Insolvency Act 1967 Not disqualified under the Companies Act 2016 Have not been convicted, whether inside or outside of Malaysia, of any offence and Has not been imprisoned for any offences prescribed under the Companies Act 2016 within 5 years immediately preceding his or her appointment

LOCAL CORPORATE SECRETARY REQUIREMENT

Must be a natural person and at least 18 years of age Must be a citizen or permanent resident of Malaysia who ordinarily resides in Malaysia and has a principal place of residence in Malaysia Must be a member of a body prescribed in the Fourth Schedule of the Companies Act 2016 or a person licensed by the Companies Commission of Malaysia Must be an undischarged bankrupt under the Insolvency Act 1967 Not convicted, whether in or outside Malaysia, of any offences prescribed under the Companies Act 2016

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Local registered address with the corporate secretary is required.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Corporate secretary is required to be a resident of Malaysia and have a principal place of residence in Malaysia.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

At least one director of a private limited company is required to be a resident of Malaysia and have a principal place of residence in Malaysia.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Same requirements as for a director of a private limited company.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Not applicable for this jurisdiction.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

A private limited company can have a minimum of one director. A private limited company can have a minimum of one shareholder and a maximum of 50 shareholders.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

A minimum of one shareholder.

REMOVAL OF DIRECTORS OR OFFICERS

Subject to a constitution of a private limited company, a director may be removed by ordinary resolution subject to a special notice prescribed under the Companies Act 2016. The ordinary resolution for the removal of a director must be passed at a physical general meeting and cannot be passed by way of a written resolution.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Quorum for shareholders meeting is not less than 2 members for a company that has more than 1 shareholder. Quorum for board of directors meeting is fixed to the total number of directors and, if not fixed, it is a majority of directors. Quorum for board meeting is not less than 2 directors for a company that has more than 1 director.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not applicable for this jurisdiction.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Yes.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Shareholders of a private limited company is subject to pre-emptive rights.

OBTAINING A NAME AND NAMING REQUIREMENTS

The Companies Commission of Malaysia first approves the company name. A company name is unlikely to be approved if it is: undesirable or unacceptable identical to an existing company, corporation or business identical to a name that is being reserved under the Companies Act 2016 or a name that the Companies Commission of Malaysia is ordered not to accept for registration by the Minister of Malaysia

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Any amendment is passed by a majority of not less than 3/4 of the shareholders at a general meeting

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Relevant licenses are required to conduct business depending on the nature of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

MAURITIUS



FORM OF ENTITY

There are different types of entities to conduct business in or from Mauritius and the most common types are:

- Company limited by shares
- Company limited by guarantee
- Company limited by shares and by guarantee
- Unlimited company Foreign company
- Limited life company (constitutionally limited life not exceeding 50 years)
- Global Business corporation
- Authorised company
- Protected cell company
- Société Trust Foundations and
- Limited liability partnerships.

Companies are categorized between private companies and public companies. The most common type of company is the private company limited by shares which is governed by the Companies Act 2001 of Mauritius (the Companies Act). Global Business Corporations, Authorised Companies and Protected Cell Companies are also governed by the Companies Act. Any entity which proposes to conduct business outside of Mauritius must apply for a license (Global Business Corporation Licence or Authorised Company Licence) from the Financial Services Commission of Mauritius (FSC).

ENTITY SET UP

Limited Company

The limited liability company requires a minimum of one shareholder at incorporation of any nationality and country of residence, one director who must be resident in Mauritius and a minimum of share capital of MUR1. There are restrictions with regards to foreign ownership in the tourism, sugar and telecom industries. The company is incorporated at the Registrar of Companies of Mauritius (Registrar of Companies). The application must contain the name of the registered office, the full name and address of each applicant, director and secretary of the company. There is a payment of MUR3,100 to make for the incorporation of a company. A small private company (company

which has a turnover of less than MUR50 million) is not required to appoint a secretary or auditor.

Protected Cell Company

A protected cell company consists of a core (non-cellular) and an indefinite number of cells (cellular) whereby each cell is isolated from one another and operates separately. This allows for the segregation of risks, assets and liabilities of different individual and/or corporate entities under a shared structure. A protected cell company must have the words “PCC” or “Protected Cell Company” at the end of its name, with each cell having its own designation or name.

Global Business Corporation

The Global Business Corporation can be set up with a minimum capital of USD1, one shareholder and two directors who must be resident in Mauritius. Additional evidence that the company is managed from Mauritius is also required to be shown to the FSC, such as having at all times its principal bank account in Mauritius and keeping and maintaining its accounting records at its registered office in Mauritius. The Global Business Corporation must be administered locally by a management company.

Authorised Company

The Authorised Company can be set up with a minimum capital of USD1, one shareholder and one director who does not need to be resident in Mauritius. The setting up of an authorized company requires a resident registered agent who is in charge of maintaining company records. It is mandatory for an authorized company to file a return of its income with the Mauritius Revenue Authority and it must conduct business and have its place of effective management outside of Mauritius.

Limited Liability Partnerships

A limited liability partnership can be set up with a minimum of two partners who can both be non-residents. A minimum capital of USD1 is required per partner and, unless one of the partners is resident in Mauritius, every limited partnership shall at all times have and maintain in Mauritius a registered agent. The partnership must be registered with the Registrar of Limited Partnerships and if the partnership will conduct business outside of Mauritius, a license from the FSC is required. The name of the limited partnership must end with the words “Limited Partnership,” “L.P.” or “LP.” The registered office of the limited partnership must be in Mauritius.

MINIMUM CAPITAL REQUIREMENT

For Global Business Corporations and Authorised Companies, the minimum capital requirement is USD1. There is no minimum capital requirement for the PCC and for domestic companies. In practice, it will be of USD1 for PCC and MUR1 for domestic companies.

LEGAL LIABILITY

In a company limited by shares, the liability of its shareholders is limited by its constitution to any amount unpaid on the shares respectively held by the shareholder. In a company limited by guarantee, the liability of its members is limited by its constitution to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up. In an unlimited company, there is no limit placed on the liability of its shareholders.

TAX PRESENCE

Companies incorporated in Mauritius are liable to pay income tax at the uniform rate of 15 percent. However, a Global Business Corporation is entitled to foreign tax credits and may opt to claim credit for actual tax paid in another jurisdiction, resulting in an effective tax rate of three percent, or zero percent in certain circumstances. A Global Business Corporation that is controlled and managed and is tax resident in Mauritius may, upon written approval from the Commissioner of Income Tax, benefit from tax relief from any of the double taxation treaties Mauritius has with other countries. An Authorised Company is not considered as resident for tax purposes and therefore cannot claim double taxation relief under the double taxation treaties in force in Mauritius. There is no withholding tax in Mauritius on capital gains, dividends or interest, nor any stamp duty levied.

INCORPORATION PROCESS

The incorporation of a company is done by the Registrar of Companies by submitting an application online. An

application for incorporation is submitted to the Registrar of Companies with the name of the proposed company, specifying whether the liability of the company will be limited or unlimited, whether the company is to be private, the registered address, the name and address of the applicant, the director, the shareholder and secretary of the company. There is a prescribed fee of MUR3,000 to pay and the company will then be assigned a company number and a certificate of incorporation. For Global Business Corporations and Authorised Companies, the application for incorporation must be made through a management company licensed by the FSC. An application to the FSC must also be made to obtain the Global Business Corporation Licence or the Authorised Company Licence.

BUSINESS RECOGNITION

Private companies limited by shares are well regarded and the most common type of company.

SHAREHOLDER MEETING REQUIREMENTS

Within 18 months of its incorporation, a company must hold its first annual meeting. The board of directors shall call an annual meeting of shareholders to be held not more than once in each year, not later than six months after the balance sheet date of the company and not later than 15 months after the previous annual meeting. It is not necessary for private companies to hold an annual meeting – everything can be done by written resolution. The proceedings of the meeting of shareholders depends on the constitution of the company and if the company does not have a constitution, the provisions of the Companies Act will apply.

BOARD OF DIRECTOR MEETING REQUIREMENTS

The proceedings of a board meeting will depend on the company's constitution, and, if the company does not have a constitution, then the Eighth Schedule of the Companies Act will apply to the proceedings of the board. A director may convene a meeting by sending notice to every director who is in Mauritius, which must include the date, time and place of the meeting, and the matters to be discussed. The meeting can then either be held in person at the date, time and place stated in the notice, or by means of audio, or audio and visual, communication, provided that all the directors can simultaneously hear each other, and a quorum is present. A quorum can be fixed by the board, and if not so fixed will be a majority of the directors. No business may be transacted unless a quorum is present.

ANNUAL COMPANY TAX RETURNS

Every company must file with the Registrar of Companies an annual return once a year. The annual return must be completed and filed with the Registrar of Companies within 28 days of the date of the annual meeting and must be signed by a director or secretary. Global Business Corporations must respectively file their annual financial statements and financial summaries with the Financial Services Commission.

BUSINESS REGISTRATION FILING REQUIREMENTS

Companies are required to submit their application for business registration at the office of Registrar of Businesses or online via its website. The information required to be provided: Name of the company Company file number The business name The general nature of the business and its location Date or proposed date of commencement of business Address of the principal place of business Postal address Workforce of the applicant Telephone number, fax number, email address The registration fee which is payable depends on the workforce. A foreign company must, within one month of establishing a place of business in Mauritius, register a branch of the foreign company in Mauritius.

BUSINESS EXPANSION

The Companies Act provides ways in which businesses can expand. Two or more Mauritian companies may amalgamate and continue as one company, either as one of the amalgamating companies or as a new company. The solvency test should be satisfied following amalgamation and it should be in the best interest of the company. Mergers and acquisitions of companies are also regulated in the Companies Act and the Securities Act 2005 of Mauritius. Acquisitions are usually accomplished by an acquisition of the share capital of the target company, pursuant to an offer of shares or cash made by an acquirer. If the number of shareholders exceeds 50, then the private company must convert into a public company.

EXIT STRATEGY

Deregistration If there are no liabilities and minimal assets. Application to deregister is lodged with the Registrar of

Companies. Liquidation If there are insolvent or significant assets or liabilities to be dealt with. A formal process involving the appointment of a liquidator, providing proof of debts, realizing assets, paying creditors and distributing any surplus to shareholders.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

All companies must maintain statutory books and records that adequately show the transactions and financial position of the company. All companies, except for domestic private companies with turnover of less than MUR50 million, must have their financial statements audited. These must then be provided to the registrar. Global Business Corporations and Authorised Companies are required to prepare and file annual audited financial statements/financial summaries with the FSC.

DIRECTOR / OFFICER REQUIREMENTS

All companies are required to have a minimum of one director who must be ordinarily resident in Mauritius. Global Business Corporations are required to have at least two directors who are resident in Mauritius and board meetings must be held in Mauritius. This is to show that the business is being managed and controlled from Mauritius. There is no requirement to have a resident director for an Authorized Company.

LOCAL CORPORATE SECRETARY REQUIREMENT

The Companies Act also requires all companies other than small private companies to have a secretary and to be ordinarily resident in Mauritius. A Global Business Corporation must have a management company duly licensed by the FSC as secretary. There is no statutory requirement for an Authorised Company to have a secretary in Mauritius but it must at all times have a registered agent in Mauritius who shall be a management company.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

None beyond the required director(s) and company secretary/registered agent.

LOCAL OFFICE LEASE REQUIREMENT

The companies are required to have a registered office in Mauritius to which all communications and notices may be addressed and which shall constitute the address for service of legal proceedings on the company. Global Business Corporations and Authorised Companies must also have the name and address of its management company or its registered agent as its registered office address.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Companies are required to have a registered office in Mauritius. Foreign companies are also required to have a registered office in Mauritius to which all communications and notices may be addressed. The registered office must be open and accessible to the public for not less than four hours on every day other than Saturdays, Sundays and public holidays. A virtual office is not sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Other than a small private company, local companies must at all times have a qualified company secretary who is resident in Mauritius. It can be either an individual or a corporate body. A law firm or a third-party service provider can also act as company secretary.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

These services are provided by some law firms and there are third-party service providers which offer company secretarial services. For Global Business Corporations and Authorised Companies, the company secretary must be a management company duly licensed by the FSC.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private and public company

A company incorporated in Mauritius can be 100-percent foreign-owned. With respect to directors, at least one director should be ordinarily resident in Mauritius. Global Business Corporations A Global Business Corporation can be 100-percent foreign-owned. With respect to directors, at least two directors should be ordinarily resident in Mauritius. Authorized Companies Shares can only be held by foreign entities/individuals.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

According to the Companies Act, the business and affairs of a company is managed by or under the direction of the board. The company's constitution will usually give the directors authority to take all day-to-day decisions concerning the operations of the company. The company's constitution may provide that certain decisions are taken only by the shareholders of the company. In addition, the Companies Act also provides that some powers of the company are only exercisable by its shareholders (such as putting the company into liquidation.)

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Except for Global Business Corporations and Authorised Companies, details of directors and shareholders are publicly available on ROC website.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private Companies

Directors: minimum one, no maximum; two directors required for a Global Business Corporation. Shareholders: minimum of one, maximum of 50. Public Companies Directors: minimum of one, no maximum; two directors required for a Global Business Corporation. Shareholders: minimum of fifty (50), no maximum

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Minimum of one shareholder (individual or corporate) required and need not be resident in Mauritius.

REMOVAL OF DIRECTORS OR OFFICERS

Private company

Unless the constitution of the company provides otherwise, a special resolution is required to remove a director from office. A resolution to remove a director can only be passed at a meeting called for the purpose that includes the removal of the director. Public company The directors of a public company may be removed by an ordinary resolution; this is mandatory. A resolution to remove a director can only be passed at a meeting called for the purpose that includes the removal of the director.

REQUIRED AND OPTIONAL OFFICERS

Except for resident directors (one for domestic companies and two for global business corporations) and for a company secretary (registered agent for an Authorised Company), there are no other obligations under Mauritius laws.

BOARD MEETING REQUIREMENTS

A meeting of the board may be held by a number of the directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting. A resolution of the board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favor of it. A majority of directors must be present at the meeting before a vote may be called and a company must keep minutes of all board meetings.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Shareholders meetings

The quorum for a shareholders' meeting is the number of shareholders able to exercise a majority of votes (in person, postal or by proxy) on the business to be dealt with, unless the company's constitution specifies otherwise. Board meetings A quorum consists of the majority of directors, unless the company's constitution provides otherwise. A

director who has a conflicting interest in the business of the meeting is counted for purposes of the quorum, unless the constitution prohibits this.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

There is no requirement to open a bank account when registering a company in Mauritius. However, there is a requirement for a Global Business Corporation to maintain, at all times, its principal bank account in Mauritius to show that the entity is managed and controlled from Mauritius.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY? AUDITING OF LOCAL FINANCIALS

Private and public companies

A company is required to appoint an auditor at each annual meeting. The board of a company must, within six months after the balance sheet date of the company, complete financial statements in relation to the company in accordance with International Accounting Standards. The financial statements must be filed with the Registrar of Companies within 28 days of the date the statements are signed, together with a copy of the auditor's report on those statements.

Small private company

A small private company whose turnover does not exceed MUR50 million can file a financial summary or its financial statements and is not required to file an annual return.

Global Business Corporations and Authorized Companies

A company holding a Global Business Licence must file its audited financial statements with the FSC every year, while an Authorised Company must file a financial summary with the FSC every year. Foreign company A foreign company registered as a branch in Mauritius must file its balance sheet annually, together with any documents that are required to be filed in the country of incorporation of the foreign company.

LOCATION OF THE AUDITOR

A person who is not ordinarily resident in Mauritius shall not be appointed or act as an auditor of a company.

KEEPING OF COMPANY'S BOOKS

The company's accounting records shall be kept in Mauritius, except where the directors determine that the accounting records may be kept outside Mauritius. A Global Business Corporation shall maintain at all times its accounting records at its registered office in Mauritius.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Any shares created or issued after the commencement of the Companies Act shall be shares with no par value. With respect to a company applying for or holding a Global Business Licence or an Authorised Company or company applying as Authorised Company, shares at par value may be issued.

INCREASING OF CAPITALIZATION IF NEEDED

There is no concept of authorized or maximum capital. Increased capitalization can occur at any time and must be authorized by ordinary resolution of directors or as otherwise determined by the Constitution of the company.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad from Mauritius via dividends or redemption. There is no withholding tax on dividends and interest. There are also no exchange controls in force in Mauritius and funds can be repatriated freely. The Customs Act 1988 of Mauritius does not prohibit the transportation of currency or bearer negotiable instruments by any traveler into or out of Mauritius.

However, any person making a physical cross-border transportation of currency or bearer negotiable instruments of more than MUR500,000 or its equivalent in any foreign currency must declare the amount of the currency or bearer

negotiable instruments in their possession, their origin and intended use. Failure or refusal to make this declaration or making a declaration that is false or misleading is an offence liable to a fine not exceeding MUR1 million and imprisonment for a term not exceeding five years.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private company

The Companies Act provides that any change in ownership of company shares should be subject to existing shareholders' pre-emptive rights, unless the company's constitution provides otherwise. A private company's constitution may place other types of limitations on the transferability of shares. Private company shares and debentures cannot be offered to the public.

Public company

Public company shares are freely transferrable.

OBTAINING A NAME AND NAMING REQUIREMENTS

In order to incorporate a company in Mauritius, a company name may be reserved with the Registrar of Companies before an application for incorporation is lodged. Where the liability of the shareholders of a company is limited, the registered word "Limited" or the word "Limitée" or the name of the company shall end with the abbreviation "Ltd" or "Ltée." Almost any name can be used, provided that it is not the same as, or similar to, another corporate name and that the use of the corporate name does not cause any confusion with or infringe on another company's name or trademark. The use of certain words in the name of a company are prohibited unless you obtain the written consent of the ROC. These words include: Authority, Government, Mauritius, National, etc.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Know your client requirements (ie, anti-money laundering) apply to banks, law practitioners and law firms, management companies and other financial institutions in accordance with the Financial Intelligence and Anti-Money Laundering Act 2002 of Mauritius.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

A company may alter its constitution by special resolution (ie, passed by shareholders holding at least 75 percent of the voting shares). Once a resolution amending a constitution has been passed, the board must give notice of the alteration to the Registrar of Companies within 14 days of the amendment.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Most licenses are industry-specific rather than company structure-specific. A company conducting certain businesses activities in Mauritius (for example, construction, electronic communications, energy, financial services, mining, real estate and activities impacting environment) may require licenses or other forms of authorization. Industry-specific laws and regulations apply to companies operating within certain industries – for example, the Banking Act 2004 of Mauritius and the Financial Services Act 2007 of Mauritius.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Rarely used in Mauritius.

MEXICO



FORM OF ENTITY

S.A. de C.V.

Separate legal entity, independent from its shareholders. Two shareholders are required at all times. Shareholders meetings are the supreme organ of the corporation. Managed by a board of directors or a sole administrator, which is responsible for taking major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors or the shareholders meeting.

S. de R.L. de C.V.

Separate legal entity, independent from its partners. Two partners are required at all times. Partners meetings are the supreme organ of the company. Managed by a board of directors or a sole administrator, which is responsible for taking major business decisions and overseeing the general affairs of the company. Directors are elected by the partners of the company. Officers, who run the day-to-day operations of the company, are appointed by the directors or the partners meeting.

S.A.P.I. de C.V.

Separate legal entity, independent from its shareholders. Two shareholders are required at all times. Shareholders meetings are the supreme organ of the corporation. Managed by a board of directors, which is responsible for taking major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors or the shareholders meeting.

ENTITY SET UP

There are 3 types of commercial entities that generally are incorporated or formed under Mexican federal law:

Sociedad Anónima de Capital Variable (S.A. de C.V.), which is similar to a corporation in the US Sociedad de Responsabilidad Limitada de Capital

Variable (S. de R.L. de C.V.), which is similar to an LLC in the US and Sociedad Anónima Promotora de Inversión de Capital Variable (S.A.P.I de C.V.), a subtype of S.A. de C.V., regulated under the Stock Markets Law (Ley del

Mercado de Valores).

S.A. de C.V.

Unlimited number of shareholders.

Generally no personal liability of the shareholders. Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends. Shareholders have preemptive rights to subscribe and pay shares if the S.A. de C.V. approves to increase its capital.

Typical charter documents include the articles of incorporation; bylaws; stock certificates; and

- (a) stock ledger,
- (b) shareholders meetings ledger;
- (c) board of directors ledger, and
- (d) capital variations ledger.

Board of directors (or sole administrator) has overall management responsibility; officers have day-to-day responsibility. Shareholders typically incorporate the corporation or may purchase shares from existing shareholders. Shareholders can enter into shareholders' agreements in which they agree to certain rights and obligations such as drag-along and tag-along rights, put and call options, deadlock solution procedures and the issuance of non-voting shares, among others.

Such provisions can likewise be included in the company's bylaws. Relevant law requires a shareholders annual meeting to approve:

Preceding year-end-financial statements

Ratification or appointment of new director(s) and statutory examiners

The fees paid to directors and statutory examiners, and

Separation of 5% of the profits, if any, for a legal reserve, which shall reach an amount equivalent to the 20% of the social capital Federal law requires, when there is foreign investment in the capital of the S.A. de C.V., to register before the National Registry of Foreign Investments and file an annual report with such agency, reporting the preceding year's year-end financial statements.

S. de R.L. de C.V.

Up to 50 partners; contributions of the partners to the capital are represented by equity interests (not shares) which are not negotiable instruments.

Generally no personal liability of the partners.

Taxed on its earnings at a corporate level and partners are taxed on any distributed dividends. Subject to US tax law (check the box related) requirements, the Mexican S. de R.L. de C.V. may qualify as a pass through entity. Partners have preemptive rights to subscribe and pay equity interests if the S. de R.L. de C.V. approves to increase its capital, as well as to acquire any equity interest of a selling partner, in case the relevant sale is made to a non-partner. Typical charter documents include: articles of formation; bylaws; and

- (a) partners ledger,
- (b) partners meetings ledger;
- (c) board of directors ledger, and
- (d) capital variations ledger. Board of directors (or sole administrator) has overall management responsibility; officers have day-to-day responsibility. Partners typically form the company or may acquire equity interests from existing partners, subject to the waiver of other partners' preemptive rights. Relevant law requires a partners' annual meeting to approve:

Preceding year-end-financial statements

Ratification or appointment of new director(s) and statutory examiners, if any

The fees paid to directors and statutory examiners, if any, and

Separation of 5% of the profits for a legal reserve, which shall reach an amount equivalent to 20% of the social capital. Federal law requires, when there is foreign investment in the capital of the S. de R.L. de C.V., to register before the National Registry of Foreign Investments and file an annual report with such agency, reporting the preceding year's year-end financial statements.

S.A.P.I de C.V.

Same legal requirements and provisions for the S.A. de C.V., although relevant law provides certain differences in the operation of the S.A.P.I. de C.V., particularly in the possibility to adopt the administration regime of the S.A.B. (public company), and the possibility of the company to acquire its own shares. A S.A.P.I de C.V. must be managed by a board of directors (a sole administrator is not allowed).

MINIMUM CAPITAL REQUIREMENT

S.A. de C.V.

No minimum capital requirement.

S. de R.L. de C.V.

No minimum capital requirement.

S.A.P.I. de C.V.

No minimum capital requirement.

LEGAL LIABILITY

S.A. de C.V.

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

S. de R.L. de C.V.

Partners of a company are generally not liable for the debts of a company aside from their financial contribution to the company.

S.A.P.I. de C.V.

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

TAX PRESENCE

S.A. de C.V. A

S.A. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S.A. de C.V. pays a corporate tax on its corporate income; then, the S.A. de C.V. distributes profits to shareholders, who then pay income tax on those dividends.

S. de R.L. de C.V. A

S. de R.L. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S. de R.L. de C.V. pays a corporate tax on its corporate income; then, the S. de R.L. de C.V. distributes profits to partners, who then pay income tax on those dividends.

S.A.P.I. de C.V. A S.A.P.I. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S.A.P.I. de C.V. pays a corporate tax on its corporate income; then, the S.A.P.I. de C.V. distributes profits to shareholders, who then pay income tax on those dividends.

INCORPORATION PROCESS

S.A. de C.V.

Request of use of corporate name

Drafting and approval of bylaws and articles of incorporation Integration of a KYC file Formalization of the documents with a Mexican Notary Public, and Registration of the public deed with Public Registry of Commerce

S. de R.L. de C.V.

Request of use of corporate name

Drafting and approval of bylaws and articles of formation Integration of a KYC file Formalization of the documents with a Mexican Notary Public, and Registration of the public deed with Public Registry of Commerce

S.A.P.I. de C.V.

Request of use of corporate name Drafting and approval of bylaws and articles of incorporation Integration of a KYC file Formalization of the documents with a Mexican Notary Public, and Registration of the public deed with Public Registry of Commerce

BUSINESS RECOGNITION

S.A. de C.V.

Well regarded and widely used.

S. de R.L. de C.V.

Well regarded and widely used.

S.A.P.I. de C.V.

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

S.A. de C.V.

Required to hold annual meeting of shareholders to vote on certain items.

S. de R.L. de C.V.

Required to hold annual meeting of partners to vote on certain items.

S.A.P.I. de C.V.

Required to hold annual meeting of shareholders to vote on certain items.

BOARD OF DIRECTOR MEETING REQUIREMENTS

S.A. de C.V.

Unless otherwise provided for in the corporation's bylaws, no annual meeting of the directors is required.

S. de R.L. de C.V.

Unless otherwise provided for in the company's bylaws, no annual meeting of the directors is required.

S.A.P.I. de C.V.

Unless otherwise provided for in the corporation's bylaws, no annual meeting of the directors is required.

ANNUAL COMPANY TAX RETURNS

S.A. de C.V.

Must annually file tax returns with federal and state tax authorities.

S. de R.L. de C.V.

Must annually file tax returns with federal and state tax authorities.

S.A.P.I. de C.V.

Must annually file tax returns with federal and state tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

S.A. de C.V.

With the Public of Registry of Commerce, the National Registry of Foreign Investments and, if applicable, with the federal and state tax authorities.

S. de R.L. de C.V.

With the Public of Registry of Commerce, with the National Registry of Foreign Investments, if applicable, with the federal and state tax authorities.

S.A.P.I. de C.V.

With the Public of Registry of Commerce, with the National Registry of Foreign Investments, if applicable, with the federal and state tax authorities.

BUSINESS EXPANSION

S.A. de C.V.

No need to change as business expands (unless the business expansion entails a change in its organizational documents).

S. de R.L. de C.V.

No need to change as business expands (unless the business expansion entails a change in its organization documents).

S.A.P.I. de C.V.

EXIT STRATEGY

S.A. de C.V.

Dissolution and winding up shall be approved by the shareholders meeting. Generally it is a long and complex process.

S. de R.L. de C.V.

Dissolution and winding up shall be approved by the partners meeting. Generally it is long and complex process.

S.A.P.I. de C.V.

Dissolution and winding up shall be approved by the shareholders meeting. Generally it is a long and complex process.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

S.A. de C.V.

Annual shareholders' meeting and annual filing with the Foreign Investments Bureau.

S. de R.L. de C.V.

Annual partners' meeting and annual filing with the Foreign Investments Bureau.

S.A.P.I. de C.V.

Annual shareholders' meeting and annual filing with the National Registry of Foreign Investments.

DIRECTOR / OFFICER REQUIREMENTS

S.A. de C.V.

Either a sole administrator or a board of directors.

S. de R.L. de C.V.

Either a sole manager or a board of managers.

S.A.P.I. de C.V.

A board of directors

LOCAL CORPORATE SECRETARY REQUIREMENT

S.A. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of directors.

S. de R.L. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of managers.

S.A.P.I. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of directors.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

S.A. de C.V.

Appointment of a statutory examiner (comisario).

S. de R.L. de C.V.

No legal requirement.

S.A.P.I. de C.V.

Appointment of a statutory examiner (comisario) or a surveillance committee.

LOCAL OFFICE LEASE REQUIREMENT

S.A. de C.V.

Not required for incorporation.

S. de R.L. de C.V.

Not required for formation.

S.A.P.I. de C.V.

Not required for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

S.A. de C.V.

To obtain its tax registration, an S.A. de C.V. must have a domicile. If, upon incorporation, the S.A. de C.V. does not have one, accountants normally provide theirs.

S. de R.L. de C.V.

To obtain its tax registration, an S. de R.L. de C.V. must have a domicile. If, upon formation, the S. de R.L. de C.V. does not have one, accountants normally provide theirs.

S.A.P.I. de C.V.

To obtain its tax registration, an S.A.P.I. de C.V. must have a domicile. If, upon incorporation, the S.A.P.I. de C.V. does not have one, accountants normally provide theirs.

SUFFICIENCY OF VIRTUAL OFFICE

S.A. de C.V.

If accountants (or any other third party) agree to provide their domicile as tax domicile of the entity, a virtual office

suffices.

S. de R.L. de C.V.

If accountants (or any other third party) agree to provide their domicile as tax domicile of the entity, a virtual office suffices.

S.A.P.I. de C.V.

If accountants (or any other third party) agree to provide their domicile as tax domicile of the entity, a virtual office suffices.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

S.A. de C.V.

Sufficient for tax registration.

S. de R.L. de C.V.

Sufficient for tax registration.

S.A.P.I. de C.V.

Sufficient for tax registration.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

S.A. de C.V.

Permitted, usually common.

S. de R.L. de C.V.

Permitted, usually common.

S.A.P.I. de C.V.

Permitted, usually common.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

S.A. de C.V.

Requirements for shareholders depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For directors or officers, there are no specific requirements (except if the corporation grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

S. de R.L. de C.V.

Requirements for partners depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For managers or officers, there are no specific requirements (except if the entity grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

S.A.P.I. de C.V.

Requirements for shareholders depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For directors or officers, there are no specific requirements (except if the corporation grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

S.A. de C.V.

None.

S. de R.L. de C.V.

None.

S.A.P.I. de C.V.

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

S.A. de C.V.

The board of directors (as an organ, not the members individually) is elected by the shareholders and is the highest authority in the management of the corporation, governing the organization by establishing policies and objectives, provided that any shareholder or group of shareholders holding more than 25% of the capital stock shall have the right to appoint a director. In contrast, officers are appointed by the board of directors or the shareholders to oversee day-to-day operations of the corporation.

S. de R.L. de C.V.

The board of managers (as an organ, not the members individually) is elected by the partners and is the highest authority in the management of the entity, governing the organization by establishing policies and objectives. In contrast, officers are appointed by the board of managers or the partners to oversee day-to-day operations of the corporation.

S.A.P.I. de C.V.

The board of directors (as an organ, not the members individually) is elected by the shareholders and is the highest authority in the management of the corporation, governing the organization by establishing policies and objectives, provided that any shareholder or group of shareholders holding more than 10% of the capital stock shall have the right to appoint a director. In contrast, officers are appointed by the board of directors or the shareholders to oversee day-to-day operations of the corporation.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

S.A. de C.V.

A summary of the organizational documents is public as the incorporation public deed shall be registered with the Public Registry of Commerce. A shareholders' registry must be kept and must contain:

- (i) each shareholder's name, nationality and address, as well as an indication of their shares in number, series, class and any other particularity;
- (ii) the amount contributed to capital/invested by the shareholder in the company; and
- (iii) the transfer of any of the shares. When the inscription of a shareholder in the shares' registry book is registered, a notice must be posted in the electronic system of the Ministry of Economy (Secretaría de Economía) and will have legal effect the day after the notice is posted. The Ministry will make sure that the information regarding the shareholder's name, nationality and address is kept confidential, with the exception of where being required by a competent authority.

S. de R.L. de C.V.

A summary of the organization documents is public as the formation public deed shall be registered with the Public Registry of Commerce. A partners' registry book must be kept and contain

- (i) the partners' name and address indicating;
- (ii) their contributions; and
- (iii) the transfer of social parts. When any of the above is registered, notice must be posted in the electronic system of the Ministry of Economy (Secretaría de Economía) and will have legal effects the day after the notice is posted. Any person that can prove legitimate interest, will be granted access to the partners registry book, which will be at the care of the administrators, and these will respond personally, and jointly and severally, of its existence and the accuracy of

its content.

S.A.P.I. de C.V.

A summary of the organizational documents is public as the incorporation public deed shall be registered with the Public Registry of Commerce. A shareholders' registry must be kept and must contain

(i) each shareholder's name, nationality and address, as well as an indication of their shares in number, series, class and any other particularity;

(ii) the amount contributed to capital/invested by the shareholder in the company; and

(iii) the transfer of any of the shares. When the inscription of a shareholder in the shares' registry book is registered, a notice must be posted in the electronic system of the Ministry of Economy (Secretaría de Economía) and will have legal effect the day after the notice is posted. The Ministry will make sure that the information regarding the shareholder's name, nationality and address is kept confidential, with the exception of where being required by a competent authority.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

S.A. de C.V.

There must be a minimum of 2 shareholders, and there is no maximum number. No minimum or maximum limitations for directors.

S. de R.L. de C.V.

There must be a minimum of 2 partners, and a maximum of 50. No minimum or maximum limitation for directors.

S.A.P.I. de C.V.

There must be a minimum of 2 shareholders and there is no maximum number. No minimum or maximum limitations for directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

S.A. de C.V.

Two shareholders.

S. de R.L. de C.V.

Two partners.

S.A.P.I. de C.V.

Two shareholders.

REMOVAL OF DIRECTORS OR OFFICERS

S.A. de C.V.

Removal of directors is allowed by a vote of the majority of the shares. However, directors appointed by shareholders or a group of shareholders holding at least 25% of the capital stock of the company, in exercise of such minority right, can only be removed by the shareholder or group of shareholders that appointed such director.

S. de R.L. de C.V.

Removal of managers is allowed by a vote of the majority of the partners (partners have one for each MX\$1.00).

S.A.P.I. de C.V.

Removal of directors is allowed by a vote of the majority of the shares. However, directors appointed by shareholders or group of shareholders holding at least 10% of the capital stock of the company, in exercise of such minority right, can only be removed by the shareholder or group of shareholders that appointed such director.

REQUIRED AND OPTIONAL OFFICERS

S.A. de C.V.

All are optional.

S. de R.L. de C.V.

All are optional.

S.A.P.I. de C.V.

All are optional.

BOARD MEETING REQUIREMENTS

S.A. de C.V.

No legal requirement.

S. de R.L. de C.V.

No legal requirement.

S.A.P.I. de C.V.

No legal requirement.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

S.A. de C.V.

There are two kinds of shareholder meeting:

General, which include all the shares representing the capital stock of the company, and Special, which include only a specific class or series of shares Both such kinds of shareholders' meetings are sub-classified in:

Ordinary, which requires half of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting, and Extraordinary, which requires three quarters of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted at least, by the shareholders representing half of the capital stock of the company Board of directors shall be considered as legally convened if half of its members are present in a specific meeting, its resolutions shall be adopted by at least majority of votes.

S. de R.L. de C.V.

There is only one kind of partners meeting. Such partners' meeting requires half of the capital to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting; provided that:

For amending the corporate by-laws, the vote of the partners representing third quarters of the social capital is required, and

For amending the corporate purpose or increasing the partners' obligations, the unanimous vote of all the partners is required

Board of managers shall be considered as legally convened if half of its members are present in a specific meeting, its resolutions shall be adopted by at least majority of votes.

S.A.P.I. de C.V.

There are two kinds of shareholder meeting:

General, which include all the shares representing the capital stock of the company, and Special, which include only a specific class or series of shares. Both such kinds of shareholders' meetings are sub-classified in:

Ordinary, which requires half of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting, and Extraordinary, which requires three quarters of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted, at least, by the shareholders representing half of the capital stock of the company Board of directors shall be considered as legally convened if half of its members are present in a specific meeting, its resolutions shall be

adopted by at least majority of votes.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

S.A. de C.V.

Not necessary for incorporation. When necessary, a bank account may be opened anywhere.

S. de R.L. de C.V.

Not necessary for formation. When necessary, a bank account may be opened anywhere.

S.A.P.I. de C.V.

Not necessary for incorporation. When necessary, a bank account may be opened anywhere.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

S.A. de C.V.

Audits are required if the corporation exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the corporation or the corporation's attorneys.

S. de R.L. de C.V.

Audits are required if the entity exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the entity or the entity's attorneys.

S.A.P.I. de C.V.

Audits are required if the corporation exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the corporation or the corporation's attorneys.

REQUIREMENT REGARDING PAR VALUE OF STOCK

S.A. de C.V.

MX\$1.00, or shares may be non-par value shares.

S. de R.L. de C.V.

MX\$1.00, or a multiple of it.

S.A.P.I. de C.V.

MX\$1.00, or shares may be non-par value shares.

INCREASING OF CAPITALIZATION IF NEEDED

S.A. de C.V.

Depends if made to the fixed part, then approval of an extraordinary shareholders meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary shareholders meetings is required.

S. de R.L. de C.V.

Depends if made to the fixed part, then approval of an extraordinary partners meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary partners meetings is required.

S.A.P.I. de C.V.

Depends if made to the fixed part, then approval of an extraordinary shareholders meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary shareholders meetings is required.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

S.A. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

S. de R.L. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

S.A.P.I. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

S.A. de C.V.

Shares can generally be transferred between shareholders or third-parties via a written agreement, except when:

There is a "Right of First Refusal" provision in the S.A. de C.V. bylaws, or

The company has issued "Restricted Transfer Shares" which transfer requires the approval of the board of directors S. de R.L. de C.V.

Partners have "Right of First Refusal" when a sale is intended to be carried out in favor of a non-partner. Likewise, the consent of the majority of the partners is required for any equity transfer.

S.A.P.I. de C.V.

Shares can generally be transferred between shareholders or third-parties via a written agreement, except when: There is a "Right of First Refusal" provision in the S.A.P.I. de C.V. bylaws, or The company has issued "Restricted Transfer Shares" which transfer requires the approval of the board of directors

OBTAINING A NAME AND NAMING REQUIREMENTS

S.A. de C.V.

Proposed name shall be approved by the Ministry of Economy.

S. de R.L. de C.V.

Proposed name shall be approved by the Ministry of Economy.

S.A.P.I. de C.V.

Proposed name shall be approved by the Ministry of Economy.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

S.A. de C.V.

Required by Notary Public for incorporation purposes: filing of a questionnaire, provide proof of legal existence and powers-of-attorney granted by the shareholders, if applicable.

S. de R.L. de C.V.

Required by Notary Public for formation purposes: filing of a questionnaire, provide proof of legal existence and powers-of-attorney granted by the partners, if applicable.

S.A.P.I. de C.V.

Required by Notary Public for incorporation purposes: filing of a questionnaire, provide proof of legal existence and powers-of-attorney granted by the shareholders, if applicable.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

S.A. de C.V.

Through an extraordinary shareholders meeting.

S. de R.L. de C.V.

Through an extraordinary partners meeting.

S.A.P.I. de C.V.

Through an extraordinary shareholders meeting.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

S.A. de C.V.

Only for certain corporate purposes.

S. de R.L. de C.V.

Only for certain corporate purposes.

S.A.P.I. de C.V.

Only for certain corporate purposes.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

S.A. de C.V.

Shelf companies can be purchased but are not widely used and, since the enactment of the Mexican Anti-Money Laundering Law, we expect even fewer cases.

S. de R.L. de C.V.

Shelf companies can be purchased but are not widely used and, since the enactment of the Mexican Anti-Money Laundering Law, we expect even fewer cases.

S.A.P.I. de C.V.

Shelf companies can be purchased but are not widely used and, since the enactment of the Mexican Anti-Money Laundering Law, we expect even fewer cases.

NETHERLANDS



FORM OF ENTITY

Branch office

Not a separate legal entity.

A branch office is a local office of a non-Dutch legal entity in the Netherlands (the head office).

B.V. (private company with limited liability)

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions, overseeing the general affairs and running the day-to-day operations of the BV. Directors are appointed by the shareholders of the BV.

A BV can have a supervisory board to supervise the policies of the board of directors and the general course of affairs of the BV and its affiliated business. It is also possible to create a so-called one-tier board, consisting of executive and non-executive directors.

Co-operative U.A.

Separate and distinct legal entity. Managed by a management board, which is responsible for making major business decisions, overseeing the general affairs and running the day-to-day operations of the co-operative. Directors are appointed by the members of the co-operative.

A co-operative can have a supervisory board to supervise the policies of the management board and the general course of affairs of the co-operative and its affiliated business.

C.V. (a limited partnership)

A CV is not a legal entity under Dutch law. It is a partnership agreement between 1 or more general partners and 1 or

more limited partners. The general partner has overall management and day-to-day responsibility. The partnership agreement can provide for the possibility that the partners elect a management committee, which will manage the day-to-day business activities of the CV and carry out the business and activities of the CV on behalf of the general partner in accordance with the power granted to them by the general partner.

ENTITY SET UP

Branch office (local office of a non-Dutch legal entity in the Netherlands)

Not a separate legal entity. The branch office is a local business office of a non-Dutch legal entity in the Netherlands (the head office)

A branch office is 'established' by a resolution of (the appropriate corporate body under the governing law of) the head office to establish a branch office, followed by registration thereof in the Dutch Trade Register. Governing law of the head office applies in respect of all corporate legal matters (such as liability of the shareholders, charter documents, responsibility of directors and capital requirements), and If the head office under its governing law requires to file annual accounts in its country of origin, then such annual accounts shall also be filed for the branch office with the Dutch Trade Register

B.V. (a private company with limited liability)

Unlimited number of shareholders

Generally no personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include: articles of incorporation (included in its deed of incorporation or later deed of amendment, which both require to be executed before a civil-law notary in the Netherlands) and shareholders register. Board of directors has overall management and day-to-day responsibility

Shareholders typically acquire shares at incorporation of the BV or by deed of issue thereafter. Shares in the capital of a BV are registered shares for which, in general, no (non-transferable) share certificates are issued. Different types of shares can be created (common, preferred, without voting rights or without profit entitlement), and

A BV requires to file annual accounts with the Dutch Trade Register. Exemptions can apply – for instance, in the case of consolidation and when certain conditions are met.

Co-operative U.A. (a co-operative association with exclusion of liability)

Unlimited number of members (with a minimum of two)

Generally, no personal liability of the members (which is indicated by use of "U.A." in the name of the co-operative). Please note there can also be co-operative associations in the Netherlands with a different level of liability for its members, such as the co-operative BA (with limited liability of its members to contribute to a deficit) and the co-operative WA (with statutory liability for its members). This overview is limited to the (most commonly used) co-operative UA (with exclusion of liability for its members), hereinafter also referred to as "co-operative."

Taxed on its earnings at a corporate level, and members are taxed on any distributed dividends

Typical charter documents include:

articles of incorporation (included in its deed of incorporation or later deed of amendment, which both require to be executed before a civil law notary in the Netherlands),

a membership agreement (agreement between the members and the co-operative) and a members' register

Management board has overall management and day-to-day responsibility

Members typically acquire a membership interest at incorporation of the co-operative or at a later date by being admitted as a new member of the co-operative. A co-operative does not have a capital divided by shares. Capital contributions made by each member to the co-operative are kept in the member accounts kept by the co-operative in the name of each member, and

A co-operative requires to file annual accounts with the Dutch Trade Register

C.V. (a Dutch limited partnership)

Unlimited number of partners (with a minimum at least one general partner and at least one limited partner)

A general partner is jointly and severally liable for any indebtedness of the CV towards third parties. The liability of a limited partner is limited to the amount of its contribution to the CV, provided that the limited partner does not act on behalf of or for the benefit of the CV towards third parties

A CV is not a legal entity under Dutch law. It is an (partnership) agreement between one or more general partners and one or more limited partners. The partners can either be legal persons or natural persons

Since the CV is not a legal entity, it is not possible for the CV to own goods. Therefore, in most limited partnership agreements, it is provided that the general partner will hold all assets (for example, shares in subsidiaries) of the CV from a property law perspective. The general partner and the limited partner will jointly hold the beneficial ownership of the assets on behalf of the CV

A CV that qualifies as a so-called open CV, meaning that the limited partners may be admitted or replaced without the consent of all partners (both limited and general partners), is opaque for Dutch tax purposes.

A closed CV is transparent for Dutch tax purposes

Typical charter documents include:

partnership agreement to be signed by all partners and a partners register

The general partner has overall management and day-to-day responsibility. The partnership agreement can provide for the possibility that the partners elect a management committee, which will manage the day-to-day business activities of the CV and carry out the business and activities of the CV on behalf of the general partner in accordance with the power granted to them by the general partner

A CV is being established by means of execution of the partnership agreement and contribution of capital or other assets as to be agreed by the partners. Capital contributions made by each partner to the CV are kept in the capital accounts kept by the CV in the name of each partner, and

A CV only requires preparing and filing annual accounts with the Dutch Trade Register if, in short, all its general partners are capital companies under foreign law.

MINIMUM CAPITAL REQUIREMENT

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

No minimum capital requirement. Issued capital can be as small as EUR0.01 (or one cent in any other currency).

Co-operative U.A.

No minimum capital requirement. The membership agreement or, if so determined in the articles, the general meeting of members, can commit a member to make a payment of initial or additional equity into the co-operative.

C.V. (a limited partnership)

No minimum capital requirement, as long as each partner contributes some capital or other assets to the CV, as to be agreed by the partners.

LEGAL LIABILITY

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Shareholders of a BV are generally not liable for the debts of a BV aside from their financial contribution to the BV.

Co-operative U.A.

Members of a co-operative UA are not liable for the debts of the co-operative aside from their financial contribution to the co-operative. C.V. (a limited partnership)

A general partner is jointly and severally liable for any indebtedness of the CV towards third parties. The liability of a limited partner is limited to the amount of its contribution to the CV, provided that the limited partner does not act on behalf of or for the benefit the CV towards third parties.

TAX PRESENCE

Branch office

Entities that are not a resident of the Netherlands for tax purposes are subject to Dutch corporate income tax, only if and to the extent income is derived and gains are realized from specific Dutch sources. An important category of income that is subject to Dutch corporate income tax is tax profit derived from a business carried on in the Netherlands by a non-tax resident entity via a Dutch permanent establishment or a Dutch permanent representative.

B.V. (private company with limited liability)

Dutch corporate income tax is imposed on worldwide profits of the BV. The tax rate on the first EUR200,000 of taxable profit is 19 percent. The rate on taxable profit in excess of EUR200,000 is 25 percent. Benefits derived by the BV from a so-called participation (deelneming) in an entity are exempt from Dutch corporate income tax (participation exemption) (deelnemingsvrijstelling). The participation exemption seeks to prevent double taxation of business profits at different corporate levels.

Co-operative U.A.

Dutch corporate income tax is imposed on worldwide profits of the co-operative. The tax rate on the first EUR200,000 of taxable profit is 19 percent. The rate on taxable profit in excess of EUR200,000 is 25 percent. Benefits derived by the co-operative from a so-called participation (deelneming) in an entity are exempt from Dutch corporate income tax (participation exemption) (deelnemingsvrijstelling). The participation exemption seeks to prevent double taxation of business profits at different corporate levels.

C.V. (a limited partnership)

A CV can either be considered tax transparent or opaque from a Dutch tax perspective. Depending on the partnership agreement, the tax status of the CV is determined.

INCORPORATION PROCESS

Branch office

A branch office is 'established' by a resolution of (the appropriate corporate body under the governing law of) the head office to establish a branch office, followed by registration thereof in the Dutch Trade Register. For such registration, notarized and apostilled copies of the charter documents of the head office are required, as well as an original apostilled extract of the head office from the local commercial register and original signed data cards and notarized and apostilled passport copies of the directors of the head office and any proxy holders of the branch office appointed in the resolution regarding its establishment.

B.V. (private company with limited liability)

Execute a deed of incorporation (including articles of association) before a civil law notary officiating in the Netherlands. The incorporator/shareholder can grant written power of attorney to the notary so that no personal appearance in the Netherlands will be required. After execution of the deed, file the notary files, the articles of the BV, and the details of its directors and of the shareholder (only in case of 100-percent shareholding) with the Dutch Trade Register. The notary prepares a shareholders' register of the BV, which thereafter requires to be kept by the board of directors of the BV at its office address.

Co-operative U.A.

Execute a deed of incorporation (including articles of association) before a civil law notary officiating in the Netherlands. Incorporators/members can grant written power of attorney to the notary so that no personal appearance in the Netherlands will be required. After execution of the deed, the notary files the articles of the co-operative and the details of its board members with the Dutch Trade Register. The notary prepares a members' agreement (to be signed

by the members of the co-operative) and a members' register of the co-operative, which thereafter requires to be kept by the management board of the co-operative at its office address.

C.V. (a limited partnership)

Execute partnership agreement. After execution of the partnership agreement, it is often the notary who files the details of the limited partnership and its general partners with the Dutch Trade Register. Such registration with the Dutch Trade Register is only required when the CV conducts business in the Netherlands.

BUSINESS RECOGNITION

Branch office

Widely used.

B.V. (private company with limited liability)

Well regarded and widely used.

Co-operative U.A.

Well regarded and widely used.

C.V. (a limited partnership)

Widely used.

SHAREHOLDER MEETING REQUIREMENTS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Required to hold annual meeting of shareholders to vote on certain items, such as appointment of directors and adoption of annual accounts.

Co-operative U.A.

Required to hold an annual meeting of members to vote on certain items, such as appointment of board members and adoption of annual accounts. C.V. (a limited partnership) The partnership agreement usually includes a requirement to hold an annual meeting of partners.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Normally one annual meeting of the directors is held. Tax substance may require more than one meeting to be held per year in the Netherlands.

Co-operative U.A.

Typically an annual meeting of the board members is being held. Tax substance may require more than one meeting to be held per year.

C.V. (a limited partnership)

Generally no requirements.

ANNUAL COMPANY TAX RETURNS

Branch office

The foreign company that owns the branch (ie, the head office) must annually file tax returns with Dutch tax authorities.

B.V. (private company with limited liability)

Must annually file tax returns with Dutch tax authorities.

Co-operative U.A.

Must annually file tax returns with Dutch tax authorities. C.V. (a limited partnership) Must annually file tax returns with Dutch tax authorities, if the CV is considered an open CV.

BUSINESS REGISTRATION FILING REQUIREMENTS

Branch office

A branch office must be registered in the Dutch Trade Register within 8 days after its establishment. Information on its directors and proxy holders must be up to date in the Trade Register. Changes must be filed within 8 days.

B.V. (private company with limited liability)

A BV must be registered in the Dutch Trade Register within 8 days after its incorporation. Information on its directors and shareholder (only in case of 100-percent shareholding) must be up to date in the Trade Register. Changes must be filed within 8 days.

Co-operative U.A.

A co-operative must be registered in the Dutch Trade Register within 8 days of its incorporation. Information on its board members must be up to date in the Trade Register. Changes must be filed within 8 days.

C.V. (a limited partnership)

A CV must be registered in the Dutch Trade Register if it has an enterprise in the Netherlands. For a CV with an enterprise outside the Netherlands, registration is not mandatory. If a CV is registered, information on its general partner and management committee members (proxy holders), if any, must be up to date in the Trade Register. Changes must be filed within 8 days.

BUSINESS EXPANSION

Branch office

No need to change as business expands.

B.V. (private company with limited liability)

No need to change as business expands.

Co-operative U.A.

No need to change as business expands.

C.V. (a limited partnership)

No need to change as business expands.

EXIT STRATEGY

Branch office

File a deregistration form with the Dutch Trade Register pursuant to a resolution of (the appropriate corporate body under the governing law of) the head office to terminate the branch office and terminate Dutch activities.

B.V. (private company with limited liability)

File dissolution documents with the Dutch Trade Register after completing a voluntary liquidation procedure (including a mandatory 2 month waiting period in which creditors can file opposition against liquidation accounts).

Co-operative U.A.

File dissolution documents with the Dutch Trade Register after completing a voluntary liquidation procedure (including a mandatory 2-month waiting period in which creditors can file opposition against liquidation accounts).

C.V. (a limited partnership)

File dissolution documents with the Dutch Trade Register after completing liquidation requirements as may be included in the partnership agreement.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Branch office

Determined by governing law of the head office. B.V. (private company with limited liability) Annual director and shareholder meeting.

Co-operative U.A.

Annual management board and members meeting.

C.V. (a limited partnership)

Annual partners meeting (if so required by the partnership agreement).

DIRECTOR / OFFICER REQUIREMENTS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

A BV must have at least 1 director. Tax substance rules require that at least 50 percent of the board consist of Dutch tax resident directors. There is no requirement to have any officers (which under Dutch law are proxy holders to whom the board of directors of the BV can grant representation powers).

Co-operative U.A.

A co-operative must have at least 1 board member. Only members of the co-operative can be appointed as board members, unless the articles of association allow non-members to be appointed as board members. Tax substance rules require that at least 50 percent of the board consist of Dutch tax resident directors.

There is no requirement to have any officers (which under Dutch law, are proxy holders to whom the management board of the co-operative can grant representation powers).

C.V. (a limited partnership)

A CV must have at least 1 general partner. If provided for by the partnership agreement, a CV can have a management committee (who are proxy holders granted representation powers by the general partner).

LOCAL CORPORATE SECRETARY REQUIREMENT

Branch office

None.

B.V. (private company with limited liability)

None.

Co-operative U.A.

None.

C.V. (a limited partnership)

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Branch office

The head office may appoint 1 or more proxy holders who can represent the branch office in the Netherlands (limited or general power of attorney for the activities of the branch office). These proxy holders must be registered in the

Dutch Trade Register.

B.V. (private company with limited liability)

None beyond the required director. If there is no presence in the Netherlands yet, a Dutch trust company can provide a local representative(s), office address and administration services to the BV.

Co-operative U.A.

None beyond the required board member. If there is no presence in the Netherlands yet, a Dutch trust company can provide a local representative(s), office address and administration services to the co-operative.

C.V. (a limited partnership)

None beyond the requirement of at least 1 general partner.

LOCAL OFFICE LEASE REQUIREMENT

Branch office

The head office must either own or lease the office address of the branch in the Netherlands or use domiciliation services of a Dutch trust company. The office address of the branch must be registered in the Trade Register.

B.V. (private company with limited liability)

An office address (in or outside the Netherlands) is required for incorporation. The office address of the BV must be registered in the Trade Register within 8 days of incorporation. Tax substance rules require that the BV has its office address in the Netherlands.

Co-operative U.A.

An office address (in or outside the Netherlands) is required for incorporation. The office address of the co-operative must be registered in the Trade Register within eight days of incorporation. Tax substance rules require that the co-operative has its office address in the Netherlands.

C.V. (a limited partnership)

An office address (in or outside the Netherlands) is required for establishment of the CV. The address of the CV may be outside the Netherlands, if the CV is considered a closed CV for Dutch tax purposes.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Branch office

None.

B.V. (private company with limited liability)

None.

Co-operative U.A.

None.

C.V. (a limited partnership)

None.

SUFFICIENCY OF VIRTUAL OFFICE

Branch office

Not sufficient.

B.V. (private company with limited liability)

Not sufficient.

Co-operative U.A.

Not sufficient.

C.V. (a limited partnership)

Not sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Branch office

Allowed. In the Netherlands, there are trust companies that provide these services. Law firms in the Netherlands are not allowed to do so.

B.V. (private company with limited liability)

Allowed. In the Netherlands, there are trust companies that provide these services. Law firms in the Netherlands are not allowed to do so.

Co-operative U.A.

Allowed. In the Netherlands, there are trust companies that provide these services. Law firms in the Netherlands are not allowed to do so.

C.V. (a limited partnership)

Allowed. In the Netherlands, there are trust companies that provide these services. Law firms in the Netherlands are not allowed to do so.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Branch office

Allowed and commonly provided by Dutch trust companies. Law firms in the Netherlands are not allowed to provide these services.

B.V. (private company with limited liability)

Allowed and commonly provided by Dutch trust companies. Law firms in the Netherlands are not allowed to do

Co-operative U.A.

Allowed and commonly provided by Dutch trust companies. Law firms in the Netherlands are not allowed to do so.

C.V. (a limited partnership)

Allowed – however, not commonly provided for Dutch CVs.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

None from a pure legal perspective, however tax substance rules require that at least 50% of the board consist of Dutch tax resident directors.

Co-operative U.A.

None from a pure legal perspective, however tax substance rules require that at least 50% of the board consist of Dutch tax resident directors.

C.V. (a limited partnership)

None.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

The concept of nominee shareholders itself is not known in the Netherlands. However, there are possibilities under Dutch law to achieve a similar result. Nominee directors not allowed.

Co-operative U.A.

The concept of nominee shareholders (members for a co-operative) itself is not known in the Netherlands. However, there are possibilities under Dutch law to achieve a similar result. Nominee board members not allowed.

C.V. (a limited partnership)

The concept of nominee partners itself is not known in the Netherlands. However, there are possibilities under Dutch law to achieve a similar result. Nominee directors not applicable.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Directors are elected by the shareholders' meeting, and the board of directors is responsible for making major business decisions, overseeing the general affairs and running the day-to-day operations of the BV. The directors of the BV have collective powers and responsibilities. They share responsibility for all decisions and acts of the board and for the acts of each individual director. If the board of directors has appointed any proxy holders (officers), their authority to represent the BV is limited by the content of the powers granted to them.

Co-operative U.A.

Board members are elected by the meeting of members, and the management board is responsible for making major business decisions, overseeing the general affairs and running the day-to-day operations of the co-operative. The board members of the co-operative have collective powers and responsibilities. They share responsibility for all decisions and acts of the board and for the acts of each individual board member. If the management board has appointed any proxy holders (officers), their authority to represent the co-operative is limited by the content of the powers granted to them.

C.V. (a limited partnership)

The general partner is responsible for making major business decisions, overseeing the general affairs and running the day-to-day operations of the CV. The partnership agreement can provide for the possibility that the partners elect a management committee, which will manage the day-to-day business activities of the CV and carry out the business and activities of the CV on behalf of the general partner in accordance with the power granted to them by the general partner.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Branch office

Identity of directors of the head office and proxy holders (if appointed) of the branch office is publicly disclosed, by registration in the Dutch Trade Register.

B.V. (private company with limited liability)

Identity of directors and proxy holders (officers) is publicly disclosed by registration in the Dutch Trade Register; identity of the shareholder is disclosed only if it holds 100 percent of the shares of the BV.

Co-operative U.A.

Identity of board members and proxy holders (officers) is publicly disclosed by registration with the Dutch Trade

Register; identities of the members are not disclosed.

C.V. (a limited partnership)

If the CV has an enterprise in the Netherlands and is therefore registered in the Trade Register, the identity of the general partner(s) and the management committee members (proxy holders), if any, is publicly disclosed; identity of the limited partner(s) is not disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

There must be a minimum of 1 shareholder, and there is no maximum number. For directors, the minimum number is 1 (sometimes more local Dutch tax resident directors are required for tax substance), while there is no maximum number.

Co-operative U.A.

A minimum of 2 members is required, although it is possible that a co-operative temporarily has only 1 member. There is no maximum number of members. For board members, the minimum number is 1, while there is no maximum number.

C.V. (a limited partnership)

A minimum of 2 partners (at least 1 general and 1 limited partner) is required, and there is no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

One shareholder is sufficient.

Co-operative U.A.

A co-operative should have at least 2 members.

C.V. (a limited partnership)

A minimum of 2 partners (at least 1 general and 1 limited partner) is required.

REMOVAL OF DIRECTORS OR OFFICERS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Directors can be dismissed by a resolution of the shareholders meeting.

Co-operative U.A.

Board members can be dismissed by a resolution of the meeting of members.

C.V. (a limited partnership)

Members of the management committee, if any, can be dismissed in the way as provided for in the partnership agreement.

REQUIRED AND OPTIONAL OFFICERS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

None required; optional officers (proxy holders) are allowed.

Co-operative U.A.

None required; optional officers (proxy holders) are allowed.

C.V. (a limited partnership)

None required; optional management committee members (proxy holders) are allowed.

BOARD MEETING REQUIREMENTS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Typically one annual director meeting is being held, however more than one physical board may be advisable to create sufficient tax substance in the Netherlands.

Co-operative U.A.

Typically one annual board meeting is being held, however more than one physical board may be advisable to create sufficient tax substance in the Netherlands.

C.V. (a limited partnership)

None.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

For a shareholders' meeting, usually a majority of shareholders must be present (unless the articles of the BV prescribe otherwise). Shareholders can adopt resolutions without holding a meeting (for example, in writing). For directors, typically a majority of directors must be present during a board meeting (unless the articles prescribe otherwise); alternatively, the directors can execute written resolutions (observing the provision included in the articles and any restrictive tax substance requirements).

Co-operative U.A.

For a meeting of members, usually a majority of members must be present (unless the articles of the co-operative prescribe otherwise). If provided for in the articles, the members can adopt resolutions in writing without holding a meeting. For board members, typically a majority of them must be present during a board meeting (unless the articles prescribe otherwise); alternatively, the board members can execute written resolutions (taking into account the relevant provisions in the articles and any restrictive tax substance requirements).

C.V. (a limited partnership)

For a partners' meeting, usually a majority of partners must be present (unless the partnership agreement provides otherwise). The partners can adopt resolutions in writing without holding a meeting. If the partnership agreement provides for the possibility to elect a management committee, then it will also include requirements in respect of meetings of the management committee (such as minimum number of meetings per year, quorum requirements and place of meetings).

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Branch office

Not necessary in order to establish a branch office. When necessary, a bank account can be opened anywhere.

B.V. (private company with limited liability)

Not necessary in order to incorporate. When necessary, a bank account can be opened anywhere (however the tax substance rules require that the most important bank account is managed and controlled from the Netherlands).

Co-operative U.A.

Not necessary in order to incorporate. When necessary, a bank account can be opened anywhere (however the tax substance rules require that the most important bank account is managed and controlled from the Netherlands).

C.V. (a limited partnership)

Not necessary in order to establish a CV. When necessary, a bank account can be opened anywhere.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Branch office

Determined by governing law of the head office. If the head office under its governing law requires filing annual accounts in its country of origin, then such annual accounts shall also be filed for the branch office with the Dutch Trade Register. The governing law of the head office also determines if the accounts need to be audited.

B.V. (private company with limited liability)

An audit is not generally required for a BV, unless it is considered a medium company or large company (when certain threshold amounts are exceeded in respect of assets, net turnover and employee number). Generally, corporate books and records of the BV are kept at the address of the BV; it is the obligation of the board of directors to keep the books and records in such way that the BV's rights and obligations can be known at any time.

Co-operative U.A.

An audit is not generally required for a co-operative, unless it is considered a medium company or large company (when certain threshold amounts are exceeded in respect of assets, net turnover and number of employees). Generally, corporate books and records of the co-operative are kept at the address of the co-operative. It is the obligation of the board to keep the books and records in such way that the co-operative's rights and obligations can be known at any time.

C.V. (a limited partnership)

A CV only requires preparing and filing annual accounts with the Dutch Trade Register if, in short, all its general partners are capital companies under foreign law. If this is the case, an audit is not generally required for a CV, unless it is considered a large company (when certain threshold amounts are exceeded in respect of assets, net turnover and number of employees, which is very unlikely for a CV). Generally, corporate books and records of the CV are kept at the address of the CV.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Branch office

Determined by governing law of the head office. B.V. (private company with limited liability) Minimum par value per share is one cent (in any currency).

Co-operative U.A.

Not applicable. A Co-operative does not have a capital divided into shares.

C.V. (a limited partnership)

Not applicable. A CV does not have a capital divided into shares.

INCREASING OF CAPITALIZATION IF NEEDED

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

The articles of a BV only require mentioning the par value per share, not the amount of issued capital. Issuance of additional shares requires execution of a notarial deed before a civil law notary in the Netherlands on the basis of a shareholders' resolution (and powers of attorney of the BV and the acquirer, unless they personally appear in front of the notary). A shareholder can also contribute capital on the already existing shares it holds in the capital of the BV by way of a share premium contribution (without issuance of shares).

Co-operative U.A.

The articles of a co-operative do not mention the amount of its capital; they only mention in which currency the member accounts are denominated. The membership agreement or, if so determined in the articles, the general meeting of members can commit a member to make a payment of initial or additional equity into the co-operative, which will be credited to the member account kept by the co-operative in such member's name.

C.V. (a limited partnership)

The partners of the CV must each make an initial contribution in the form of capital or other assets. Generally, the limited partner contributes cash and/or goods. If the general partner does not contribute cash or goods, it can, for example, contribute the know-how, skills and experience required to conduct the business of the CV. The partnership agreement of a closed CV often requires that additional capital contributions to the CV after its formation require the prior unanimous written consent of all partners.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Funds can be repatriated via dividends (including repayment from reserves) or redemption.

Co-operative U.A.

Funds can be repatriated via dividends (including repayment from reserves) and repayments from the member accounts. C.V. (a limited partnership) Funds can be repatriated via dividends and repayments from the capital accounts (for which, in most cases, the partnership agreement will require prior unanimous written consent of all partners).

General contract law applies to the CV, mandatory rules of corporate law do not apply. General rules on reasonableness and fairness limit the contractual freedom of the parties involved. Please note that not all profits may be allocated to one partner and that partners cannot be excluded from a profit right.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Shares must be transferred by execution of a deed before a civil law notary in the Netherlands. Articles of a BV often contain a share transfer restriction provision (in the form of a right of first refusal or the requirement of prior consent from the shareholders' meeting).

Co-operative U.A.

As a general rule, a membership interest in a co-operative is personal, but if the articles allow it, membership interests can become freely transferable. Based upon tax implications, a co-operative is generally organized in such way that its articles contain a certain restriction to the free transferability of membership interests (requirement of consent from the members). Unless the articles of the co-operative prescribe that a membership interest can only be transferred by

notarial deed, it can be transferred by private agreement.

C.V. (a limited partnership)

Section 2(3)(c) STA defines the term “open CV.” An entity qualifies as an open limited partnership if – save for cases involving bequests or inheritance – limited partners can join the partnership or be replaced without the consent of all partners, both managing and limited partners. To safeguard the closed nature of a CV, all partners, both managing and limited, must each separately grant permission.

OBTAINING A NAME AND NAMING REQUIREMENTS

Branch office

Proposed names cannot be reserved in the Dutch Trade Register. Usually, the notary checks in the online Dutch Trade Register if the name is still available (ie, not yet registered as name of another company). The name of a branch office is often composed of the name of the head office followed by “Netherlands branch” or “Dutch branch.”

B.V. (private company with limited liability)

Proposed names cannot be reserved in the Dutch Trade Register. Usually, the notary checks in the online Dutch Trade Register if the name is still available (ie, not yet registered as name of another company). The name of a BV must begin or end with “B.V.”

Co-operative U.A.

Proposed names cannot be reserved in the Dutch Trade Register. Usually, the notary checks in the online Dutch Trade Register if the name is still available (ie, not yet registered as name of another company). The name of a co-operative UA must include the word “Coöperatief” and “U.A.” C.V. (a limited partnership) Proposed names cannot be reserved in the Dutch Trade Register.

Usually, the notary checks in the online Dutch Trade Register if the name is still available (ie, not yet registered as name of another company). The name of a CV must include “C.V.” To prevent the limited partner from becoming liable as if they were a general partner, the name of the limited partner shall not be included in the name of the CV.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Branch office

Dutch civil law notaries and trust companies each have their own KYC requirements. Generally, clients are required to disclose the identities of ultimate holders of 25 percent or more of the shares and provide documentation, such as notarized and apostilled passport copies, of individuals involved with the branch office as director or proxy holder.

Following the 4th EU Directive, reference is made to ultimate holders of 25 percent or more of the shares or voting rights and, if no such person exists in the structure, a pseudo-UBO must be appointed (for example, the chairman of the board).

B.V. (private company with limited liability)

Dutch civil law notaries and trust companies each have their own KYC requirements.

Generally, clients are required to disclose the identities of ultimate holders of 25 percent or more of the shares and provide documentation, such as notarized and apostilled passport copies, of individuals involved with the BV as director or (representative of) shareholder. Following the 4th EU Directive, reference is made to ultimate holders of 25 percent or more of the shares or voting rights and, if no such person exists in the structure, a pseudo-UBO must be appointed (for example, the chairman of the board).

Co-operative U.A.

Dutch civil law notaries and trust companies each have their own KYC requirements. Generally, clients are required to disclose the identities of ultimate holders of 25 percent or more of the shares (interests) and provide documentation, such as notarized and apostilled passport copies, of individuals involved with the co-operative as board member or (representative of) member.

Following the 4th EU Directive, reference is made to ultimate holders of 25 percent or more of the shares or voting rights and, if no such person exists in the structure, a pseudo-UBO must be appointed (for example, the chairman of

the board).

C.V. (a limited partnership)

Dutch lawyers, civil law notaries and trust companies each have their own KYC requirements.

Generally, clients are required to disclose the identities of ultimate holders of 25 percent or more of the shares (interests) and provide documentation, such as notarized and apostilled passport copies, of individuals involved with the CV as a partner (or management committee member). Following the 4th EU Directive, reference is made to ultimate holders of 25 percent or more of the shares or voting rights and, if no such person exists in the structure, a pseudo-UBO must be appointed (for example, the chairman of the board).

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Branch office

Determined by governing law of the head office.

B.V. (private company with limited liability)

Any amendment to the Articles of Association of a BV requires a resolution of the shareholders meeting (with a majority prescribed in the Articles) and execution of a deed of amendment before a civil-law notary in the Netherlands.

Co-operative U.A.

Any amendment to the Articles of Association of a Co-operative requires a resolution of the general meeting of members (with a majority prescribed in the Articles) and execution of a deed of amendment before a civil-law notary in the Netherlands. C.V. (a limited partnership)

The partnership agreement usually provides that it can be amended by all partners jointly.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Branch office

Generally, no license is required to do business in the Netherlands, except for certain sectors, such as banking and insurance.

B.V. (private company with limited liability)

Generally, no license is required to do business in the Netherlands, except for certain sectors, such as banking and insurance.

Co-operative U.A.

Generally, no license is required to do business in the Netherlands, except for certain sectors, such as banking and insurance.

C.V. (a limited partnership)

Generally, no license is required to do business in the Netherlands, except for certain sectors, such as banking and insurance.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Branch office

Not applicable.

B.V. (private company with limited liability)

Since the BV can be incorporated within 1 to 2 weeks, the purchase of a shelf company has become very unusual, if at all available.

Co-operative U.A.

Not applicable.

C.V. (a limited partnership)

Not applicable.

NEW ZEALAND



FORM OF ENTITY

Limited liability company

Limited liability companies are the most common types of companies in New Zealand. They provide liability to shareholders only to the extent of money contributed to the company. These companies are governed by a board of directors which is responsible for making business decisions and overseeing the general affairs of the company.

Directors can be appointed by other directors or by shareholders, and can be removed by an ordinary resolution of the shareholders. Limited liability companies with 50 or more shareholders (and 50 shareholder parcels) are called "code companies." Code companies are subject to the Takeovers Code and are subject to strict requirements when shareholders holding 20% of the shares on issue wish to increase their shareholding.

Limited liability companies that wish to list on NZX will be subject to the NZX listing rules and will also be considered "code companies." There is no limit on the ability of a public company to raise funds from the public (either through an IPO or through a post-listing capital raise) provided the company complies with the various disclosure requirements and other statutory rules, including those set out in the Financial Markets Conduct Act 2013 (FMCA).

Branch Overseas companies that are "carrying on business" in New Zealand must register as an overseas company with the New Zealand Companies Office (Companies Office). The term "carrying on business" is not comprehensively defined for this purpose, although it would capture having employees in New Zealand, having an office or premises in New Zealand or regularly transacting business in New Zealand.

ENTITY SET UP

Limited liability company

Must have at least one shareholder and one share. Generally, no personal liability of the shareholders beyond the amount agreed to be subscribed for shares. Taxed on its earnings at the corporate level; can attach imputation credits to its dividends to shareholders. Usually has a constitution setting out operational procedures (but is not required to have one).

Board of directors has overall management responsibility. Directors are subject to a number of duties that are owed to the company. At least one director must be either a New Zealand resident, or be a person who is a resident of Australia

and is also the director of an Australian registered company. Shareholders can purchase shares in the company at an issue price per share which is generally determined by the Board of directors from time to time by reference to their directors' duties. Subject to the company's constitution, a company may have numerous classes of shares. Capital raising must be done in accordance with the FMCA.

Branch

To establish a branch, an overseas company must be registered with the New Zealand Companies Office and be assigned a New Zealand Company Number (NZCN). A branch is not a separate legal entity. The overseas company has full legal responsibility for the actions of the New Zealand branch. A branch must appoint one person who is authorized to accept service of documents in New Zealand.

A branch must also provide its "principal place of business in New Zealand." A branch is taxed as a separate entity in New Zealand. A branch is taxed on all its New Zealand taxable profits, which will include income sourced from New Zealand less attributable expenses. A foreign company with a branch in New Zealand may be required to provide its financial statements (or specifically prepared financial statements) to the Companies Office and/or the Inland Revenue.

Overseas Investment Office approval may be required before it is able to acquire shares and assets of a certain value, or to purchase certain land that is considered "sensitive." Branches are not required to display the identity of their shareholders on the Companies Office.

MINIMUM CAPITAL REQUIREMENT

Limited liability company

No specified minimum capital requirement.

Branch

No specified minimum capital requirement.

LEGAL LIABILITY

Limited liability company

A company's shareholders' liability is generally limited to the extent of their initial investment, and the amount, if any, of the issue price of their shares which is unpaid. It is possible for a company to become an "unlimited" liability company, where the shareholders' liability will be unlimited, and this can enable a company to check-the-box for US tax purposes.

Branch

A foreign company has full legal responsibility for the actions of the New Zealand branch, and can sue and be sued in New Zealand.

TAX PRESENCE

Limited liability company

A company is subject to tax on its taxable profits. Profits are usually distributed by way of dividend. A company can attach imputation credits to a dividend that allows New Zealand tax resident shareholders to benefit from the tax paid by the company. In some circumstances, if imputation credits are attached then it is not necessary to withhold tax from dividends.

Goods and Services Tax (GST)

A limited liability company will generally be required to register for GST. Branch A foreign company is taxed as a separate entity in New Zealand and taxed on its taxable profits, which will include all income sourced from New Zealand less attributable expenses. Goods and Services Tax (GST). A foreign company carrying on business in New Zealand through a branch may also be required to register for GST.

INCORPORATION PROCESS

Limited liability company

An application for registration as a limited liability company is required to be lodged with the Companies Office with the prescribed fee. The application requires at least one director (subject to NZ residency rules), one shareholder, one share and a registered office. The registered office must be a physical address (ie, not a post office box) in New Zealand. Upon incorporation, the Companies Office will issue to the company a certificate of incorporation and a NZCN.

It is also possible to apply for a New Zealand tax number (IRD number) at the time of the incorporation process. Branch An overseas company's registration with the Companies Office has the effect of establishing a branch office. The overseas company wishing to apply for registration should reserve the company's name to ensure that it is available in New Zealand. Registering as an overseas company entails filing certified copies of its foreign incorporation certificate and constitutional documents (with English translations if necessary), details of its directors and the name of a person in New Zealand who is authorised to accept process notices on its behalf.

Registration can take up to a few days to complete. Once registered, it will have on-going filing requirements with the Companies Office, including filing annual returns. "Large" overseas companies must file audited financial statements for the New Zealand branch and for the overseas company. If the branch is also "large" in its own right, the branch will need to file audited financial statements for the branch's business as well as the overseas company.

BUSINESS RECOGNITION

Limited liability company

Well regarded and widely used.

Branch

Less common (and thus less well known to third parties) than a subsidiary.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company

Generally is required to hold an annual general meeting within 18 months of incorporation and within six months of the company's balance date/end of financial year. However, the company will not be required to hold an annual general meeting if there is nothing to be done at the meeting. The board has resolved that it is in the best interests of the company not to hold the meeting and the constitution of the company does not require one to be held.

Actions requiring shareholder approval require a resolution to be passed by the shareholders holding the requisite majority of voting shares at a shareholders' meeting or approved by all shareholders by way of a written resolution in lieu of a meeting. The requisite majority is most commonly a simple majority, but it is 75% for certain matters.

Branch

Meeting requirements are subject to the overseas company's home jurisdiction requirements.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company

As required (no prescribed minimum). Usually at least one meeting is held each year (eg, to approve accounts or confirm solvency), with other meetings determined by the governance needs of the business.

Branch

Meeting requirements are subject to the overseas company's home jurisdiction requirements.

ANNUAL COMPANY TAX RETURNS

Limited liability company and Branch

Must file a company tax return each year, even if the business does not expect to pay any income tax. Other tax filings may also be required.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company

A company must confirm its corporate details and also pay an annual return fee to the Companies Office each year. See also Annual corporate maintenance requirements. Depending on the size and shareholder make-up of the company, it may also be required to lodge audited financial statements with the Companies Office within five months of its balance date/end of financial year.

Branch

If the branch or overseas company meet the "large" thresholds, they will be required to lodge audited financial statements with the Companies Office within five months of their balance date/end of financial year. Branches are also required to file an annual return each year.

BUSINESS EXPANSION

Limited liability company

No need to change as business expands but if company exceeds 50 shareholders and 50 shareholder parcels, or is listed on NZX, it will be subject to the Takeovers Code.

Branch

No need to change as business expands.

EXIT STRATEGY

Limited liability company

Removal from the register – if there are no liabilities and no assets, and there are no outstanding filings due to the Inland Revenue (IR), it is possible to apply for a limited liability company to be removed from the register. The application will need to be accompanied by a letter from the IR confirming that it has no objection to the company's removal. Liquidation – if there are insolvent or significant assets or liabilities to be dealt with. A formal process involving the appointment of a liquidator, providing proof of debts, realizing assets, paying creditors and distributing any surplus to shareholders.

Branch

If a branch intends to cease to carry on business in New Zealand, it must give public notice in a local paper and in the Gazette. Three months after the public notice has been given, it can apply to be deregistered from the Companies Office.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company

A limited liability company must confirm its corporate details and pay an annual return fee to the Companies Office each year. Depending on whether it qualifies as a "large company" (determined by reference to revenue, gross assets and identity of shareholders), audited financial statements may need to be filed each year. Unless granted relief from the Companies Office, large companies that are required to prepare an annual financial report must appoint an auditor.

A company is classified as a large company for a particular financial year if it satisfies at one of the following tests applies:

As at the balance date of each of the two preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed US\$60 million or In each of the two preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds US\$30 million Branch Once the overseas company is registered, it is required to lodge the following with the

Companies Office: Audited financial statements (if it is "large"). Annual return along with annual return fee. Changes to directors of the overseas company as they occur.

An overseas company will be considered "large" if either of the two tests applies: As at the balance date of each of the two preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed US\$20 million or In each of the two preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds US\$10 million

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company

Must have at least one director, and at least one director must be a New Zealand resident, or be a person who is a resident of Australia and who is also a director of a company registered in Australia. Companies listed on NZX must have at least three directors. There must be at least two directors that are residents in New Zealand and two directors who are independent.

Branch

Not required to have a local director.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company

Not required to have a secretary. Branch Not required to have a secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company

None beyond the required director. Listed companies must have an auditor.

Branch

None beyond having someone is authorised to accept service on behalf of the branch.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company

Must have a registered office in New Zealand. This does not have to be owned or leased by the company, but the person who owns or leases that property must consent to it being the registered office of the company. Corporate records (including the share register) are required to be kept and maintained at the registered office.

Branch

Must have a principal place of business in New Zealand. This does not have to be owned or leased by the overseas company.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company

Not applicable for this jurisdiction.

Branch

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company

Each limited liability company must have a registered office in New Zealand. On registration, the address specified in the application for registration becomes the address of the registered office. The registered office can be changed by resolution of directors and any change must be notified to the Companies Office.

Branch

No requirements. A virtual office is sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

Allowed.

Branch

Allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

Allowed (but internal rules/insurance limitations may restrict law firm professionals from taking on this role)

Branch

Provision of a local agent by a third-party service provider is allowed (but internal rules/insurance limitations may restrict law firm professionals from taking on this role).

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company

Must have at least one director who is resident in New Zealand, or who is a person that is resident in Australia and also a director of an Australian registered company. There are no nationality requirements for shareholders, however, if a company has more than 25% of its shares owned by overseas persons, the company will be considered an "overseas person" and will be subject to the overseas investment office rules. This could restrict its ability to acquire additional businesses, shares or sensitive land.

Note for companies that are listed on NZX, details of directors are publicly available at the Companies Office and the register of shareholders is also available to be searched upon request Branch Must have a person authorised to accept service on the branch's behalf in New Zealand. This is often a business professional.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company

None. However, if an overseas person nominates a New Zealand resident to hold shares on their behalf, the overseas investment rules will still apply. Branch Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company

Board of directors has overall management responsibility. Shareholders have no direct management rights but can appoint and remove directors and may be required to approve certain corporate actions (eg, major transactions, the issue of shares where shareholders have pre-emptive rights, share buy-backs and the revocation/adoption of a constitution). If a non-director shareholder is involved in the management and governance of the company, they can be considered a "deemed director."

Branch

No liability in New Zealand for person authorised to accept service on branch's behalf.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company

Details of directors and shareholders are publicly available at the Companies Office.

Branch

Details of the overseas company's director(s) and person authorised to accept service in New Zealand are publicly available at the Companies Office. Shareholder details are not publicly available. Note for companies that are listed on NZX, details of directors are publicly available at the Companies Office and the register of shareholders is also available to be searched.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company

There must be a minimum of one shareholder and one director. There is no maximum, but if there are more than 50 shareholders and 50 shareholder parcels, the company will be a "code company" and will be subject to the Takeovers Code.

Branch

Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company

One shareholder is sufficient.

Branch

Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company

Generally, directors may be removed by shareholders.

Branch

The removal of directors is subject to the laws in the jurisdiction the overseas company is incorporated. The branch must notify the Companies Office if the person authorised to accept service on behalf of the branch changes.

REQUIRED AND OPTIONAL OFFICERS

Limited liability company

Not applicable for this jurisdiction.

Branch

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Limited liability company

Formally nil, but there is usually at least one board meeting per year. Decisions of directors can be effected by a written resolution signed by all directors. Branch Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company

Unless otherwise specified in the company's constitution, a quorum is present if shareholders or their proxies are present or have cast postal votes who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meeting. A company may pass a resolution without a general meeting being held if all the shareholders entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.

Unless otherwise specified in the company's constitution, the quorum for a directors' meeting is a majority of directors. The directors of a company may pass a resolution without a directors' meeting if all the directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.

Branch

Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company

Not necessary in order to incorporate.

Branch

Not necessary in order to register an overseas company.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company

A company must keep accounting records and these must be kept at the company's registered office. A company's accounting records will only need to be audited if the company is "large" If the company is required to appoint an auditor, the auditor does not have to be registered in New Zealand, but is subject to various qualification criteria In general, for tax purposes a limited liability company is required to maintain business records for a period of seven years after the end of the income year to which they relate. Those records should support the New Zealand tax positions taken during that period

Branch

An overseas company must lodge the following financial statements with the Companies Office if it is large once a year:

Balance sheet

Profit and loss statement

Cash flow statement and Auditor's statement

In general, for tax purposes, any New Zealand taxpayer (including a branch) is required to maintain business records for a period of seven years after the end of the income year to which they relate. Those records should support the New Zealand tax positions taken during that period.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company

Shares of a limited liability company are not permitted to have par value. The "issue price" is determined by directors at the time of issue and whether a share is fully or partly paid is determined by reference to the amount of the issue price that has been paid to the company.

Branch

Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company

There is no concept of authorized or maximum capital. Increased capitalization can occur at any time and must be authorized by ordinary resolution of directors, unless the constitution states otherwise. However, if the capitalization results in an offer to the public or is restricted, compliance with the FMCA will be required. Branch Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company

Funds can be repatriated by dividends or return of capital. A dividend, (or in some cases a return of capital) by a limited liability company, can be subject to withholding tax. Branch Repatriation of funds may generally be undertaken at any time. There is no withholding tax on a distribution by a foreign company with a New Zealand branch.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company

A signed share transfer form is required to transfer shares (stamp duty is not applicable and there is no general capital gains tax in New Zealand). The constitutions of many limited liability companies contain pre-emptive rights which require that a transferor offers shares for transfer to other shareholders before those shares can be offered to third parties. Frequently, those constitutions will also give the directors the right to refuse to register a share transfer, without them necessarily being required to give a reason for a refusal to register.

Generally, companies that are listed on NZX are not permitted to have restrictions on the transfer of shares. There are very few listed companies that have placed restrictions on the free transferability of shares.

Branch

Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company

A new company must have a name that is different from the name of a company that is already registered. A limited liability company must have "Limited" or "Tapui (Limited)" as part of its name.

Branch

An overseas company must determine that the company name it wishes to use in New Zealand is available and reserve that name with the Companies Office. Once registered, the overseas company must ensure that its full name, and the name of the country it is incorporated in, are clearly stated in: Written communications sent by, or on behalf of, the company and Documents issued or signed by, or on behalf of, the company that evidence or create a legal obligation of the company

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company

Financial institutions, professionals working within the financial sector, bullion and gambling sectors as well as other regulated entities (ie, reporting entities) are required to satisfy their respective KYC obligations. Legal service providers are now subject to the AML/CFT due diligence compliance requirements in addition to their own internal KYC requirements. Branch Financial institutions, professionals working within the financial sector, bullion and gambling sectors as well as other regulated entities (ie, reporting entities) are required to satisfy their respective

Know Your Customer (KYC) obligations.

Legal service providers are now subject to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT) due diligence compliance requirements, in addition to their own internal KYC requirements.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company

Any changes to a company's constitution must be made by a special resolution (i.e., passed by shareholders holding at least 75% of the voting shares). Branch Not applicable – this is subject to the requirements of the overseas company's place of incorporation.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company There are no general registrations, licenses or permits that are required to establish a company or conduct business in New Zealand. Branch There are no general registrations, licenses or permits that are required to conduct business in New Zealand.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Branch

Not applicable for this jurisdiction. Proprietary company A "shelf" company may be purchased from third party suppliers but given the speed and ease of incorporation this is rarely used.

NIGERIA



FORM OF ENTITY

The vehicles through which a business may be set up and conducted in Nigeria are as follows:

Private limited company

Public limited company

Unlimited company

Limited liability partnership

Private limited companies are the most commonly used business vehicles in Nigeria.

ENTITY SET UP

Private company

A private company is a company which expresses in its Memorandum of Association (Memo) to be a private company. The features of a private company include:

It must have a minimum of 2 members and a maximum of 50 members.

It must by its articles of association (articles) restrict the transferability of its shares.

It must have a minimum authorized share capital of NGN10,000. At least 25 percent of its authorized share capital must be subscribed for and issued at incorporation, or allotted at any time post-incorporation, where the share capital is increased.

Unless authorized by specific law, a private company is prohibited from inviting the public to subscribe for any of its shares or debentures. The name of a private company limited by shares must end with "Limited" or "LTD." Private companies can use written resolutions signed by all the members in place of resolutions passed at general meetings.

Public company

A public company is any company other than a private company, and which is expressed in its Memo to be a public company. The features of a public company include: It can raise money from the public by offering its shares or debentures to the public and inviting them to subscribe to its shares. It must have a minimum of 2 members.

However, there is no maximum limit to the number of members of a public company. The minimum authorized share

capital of a public company is NGN500,000. At least 25 percent of the authorized share capital of the company must be subscribed for and issued at incorporation, or allotted at any time post-incorporation, where the share capital is increased.

Where a person who is 70 years and above is to be appointed as a director of a public company, special notice of the appointment must be given to the company and such director must disclose the fact of his age to the members of the company. In addition to possessing the requisite knowledge and experience required of a company secretary, the company secretary of a public company must either be a legal practitioner; a chartered accountant; a chartered secretary; or a firm of any of them, or must have held the office of company secretary of a public company for at least 3 of the 5 years immediately preceding his appointment in a public company.

A public company must hold its statutory meeting within 6 months of incorporation. In addition to the statutory notice required to be given to those entitled to attend general meetings of a public company, such notice must be published in at least 2 daily newspapers. The name of a public company limited by share must end with "Public Limited Company" or "PLC."

Unlimited company

An unlimited company is a company incorporated with an authorized share capital, having its members personally liable in full for the debts of the company while a member of the company. The registered name of the company must end with "Unlimited" or "ULTD." An unlimited company may either be private or public. In practice, an "unlimited company" is generally unattractive for business purposes due to the unlimited liability of its members.

Limited Liability Partnership

In 2009, the Lagos State Government introduced the concept of Limited Liability Partnership (LLP) under the Lagos State Partnership Law. An LLP may best be described as a hybrid between a limited liability company and a partnership structure.

The features of an LLP include:

Membership of a LLP is between 2 to 20 members.

It must be constituted of at least 1 or more general partners who shall bear the debts, liabilities and obligations of the partnership, without limitation. A limited partner in a LLP is not liable for the debts of the partnership beyond the amount which they contributed to the partnership. A LLP can sue and be sued in its registered name.

Every LLP that carries on business in Lagos State is obligated to register the partnership with the Registrar of Limited Partnerships in Lagos State. The implication of non-registration is that each and every limited partner will be deemed by law to be a general partner, liable for the debts and other obligations of the partnership.

MINIMUM CAPITAL REQUIREMENT

Generally, the minimum share capital requirement for private companies is NGN10,000, while for public companies, it is NGN500,000. However, in practice, most companies are incorporated with a minimum authorized share capital of NGN million and this is due to the fact that local registration and filing fees are calculated based on a minimum share capital of NGN1 million. It is worthy of mention that companies with foreign participation are required to have a minimum capital of NGN10 million. Some sector-specific laws and regulations have also imposed higher minimum capital requirements for companies operating within that sector. The capital may be cash or assets.

LEGAL LIABILITY

Limited Liability Company

Limited liability companies, whether private or public, are recognized as having a separate legal personality from their members. The liability of a member in a limited liability company is limited to the amount, if any, left unpaid on the shares held by such member in the company.

Unlimited Company

An unlimited company, like every other corporate entity, has a separate legal personality from its members. However, its members do not enjoy the full benefits of this separate legal personality as there is no limit to their liability for the debts of the company.

Limited liability partnership

The Lagos State Partnership Law confers legal personality on an LLP as it can sue and be sued in its own name. However, while the liability of a limited partner in an LLP is limited to the amount which he contributes to own equity in the partnership, the liability of a general partner is unlimited.

TAX PRESENCE

The following taxes are of general application to all companies in Nigeria, whether private or public:

Companies Income Tax (CIT): The CIT is mandated to be paid by companies in Nigeria based on the profits made by the company. It is charged at 30 percent of the assessable profit earned by the company assessed on a preceding-year basis.

Capital Gains Tax (CGT): The CGT is a 10-percent charge on the profits or gains realized by a company upon the disposal of chargeable assets. **Education Tax:** This tax is imposed on Nigerian companies at the rate of 2 percent of all assessable profit for each year of assessment and is payable within 2 months of an assessment notice from the Federal Inland Revenue Service (FIRS).

Police Fund Levy: This is a levy under the Nigerian Police Trust Fund Act of 0.005 percent of the net profit of companies operating in Nigeria.

Stamp Duties: The Stamp Duties Act regulates the payment of stamp duties on instruments in Nigeria. For the purposes of stamp duty assessment, instrument is defined to include every written document. The Act requires that any instrument executed in Nigeria, or whosoever executed, which relates to any property situate in Nigeria, or to any matter or thing done, or to be done in Nigeria, must be stamped upon payment of the requisite stamp duty at the rate specified in the Schedule to the Act.

An instrument which is not duly stamped will not, except in criminal proceedings, be admissible in evidence in a court of law in Nigeria or be available for any other purpose whatsoever. The duties payable under the Act are divided into fixed duties and ad valorem duties. Fixed duties do not vary with the consideration for the document to be stamped; ad valorem on the other hand vary with the amount of consideration and in accordance with the scales stated in the schedule of the Act.

Value Added Tax (VAT): The VAT is payable at the rate of 5 percent on the supply of goods and services. VAT is also imposed on all imported goods. However, exemptions are granted in respect of all medical and pharmaceutical products, basic food items, books and educational items, baby products, fertilizer, agricultural and veterinary medicine, farming machinery and farming transport equipment.

The Federal Executive Council of Nigeria recently approved an increase in VAT rate from 5 percent to 7.2 percent. The proposal for an increase in VAT rate will involve extensive consultations with relevant stakeholders and could ultimately result in the amendment of the VAT law before the new rate would be effective in 2020.

INCORPORATION PROCESS

Companies operating in Nigeria must be incorporated with the Corporate Affairs Commission (CAC). The process for incorporation includes: Availability check and reservation of name Preparation of memorandum and articles of association Completing the incorporation form online

Stamping of incorporation documents

Filing of incorporation documents including forms of identification for directors and shareholders and Obtaining the certificate of incorporation.

BUSINESS RECOGNITION

Private limited company

Well regarded and most commonly used. Public limited company Well regarded and commonly used for large enterprises.

Unlimited company

Not commonly used.

Limited liability partnerships

Mostly used for professional businesses such as legal and accounting businesses.

SHAREHOLDER MEETING REQUIREMENTS

Private company

A private company is required to hold its first Annual General Meeting (AGM) within 18 months of its incorporation and once every year. The law also requires that not more than 15 months shall elapse between the date of one AGM and that of the next. The ordinary businesses of an AGM include:

declaration of dividend;

the presentation of financial statements and the report of the directors and auditors;

the election of directors in the place of those retiring; the appointment;

and the fixing of the remuneration of the auditors. An AGM must be held in Nigeria. In addition to an AGM, the board of directors may convene an extraordinary general meeting (EGM) of the company where special businesses may be considered. An EGM may also be requisitioned by any member of the company holding at least 1/10 of the paid-up capital of the company. A 21-day statutory notice of meeting is required for all general meetings of a private company. However, a shorter notice for an AGM may be given upon the consent of all the members entitled to attend and vote at the meeting.

For general meetings other than an AGM, the consent of the majority of members holding not less than 95 percent in nominal value of the shares, is required for shorter notice.

Public company

The shareholder meeting requirements for a private company, as indicated above, also apply to a public company. In addition, a public company is required to hold a statutory meeting within six months of incorporation. Notices of meetings are also required to be published in at least 2 daily newspapers.

BOARD OF DIRECTOR MEETING REQUIREMENTS

A board of directors meeting may either be convened by a director or by the company secretary on the requisition of a director. The first meeting of the directors must be held not later than 6 months after the incorporation of the company. The law provides that the directors may regulate their meetings as they think fit. However, this is subject to the provisions of the articles of association of the company or the express provisions of the law. Unless otherwise provided by the articles of association of a company, every director shall be entitled to receive the Notice of a Board Meeting not less than 14 days before the meeting.

ANNUAL COMPANY TAX RETURNS

Nigerian resident companies are liable to pay CIT on their worldwide income while non-resident companies deriving income in Nigeria are liable to pay CIT on their Nigerian-sourced income. CIT is at the rate of 30 percent of assessable profit, assessed on a preceding-year basis. Companies are required to register for tax and file their audited accounts and tax computations with the FIRS within six months of their financial year-end on a self-assessment basis or 18 months after incorporation (whichever comes first). A company may file an application for extension of filing tax returns for up to two months at the discretion of the Federal Inland Revenue Service (FIRS).

BUSINESS REGISTRATION FILING REQUIREMENTS

Companies are required to be registered with the CAC before commencing business in Nigeria. The registration process requires both online and manual applications and requires the following:

Availability check and Reservation of name (Form CAC 1)

Application for Registration (Form CAC 1.1)

Stamped memorandum and articles of association and

Valid means of identification of directors and shareholders such as bio-data passport pages and copies of certificates of incorporation for corporate shareholders.

BUSINESS EXPANSION

Generally, companies are at liberty to engage in and pursue business expansion strategies.

EXIT STRATEGY

Companies may be deregistered by the Corporate Affairs Commission (CAC) either through a winding up process or by the exercise of the powers of the CAC to deregister a defunct company. A company may be wound up voluntarily by the members of the company or creditors of the company, by the court or subject to the supervision of the court. Upon the winding up of a company, the company stands dissolved and the assets of the company will be liquidated and distributed in accordance with the rules of priority.

The CAC may strike off the name of a company from the register where it has reasonable cause to believe that such company is not carrying on business.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

The law requires every company to keep and maintain accounting records which should disclose with reasonable accuracy, and at all times, the financial position of the company and should enable the directors to ensure that financial statements of the company are prepared in accordance with the law, both in form and content.

The financial statements for the company in each accounting year shall be prepared by the directors and should include the following:

A statement of accounting policies (not compulsory for private companies)

The balance sheet as at the last day of the year

A profit and loss account

Notes on the accounts

The auditor's report

The directors' report

A statement of the source and application of funds (not compulsory for private companies)

A value added statement of the year (not compulsory for private companies)

A 5 year financial summary (not compulsory for private companies) and In the case of a holding company, the group financial statements. Companies are required to file with the CAC, their annual return together with their audited financial statements or statement of affairs within 42 days after the holding of the AGM in each year.

DIRECTOR / OFFICER REQUIREMENTS

A company, whether private or public, is required to have at least 2 directors.

The directors must be natural persons and may either be Nigerians or foreigners.

The following persons are disqualified from being directors:

An infant, that is, a person under the age of 18 years

A lunatic or person of unsound mind A bankrupt and A corporation, other than its representative.

Specifically, where a person proposed to be appointed or appointed as a director of a public company who is 70 years or more of age, the company is required to give special notice in respect of the resolution appointing or approving the appointment of such a director which shall state the age of the director and the director is required to disclose this fact to the members of the company.

LOCAL CORPORATE SECRETARY REQUIREMENT

Every company, whether private or public, is required to have a company secretary. The qualifications of a company secretary depend on the type of company.

Private company

The person to be appointed a company secretary must have the requisite knowledge and experience to discharge the functions required of a secretary.

Public company

Any person to be appointed a Secretary of a Public Company must either be: A member of the Institute of Chartered Secretaries of Nigeria, or A Legal practitioner A member of the Institute of Chartered Accountants of Nigeria or any other Body of accountants

A person who had held the office of the company secretary for 3 years in a public company of the 5 years preceding his appointment

A body corporate or a firm of any of (a) – (d) above.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable to this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Every company duly registered in Nigeria is required to have a registered office which must be situated in Nigeria. This is required to be stated as such in its memorandum of association and documents of registration and shall be the address to which all communications and notices to the company may be addressed. The company is required to notify the local registry of any changes to its registered address. OTHER PHYSICAL PRESENCE REQUIREMENTS Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

This is not sufficient under local law.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

There are no restrictions imposed against the use of the address of a law firm or third-party service provider as the local registered address.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

This is permitted, as there are no restrictions imposed by statute.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Under Nigerian Law, non-Nigerians are prohibited from carrying out any business in relation to the

(i) production of arms/ammunitions,

(ii) production and dealing in narcotic drugs and psychotropic substances,

(iii) manufacture of military or paramilitary wear and

(iv) such other items designated as forming part of the negative list by the Federal Executive Council. It is also worthy of mention that there are a number of business enterprises that restrict non-Nigerian participation. These restrictions are usually sector-based and determined. In the Nigerian oil and gas sector, all oil and gas operators are required to give exclusive consideration or priority to Nigerian services companies with at least 51-percent Nigerian equity ownership, in the award of contracts. An advertising agency servicing the domestic market must have a minimum of 74.9-percent Nigerian ownership.

Only Nigerians or Nigerian companies having their principal place of business in Nigeria and controlled by Nigerians can be granted aviation licenses, permits or certificates under the Civil Aviation Act. Broadcasting licenses are granted only to applicant companies that can demonstrate they are not representing any foreign interest, under the relevant Nigerian Law. Only shipping vessels that are built in Nigeria, wholly owned and manned by Nigerian citizens may engage in the domestic coastal carriage within the waters of Nigeria.

All private guard companies must be wholly owned by Nigerians, and all the directors of such a company must be

Nigerian, in accordance with the relevant law.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

There are no restrictions regarding the appointment of nominee shareholders and directors. It is worthy of mention that, under Nigerian Company Law, it is the person whose name is entered into the register of members that is recognized as the legal owner of the shares of the company.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

A company typically acts through two major organs:

- (i) the board of directors and
- (ii) its members in general meeting.

The articles of association of a company usually expressly states the powers of the organs of the company, subject to mandatory provisions of Companies and Allied Matters Act (CAMA). Under the CAMA, the board of directors is vested with the day-to-day management of the company and each director is required to act in good faith and with diligence. With the exception to the mandatory provisions of CAMA, the members in general meeting may act where there is deadlock on the board, to ratify actions of the board or institute legal proceedings in the name and on behalf of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

There are no specific requirements for the public disclosure of the identity of the shareholder, directors or officers of a company. However, every company is required to file with the local corporate registry particulars of the persons that are directors and shareholders of the company. The filing makes such information public records to which anyone may have access following an application. A public company is required to disclose the beneficial interest amounting to 5 percent and above to the Securities and Exchange Commission (SEC) and, where such entity is a listed entity, the Nigerian Stock Exchange.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

There is a statutory minimum requirement of two directors and no maximum. In practice, the maximum number of directors on a board is fixed by the articles of association of such company. In the same vein, there is a statutory minimum requirement of two shareholders. However, the maximum number of shareholders depends on the type of company. For a private company, it is limited to 50 members, while for a public company there is no limit.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private company

A private company must have a minimum of two members and a maximum of 50 members. Public company A public company must have a minimum of two members and no stated maximum number of members.

REMOVAL OF DIRECTORS OR OFFICERS

The procedure for the removal of a director of a company is provided under section 262 of the Companies and Allied Matters Act (CAMA). The CAMA provides that a company may by ordinary resolution remove a director before the expiration of his period of office, notwithstanding anything in its articles of association or in any agreement between the company and the director. It is worthy to note that a special notice is required to be issued to the company and the director prior to any resolution to remove such director.

The director may, however, on receipt of such notice, make a representation to the company and shall be entitled to be heard at the meeting. The removal of an officer (other than a director or company secretary) is subject to the provisions of such officer's contract of employment. Where such officer is the company secretary of a public company, their removal will be subject to procedure set out under CAMA.

REQUIRED AND OPTIONAL OFFICERS

A company is required to have at least two directors, a company secretary and an external auditor. It is, however, worthy to note that certain sector-specific regulations mandate the employment of specific officers in a company.

BOARD MEETING REQUIREMENTS

Under CAMA, directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit, provided that the first meeting of the directors shall be held not later than six months after the incorporation of the company. A director, and a secretary on the requisition of a director, may summon a meeting of the directors. The directors may elect from amongst themselves a chairman who will preside over their meetings for a designated period.

Decisions of the board are to be taken by a majority of votes and, in case of unequal votes, the chairman has a casting vote. Every director shall be entitled to receive notice of a meeting and failure to give notice shall invalidate the meeting. The notice period for a meeting of the board of directors shall be 14 days subject to the provisions of the articles of association.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Shareholders' Meetings

Unless otherwise provided in the articles of association, the quorum for the meeting of the company shall be 1/3 of the total number of members of the company or 25 members (whichever is less) present in person or by proxy. Provided that, where the number of members is not a multiple of three, then the number nearest to 1/3, and where the number of members is six or less, the quorum shall be two members.

Board Meetings

Unless the articles of association provide otherwise, the quorum necessary for the transaction of the business of directors shall be two where there are not more than six directors, but where there are more than six directors, the quorum shall be 1/3 of the number of directors, and where the number of directors is not a multiple of three, then the quorum shall be 1/3 of the nearest number.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

There is no regulatory requirement to open a bank account prior to incorporation, and this is not a prerequisite to doing business in Nigeria. It is also worthy to note that in Nigeria, the corporate documents of an already incorporated entity are required as a KYC prerequisite for opening a corporate bank account for such entity.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Under Nigerian law, a company is required to engage an auditor each year for the purpose of auditing its financial statements and such appointed auditor shall be a person who is a member of the Institute of Chartered Accountants of Nigeria. Every Nigerian company is required to keep accounting records which sufficiently explain and evidence the transactions and disclose the financial position of the company. The accounting records of a company are required to be kept at the registered office of the company or such other place in Nigeria as the directors think fit.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Every company on incorporation is required to state the amount of its authorized share capital and the division into shares and the par/nominal value of the shares. However, the law does not stipulate the minimum par value of the shares of a company; it is fixed at incorporation but may be changed by members' resolution.

INCREASING OF CAPITALIZATION IF NEEDED

A company having a share capital may increase its authorized share capital by way of a resolution of the shareholders at a general meeting by the creation of new shares of such amount as it believes to be expedient. Following an increase in its share capital, the company will be required to, within 15 days after the passing of the resolution, file with the local registry the particulars of the increase in the share capital.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Under Nigerian law, any person may invest in any enterprise or security with foreign currency or capital imported into Nigeria through an authorized dealer. The importation of capital through this recognized channel guarantees the ease

of repatriation of capital or investment return in foreign currency. When the capital is imported into Nigeria through an authorized dealer (a Nigerian bank), the authorized dealer issues a Certificate of Capital Importation (CCI) evidencing the investment for the benefit of the investor.

An investor may also import capital into Nigeria through payment into a domiciliary account or any other means. However, where the investor did not import the capital through an authorized dealer, such capital or investment returns in foreign currency will only be sourced from the unregulated parallel market at a price influenced by the forces of demand and supply and subject to availability.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Shares in a company are transferable instruments subject to the provisions of the articles of association of a company. The law specifically requires a private company to restrict the transferability of its shares in its articles of association. A publicly listed entity is required to remove any form of restrictions on the transferability of its shares.

Accordingly, where there are no restrictions on the transfer of shares of a company indicated in the articles of association of such company, any member may transfer all or any of their shares by instrument in writing in any usual or common form or any other form which the directors may approve.

OBTAINING A NAME AND NAMING REQUIREMENTS

The first step towards incorporating a company in Nigeria is to conduct an “availability search” at the registry in order to confirm that the proposed name of the company has not already been used and that same does not offend any provisions of the law or any existing trademark or trade name. Certain names (usually containing words such as “Federal,” “National” or “State”) can only be used with the consent of the relevant authorities. In addition, the Registrar-General of the companies’ registry may require supporting evidence for the use of certain words such as “group” or “holdings.”

Where following an “availability search,” the proposed name of the company is available, the same would be reserved for the use of the promoters of the company for an initial period of 60 days and for further renewable periods of 60 days. During the period of reservation, no other company can be registered with the reserved name or any other name which in the opinion of the companies’ registry is similar or identical to the reserved name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Please note that there are sector specific KYC requirements applicable to each company based on their assessed value. However, the general KYC requirements include the following:

Evidence of registration in the Country of Incorporation (for corporates)

Certificate of incorporation

Relevant resolution approving the transaction

Passport photograph

Valid form of identification

Name Place and date of birth

Gender

Address

Occupation

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

A shareholder’s resolution is required to amend the constitutional document of the company. A company may, at a meeting of which notice in writing has been duly given to all members by special resolution, alter the provisions of its memorandum and articles of association with respect to the business or objects of the company, or other specific provisions. Where an alteration is made to the memorandum or articles of association of a company, the altered memorandum and/or articles of association must be filed with the companies’ registry within 15 days after the passing of the resolution.

For companies regulated by the SEC, where there are any major changes in the company which could affect the information filed in respect of the company's registration, same should be filed with the SEC. Some sector-specific regulations may also require notification to the relevant regulatory body where there is an amendment to a regulated company's memorandum and articles of association.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

It is noteworthy that, where a non-Nigerian entity sets up an entity in Nigeria and/or acquires shares in an already existing entity, there are certain sector specific approvals that must necessarily be obtained and maintained. There are, however, two general approvals that are required to be procured irrespective of the sector; the Certificate of Business Registration obtained from the Nigerian Investment Promotion Commission and the Business Permit obtained from the Federal Ministry of Interior.

Under Nigerian Law, a non-Nigerian is restricted from establishing a business or registering a company in Nigeria without these licenses. In practice however, consent is obtained after the incorporation of the company.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

NORWAY



FORM OF ENTITY

Private limited liability companies (private LLCs)

Separate and distinct legal entity managed by a board of directors, which is responsible for making major business decisions. The board of directors also has a supervisory function in relation to the company's activities and the executive managers of the company. Directors are elected by the shareholders of the company.

Employees may have the right to appoint a minority of the board members if the number of employees exceeds certain thresholds. The day-to-day operations of the company are usually carried out by the general manager, who is appointed by the board of directors. However, private LLCs are not obligated to have a general manager.

If this is the case, the chairman of the board of directors is responsible for the day-to-day management. The shareholders of the company constitute the general meeting, which is the superior body of the company.

Public limited liability companies (public LLCs)

Separate and distinct legal entity. Governmental structure of public LLCs is unitary with private LLCs.

Public LLCs must have a general manager which is responsible for the day-to-day management of the company. The general manager is appointed by the board of directors. Only public LLCs or other similar foreign companies can be listed on a regulated market.

Partnerships with unlimited liability

Separate and distinct legal entity managed by the partnership meeting. Partnership meetings can appoint a board of directors and a general manager to manage the company and handle the day-to-day responsibilities.

ENTITY SET UP

Private LLCs

Unlimited number of shareholders

No personal liability for shareholders

Taxed on its earnings at a corporate level. Shareholders are taxed on any distributed dividends

Typical charter documents include: memorandum of incorporation, articles of association and shareholders' register
Board of directors has the overall management responsibility. General manager has the day-to-day responsibility
Shareholders subscribe for shares in a company. A company may have different share classes, for instance preference shares

Incorporation has to be registered in the Norwegian Register of Business Enterprises (the NRBE), within three months of incorporation

Public LLCs

Unlimited number of shareholders

No personal liability for shareholders

Taxed on its earnings at a corporate level. Shareholders are taxed on any distributed dividends

Typical charter documents include memorandum of incorporation and articles of association

Shareholders are registered in a shareholders' register at a securities depository Partnerships with unlimited liability

Unlimited number of partners

As a general rule, partners jointly have unlimited liability for all of the company's obligations. However, partners may agree to the partnership agreement that they will be severally liable according to its pro rata ownership in a partnership Not taxed on its earnings at a corporate level. Partners are taxed at their individual rates based on each partner's part of the profits

Typical charter documents include: partnership agreement Every partner has to sign the partnership agreement. Since this agreement is registered with the NRBE, the identity of partners is public information

MINIMUM CAPITAL REQUIREMENT

Private LLCs

NOK30,000.

Public LLCs

NOK1 million.

Partnerships with liability

No minimum capital requirement.

LEGAL LIABILITY

Private LLCs

Shareholders' liability is generally limited to the shareholders' equity contributions.

Public LLCs

Shareholders' liability is generally limited to the shareholders' equity contributions.

Partnerships with liability

Partners are jointly liable for all partnership's obligations. However, partners can agree to be severally liable for the partnership's obligations.

TAX PRESENCE

Private LLCs

Private LLCs are taxed at two levels. At first a private LLC pays a corporate tax on its corporate income; next a private LLC distributes profits to shareholders who then pay income tax on those dividends. Dividends received by legal entities being shareholders may be taxed at a lower level.

Public LLCs

Public LLCs are taxed at two levels. First, a public LLC pays a corporate tax on its corporate income; next a public LLC distributes profits to shareholders who then pay income tax on those dividends. Dividends received by legal entities being shareholders may be taxed at a lower level.

Partnerships with liability

Pass-through entity with only one level of taxation. The partnership profits "pass through" to the partners, who then pay taxes on the profits at their individual tax rates.

INCORPORATION PROCESS

Private LLCs

Incorporation starts with signing a memorandum of incorporation setting out among other the name of the company, the purpose, number of shares and share capital. Subsequently, the minimum share contribution has to be made. If the contribution shall be made in cash, the company has to establish a Norwegian bank account to make the contribution. Following this, incorporation of the company is filed on a coordinated register notification with the NRRB along with memorandum of incorporation, articles of association and a declaration from an auditor or financial institution stating that the share capital has been paid to the company mentioned.

If some part or all of the share capital is going to be contributed as non-cash contributions, a statement from the founders regarding the contribution in kind, confirmed by an auditor, also has to be filed with the NRBE.

Public LLCs

The incorporation process for public LLCs is similar to the process for private LLCs.

Partnerships with liability

Incorporation starts with signing a partnership agreement setting out among other the name of the partners, the purpose, the ownership percentage and whether the partners' liability is pro rata or joint and several. If the partners are obligated to pay a contribution to the partnership, the partnership agreement has to reflect this. If a partnership will have a board of directors and/or an auditor, partnership meeting minutes with appointments and a declaration of willingness from the auditor will have to be attached as well.

Following this, incorporation of the company is filed on a Coordinated Register Notification with the NRBE along with the partnership agreement attached.

BUSINESS RECOGNITION

Private LLCs

Well regarded and widely used.

Public LLCs

Well regarded, but not widely used because private LLCs fit most company requirements.

Partnerships with liability

Well regarded, but not widely used except in particular sectors.

SHAREHOLDER MEETING REQUIREMENTS

Required to hold an annual general meeting/partnership meeting to approve the annual accounts and other items required by law, articles of association or the partnership agreement.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private LLCs

At least one meeting each year to approve annual accounts. Further required to hold board meetings to resolve matters of unusual or significant nature, as well as matters to be resolved by the board of directors in accordance with the Norwegian Private Limited Liabilities Companies Act.

Public LLCs

At least one meeting each year to approve annual accounts. Further required to hold board meetings to resolve matters of unusual or significant nature, as well as matters to be resolved by the board of directors in accordance with the Norwegian Public Limited Liabilities Companies Act.

Partnerships with liability

If a partnership has appointed a board of directors, at least one meeting each year to approve annual accounts is required.

ANNUAL COMPANY TAX RETURNS

Private LLCs

Must annually file tax returns and annual accounts with government authorities.

Public LLCs

Must annually file tax returns and annual accounts with government authorities.

Partnerships with liability

Partnerships must file a tax return, in addition to a tax return filed by each partner, which partners file together with their respective annual tax returns. A partnership is transparent for tax purposes, and each partner is taxable for their proportionate share of income.

BUSINESS REGISTRATION FILING REQUIREMENTS

It is required with initial registration, as well as annual filings.

BUSINESS EXPANSION

No need to change the form of an entity as business expands.

EXIT STRATEGY

Private LLCs

A resolution by the general meeting to dissolve the company is filed with the NRBE. Following a mandatory six weeks' creditor notice period, the final dissolution documents are filed with the NRBE.

Public LLCs

Resolution by the general meeting to dissolve the company is filed with the NRBE. Following a mandatory six weeks' creditor notice period, the final dissolution documents are filed with the NRBE.

Partnerships with liability

Resolution by a partnership meeting to dissolve a partnership is filed with the NRBE. Following a mandatory six weeks' creditor notice period, final dissolution documents are filed with the NRBE.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Private LLCs and public LLCs must file a register of shareholders as of December 31 each year by January 31.

DIRECTOR / OFFICER REQUIREMENTS

Private LLCs

All directors must be of age. Therefore, directors must be above the age of 18 and have legal capacity to act.

Public LLCs

All directors must be of age. Therefore, directors must be above the age of 18 and have legal capacity to act. It is further a requirement that both sexes are elected as directors. The number of directors required from each sex will depend on the total number of directors.

Partnerships with liability

All directors must be of age. Therefore, directors must be above the age of 18 and have legal capacity to act.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Virtual offices and c/o address is sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private LLCs, public LLCs and partnerships must be registered with a Norwegian address.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private LLCs

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Private LLCs and public LLCs

Directors' authority consists of managing the company. The board of directors shall ensure a proper organization of the business and draw up plans, guidelines and budgets for the company's business. The board of directors shall keep itself informed of the company's financial position and is obliged to ensure that its activities, accounts and capital management are subject to adequate control.

The board of directors shall effectuate any inspections they consider necessary. The board of directors shall supervise the day-to-day management and may issue instructions to the general manager. If the company does not have a general manager, the chairperson is responsible for the day-to-day management of the company as well.

The general manager's authority consists of the responsibility for the day-to-day management. The manager shall comply with the guidelines and instructions issued by the board of directors. The day-to-day management does not comprise matters of an unusual kind or major importance.

The general manager shall ensure that the company's accounts are in accordance with statutory law and regulations, and that the capital management is properly organized. The shareholder's authority consists of exercising the supreme authority in the company through the general meeting. The authority can only be exercised through a summoned general meeting and is superior to all other corporate bodies. The general meeting can pass decisions in all matters, except when authority is assigned to another body through law.

Partnerships with liability

If a board of directors is appointed, the director's authority consists of managing the company. The board of directors shall ensure a proper organization of the business and draw up plans, guidelines and budgets for the company's business. The board of directors shall keep itself informed of the company's financial position and is obliged to ensure that its activities, accounts and capital management are subject to adequate control. The board of directors shall effectuate any inspections they consider necessary.

The board of directors shall supervise the day-to-day management and may issue instructions for the general manager. The general manager's authority consists of the responsibility for the day-to-day management. The manager shall comply with the guidelines and instructions issued by the board of directors.

The day-to-day management does not comprise matters of an unusual kind or major importance. The general manager may decide matters under authorization from the board of directors in each case or whenever the board of directors' decision cannot be awaited without major inconvenience to the company. The general manager shall ensure that the company's accounts are in accordance with statutory law and regulations, and that the capital management is properly organized.

The partner's authority consists of exercising the supreme authority in the company through the partnership meeting. The authority can only be exercised through a summoned partnership meeting. The partnership meeting is superior to all other corporate bodies. The partnership meeting can pass resolutions in all matters, except when authority is assigned to another body through law. This summary of authority and limitations is not exhaustive.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

The name of the directors and general manager is public information register in the NRBE. Also, the partners in a partnership is public information which has to be registered in the NRBE. All shareholders in private LLCs and public LLCs as of December 31 each year shall be registered with the Norwegian tax authorities.

Based on this information, the shareholders of a Norwegian company become public information. However, this information is not updated throughout the year and can therefore not be relied upon as evidence of who is a shareholder in a company from time to time.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private LLCs

There must be a minimum of one director in the board of directors. There must be a minimum of one shareholder. No regulation of the maximum number of directors or shareholders, unless stated otherwise in the articles of association.

Public LLCs

There must be a minimum of three directors in the board of directors. Companies with corporate assembly must have minimum five directors. There must be a minimum of one shareholder. No regulation of the maximum number of directors or shareholders, unless stated otherwise in the Articles of Association.

Partnerships with unlimited liability

If the partnership meeting appoints a board of directors, there must be a minimum of one director. There must be a minimum of two partners. No regulation of the maximum number of directors or shareholders, unless stated otherwise in the partnership agreement.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

See Minimum and maximum number of directors and shareholders.

REMOVAL OF DIRECTORS OR OFFICERS

Private LLCs

A director can be removed by the general meeting. This does not apply to directors chosen of the company's employees. If the company has a general assembly, the director may be removed by the general assembly.

Public LLCs

A director can be removed by the general meeting. This does not apply to directors chosen of the company's employees. If the company has a general assembly, the director may be removed by the general assembly.

Partnerships with liability

A director can be removed by the partnership meeting.

REQUIRED AND OPTIONAL OFFICERS

Private LLCs

It is not mandatory to have a general manager in private LLCs. CFO and COO are deemed as ordinary employees and are not mandatory.

Public LLCs

Public LLCs must have a general manager who is responsible for the day-to-day management of the company. No other officer is mandatory. CFO and COO are deemed as ordinary employees and are not mandatory.

Partnerships with unlimited liability

It is not mandatory to have a general manager or any other officers in a partnerships.

BOARD MEETING REQUIREMENTS

As a general rule, a board meeting is held by a physical meeting. The meeting may be held by written resolution or telephone conference if the chairperson decides that it is an adequate manner to deal with the matters to be dealt with.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private LLCs

The board of directors forms a quorum when more than half of the directors are present or participate in the board meeting. Stricter requirements may be determined in the articles of association. All directors must be given the opportunity to participate in the meeting for the board to form a quorum. There are no quorum requirements for the general meeting, but, as some decisions require unanimity, there will in effect be quorum requirements for such decisions.

Notice of the general meeting must, as a general rule, be sent at least one week before the general meeting. Stricter requirements may be set out in the articles of association. Shareholders may waive the notice requirements.

Public LLCs

The board of directors forms a quorum when more than half of the directors are present or participate in the board meeting. Stricter requirements may be determined in the articles of association. All directors must be given the opportunity to participate in the meeting for the board to form a quorum.

There are no quorum requirements for the general meeting, but, as some decisions require unanimity, there will in effect be quorum requirements for such decisions. Notice of the general meeting must, as a general rule, be sent at least two weeks before the general meeting. Stricter requirements may be set out in the articles of association. Shareholders may waive the notice requirements.

Partnerships with liability

The board of directors has a quorum when more than half of the directors are present or participate in the board meeting. Stricter requirements may be determined in the partnership agreement. All directors must be given the opportunity to participate in the meeting for the board to form a quorum. All decisions made by the partnership meeting must be unanimous, unless the partnership agreement states otherwise.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private LLCs

If the initial share contribution shall be made in cash, a Norwegian bank account must be opened prior to the registration with the NRBE.

Public LLCs

If the initial share contribution shall be made in cash, a Norwegian bank account must be opened prior to the registration with the NRBE.

Partnerships with liability

As there is no minimum capital requirement, no bank account must be created prior to incorporation.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

If the company has an auditor, the auditor must be approved by the Financial Supervisory Authority of Norway. Annual accounts and other mandatory accounts, annual reports and auditors' reports shall be stored in Norway for five years after the end of the financial year. The documents may be stored electronically in Norway, Denmark, Finland, Iceland or Sweden.

If the documents should be electronically stored outside of the Nordics, an application to the Norwegian Tax Authorities is required. The accounting materials shall be available in a readable format and shall be capable of being printed on paper in Norway throughout the storage period.

Private LLCs

For private LLCs, it is not an absolute requirement to have an auditor if

- (i) the company's operating income is less than NOK6 million,
- (ii) the company's balance sum is less than NOK23 million and
- (iii) the company on average has fewer than 10 full-time equivalent employees. If an auditor is elected, a declaration of willingness from the auditor must be attached to the filing.

Public LLCs

Public LLCs are obligated to have any auditor.

Partnerships with liability

For partnerships with liability, it is not an absolute requirement to have an auditor if

- (i) the company's operating income is less than NOK5 million,
- (ii) there are five or fewer partners,
- (iii) if all partners are legal persons and do not have assets in the company's balance sum above NOK20 million and
- (iv) the company on average has fewer than 10 full-time equivalent employees. If an auditor is elected, a declaration of willingness from the auditor must be attached to the filing.

REQUIREMENT REGARDING PAR VALUE OF STOCK

The number of shares and the par value of the stock has to at least equal the minimum share capital of a private LLC and a public LLC. Not applicable for partnership.

INCREASING OF CAPITALIZATION IF NEEDED

Private LLCs and public LLCs

Share capital increases is adopted by the general meeting following a proposal from the board of directors. The board of directors may be granted authority by the general meeting to adopt share capital increases on specific terms. Such authorization may not be valid for more than two years and must be limited to a maximum of half of the share capital as of the date the authorization was granted.

Partnerships with liability

Capitalization of a partnership is adopted by the partnership meeting.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private LLCs

Funds may be repatriated as a dividend or a share capital decrease. Both types are adopted by the general meeting following a proposal by the board of directors. The company may only distribute dividends to the extent that, after the distribution, it still has net assets covering the company's share capital and other restricted equity, such as funds for unrealized gains and valuation differences.

Upon a share capital decrease, the share capital decrease may not be set lower than the minimum share capital of NOK30,000. A share capital decrease may be completed by a redemption of shares or reduction of the par value. A share capital reduction is subject to a six weeks creditors' notice period before it may be implemented.

Finally, the company shall at all times have equity and liquidity which is adequate in terms of the risk and scope of the company's business.

Public LLCs

Funds may be repatriated as a dividend or a share capital decrease. Both types are adopted by the general meeting following a proposal by the board of directors. The company may only distribute dividends to the extent that, after the distribution, it still has net assets covering the company's share capital and other restricted equity, such as funds for unrealized gains and valuation differences. Upon a share capital decrease, the share capital decrease may not be set lower than the minimum share capital of NOK1 million.

A share capital decrease may be completed by a redemption of shares or reduction of the par value. A share capital reduction is subject to a six weeks creditors' notice period before it may be implemented. Finally, the company shall at all times have equity and liquidity which is adequate in terms of the risk and scope of the company's business.

Partnerships with liability

Distribution of profit is subject to resolution of the partnership meeting. The company may only distribute profit if the funds are not necessary to cover obligations of the company or company business. Profit cannot be distributed if this evidently would harm the interests of the company or its creditors.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private LLCs

As a principal rule, transfer of shares is subject to right of first refusal and approval by the board of directors. The may be modified in the articles of association whereby the shares may still be freely transferrable. The articles of association may also contain specific requirements in order to be approved by shareholder.

Public LLCs

As a general rule, shares are freely transferrable and therefore not subject to approval by the board of directors or right of first refusal. This principle may be modified in the articles of association, but this is uncommon for public LLCs.

Partnerships with liability

As a general rule, a transfer of shares is subject to approvals from the other partners. This principle can be modified in the partnership agreement. If a partnership agreement contains a right to transfer, such transfer may be subject to first refusal by the other partners.

OBTAINING A NAME AND NAMING REQUIREMENTS

Private LLCs

The name must include the word "aksjeselskap" or the abbreviation "AS." The name may not be identical to a name already registered with the NRBE and contain at least three letters.

Public LLCs

The name must include the word "allmennaksjeselskap" or the abbreviation "ASA." The name may not be identical to a name already registered with the NRBE and contain at least three letters.

Partnerships with unlimited liability

If the partners have joint and several liability, the company name must include the words "ansvarlig selskap" or the abbreviation "ANS." If the partners' liability is pro rata, the company name must include the the words "selskap med delt ansvar" or the abbreviation "DA." The name may not be identical to a name already registered with the NRBE and contain at least three letters.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Required by banks in order to open a bank account.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private LLCs

Amending the articles of association requires at least two third majority of the votes and the share capital represented at the general meeting. Stricter requirements may be included in the articles of association.

Public LLCs

Amending the articles of association requires at least two third majority of the votes and the share capital represented at the general meeting. Stricter requirements may be included in the articles of association.

Partnerships with unlimited liability

A resolution by the partnership meeting to amend the partnership agreement must be unanimous unless otherwise has been agreed in the partnership agreement.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

As a general rule, not applicable, but may be required for certain industries.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies may, in general, be purchased on short notice. The shelf company may be utilized immediately after the transfer of the shelf company has completed.

PHILIPPINES



FORM OF ENTITY

Subsidiary

A subsidiary is a domestic stock corporation, either wholly or partially owned (but controlled) by a foreign corporation.

It has a separate and distinct legal entity from its parent.

It is managed by its board of directors, which exercises all corporate powers, conducts all business and controls all property of the corporation. Directors are elected by stockholders from stockholders themselves.

Officers are elected by the directors, and they perform the duties imposed on them by law and the bylaws of the corporation.

Branch office

It is an extension of, and not a separate and distinct entity from, the foreign corporation. It carries out business activities of the head office and derives income from the Philippines. A resident agent is designated to whom summons and other legal processes may be served on behalf of the foreign corporation.

Representative office

It is an extension of, and not a separate and distinct entity from, the foreign corporation. It deals directly with the clients of the head office in the Philippines but does not derive income from the country and is fully subsidized by its head office. A resident agent is designated to whom summons and other legal processes may be served on behalf of the foreign corporation.

Regional or area headquarters

It is an administrative branch of a multinational company and, thus, not a separate and distinct legal entity. It is established to supervise, communicate and coordinate the multinational company's subsidiaries, affiliates and branches in the Asia-Pacific region. It is not allowed to do business or derive any income from sources within the

Philippines. Its operations must be fully subsidized by way of inward remittances from its head office.

Regional operating headquarters

It is an administrative branch of a multinational company and, thus, not a separate and distinct legal entity. It is established to perform qualifying services to the multinational company's affiliates, subsidiaries or branches in the Philippines, the Asia-Pacific region and other foreign markets. It is prohibited from offering its services to entities other than the foregoing. It is also prohibited, directly or indirectly, to solicit or market goods and services on behalf of the multinational company or any of its affiliates or subsidiaries. It is allowed to derive income from sources within the Philippines.

Partnership

Partnership has a legal personality separate and distinct from its partners. Generally, each partner is considered an agent of the partnership and his or her acts are binding, unless otherwise provided in the Articles of Partnership. A foreign corporation may be a partner in a domestic partnership only after such foreign corporation obtained a license to transact business in the Philippines.

One person corporation

The Revised Corporation Code introduced the new concept of a one person corporation (OPC) which is defined as "a corporation with a single stockholder." This corporation may only be formed by a natural person, trust, or an estate. Similar to ordinary corporations, an OPC has no minimum capital stock requirement. Unlike an ordinary corporation, however, an OPC is not required to submit corporate by-laws.

The single stockholder serves as the sole director and president of the OPC. The OPC is required to appoint a treasurer, corporate secretary and other officers as necessary within 15 days from the issuance of its certificate of incorporation. However, the single stockholder is proscribed from being appointed as the corporate secretary.

The single stockholder is required to designate a nominee and an alternate nominee who shall take his place as director in the event of his death or incapacity. The extent and limitations of the authority of the nominee and alternate nominee shall be stated in the articles of incorporation. The nominee and alternate nominee may be changed at any time and without need of amendment of the articles of incorporation.

In case of death or permanent incapacity, the nominee shall sit as director only until the legal heirs of the single stockholder have been lawfully determined, and the heirs have designated one of them or have agreed that the estate shall be the single stockholder. In lieu of meetings, a written resolution signed and dated by the single stockholder and recorded in the minutes book shall be sufficient when action is needed on any matter. Aside from the minutes book, the OPC shall also be required to submit reportorial requirements.

Failure to submit such requirements three times within a period of five years may place the OPC under delinquent status. The reportorial requirements are as follows:

Annual financial statements

A report containing explanations or comments by the president on every qualification, reservation, or adverse remark or disclaimer made by the auditor in the latter's report

A disclosure of all self-dealings and related party transactions and Other reports required by the SEC

The new law allows the conversion from an ordinary corporation to an OPC and from an OPC to an ordinary stock corporation. An ordinary stock corporation may be converted to an OPC when the single stockholder acquires all the stocks of an ordinary stock corporation and files an application for conversion with the SEC. An OPC may be converted into an ordinary stock corporation after due notice to the SEC of such fact and of the circumstances leading to the conversion.

One such circumstance provided by the law is the death of the single stockholder. In such a case, the legal heirs may decide to either wind up and dissolve the OPC or convert it into an ordinary stock corporation.

ENTITY SET UP

Subsidiary

Two or more persons (but not exceeding 15) must act as incorporators and sign the articles of incorporation of the

subsidiary

Any person, partnership, association or corporation singly or jointly may organize a corporation for any lawful purpose. Previously, only natural persons may act as incorporators. The Revised Corporation Code has removed the minimum requirement of five incorporators but has retained 15 as the maximum number of incorporators. The SEC rules, however, provide that the minimum number of incorporators is two (except for OPC which is one). Not more than 15 natural persons should act as directors

There is no limitation on the number of shareholders. However, if the subsidiary would sell/issue shares of stock to more than 19 persons during a 12-month period, it must register its securities with the Philippines Securities and Exchange Commission (SEC). If the issuance would be to less than 20 persons (who are not existing shareholders) in a 12-month period, in lieu of registration, a notice of exemption may be filed with the SEC. Generally no personal liability of shareholders

Taxed at 30 percent of its taxable income from all sources within and outside the Philippines or, beginning on the fourth taxable year, immediately following the year in which such corporation commenced its business operations, two percent of its gross income from all sources within and outside of the Philippines, whichever is higher. The Philippines is presently implementing tax reform in phases and expects to pass a new tax reform bill which will lower the corporate income tax rate.

Dividends received by a nonresident foreign corporation from a Philippines subsidiary are subject to 30 percent withholding tax, subject to reduction pursuant to applicable tax treaties or to the dividends tax sparing rate of 15 percent under domestic law, subject to conditions.

Typical charter documents:

articles of incorporation and bylaws

Shares are either common (always voting) or preferred (voting or non-voting)

Reportorial requirements to be submitted to the SEC annually, including

Audited Financial Statements (AFS)

Branch office

As an extension of its head office/foreign parent, the liabilities of the branch are deemed liabilities of the head office

May operate only with a resident agent, who may also be the general manager, as its officer

Taxed at 30 percent of its taxable income, or, beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, two percent of its gross income, whichever is higher, from Philippine sources only. There is also a 15 percent branch profit remittance (to head office) tax

Representative office

As an extension of its head office/foreign parent, the liabilities of the representative office are deemed liabilities of the head office

May operate only with a resident agent

Not obligated to pay income tax, value added tax or local business taxes as it derives no income from the Philippines. Local government units, however, require the payment of fees for certain services provided to its constituents who conduct business within its jurisdiction

Reportorial requirements to be submitted to the SEC annually, including AFS Regional or area headquarters

As an administrative branch of its head office/foreign parent, the liabilities of the regional or area headquarters are deemed liabilities of the head office

Not allowed to participate in any manner in the management of any subsidiary or branch that it might have in the Philippines

Granted tax incentives and benefits such as exemption from corporate income tax, and local taxes, fees or charges except real property tax on land improvements and equipment. It is subject to value-added tax except when the

regional or area headquarters were already enjoying VAT exemption as of January 1, 2018 Reportorial requirements to be submitted to the SEC annually, including AFS

Regional operating headquarters

As an administrative branch of its head office/foreign parent, the liabilities of the regional operating headquarters are deemed liabilities of the head office

Subject to a tax rate of 10 percent of its taxable income and is subject to value-added tax. It is entitled to tax incentives such as exemption from local taxes, fees or charges imposed by a local government unit except real property tax on land improvements and equipment

Reportorial requirements to be submitted to the SEC annually, including AFS Partnership

At least two persons binding themselves to contribute money, property or industry to a common fund, with the intention of dividing the profits between/among themselves. A foreign individual or foreign company may be a partner in a domestic partnership. A foreign company must obtain a license to transact business in the Philippines from the SEC to be a general partner.

No such license is required for a limited partner (foreign partner entered the partnership for investment purposes only and in no case will it participate in the management and control of the business operation)

Partners are liable pro rata with all their property and after all the partnership assets have been exhausted, for contracts entered into in the name and for the account of the partnership

Generally, every partner is an agent of the partnership, and the act of every partner binds the partnership

Articles of Partnership is the contract or agreement of the partnership

A partnership is taxed as a corporation, thus, subject to regular corporate income tax of 30% of its taxable income. Since a partnership is taxed as a corporation, the tax rate might be reduced in light of the pending tax reforms in the Philippines, as indicated above.

Note: Under the Foreign Investment Act of 1991 (FIA), 100% foreign equity may be allowed in all areas of investment, except those reserved wholly or partially to Filipino citizens, by mandate of the Philippine Constitution and other existing laws. The Foreign Investment Negative List (FINL) indicates the industries where foreign equity is restricted.

MINIMUM CAPITAL REQUIREMENT

Subsidiary

US\$200,000 equity capital for domestic market enterprise, or US\$100,000 paid-in capital if:

Involved in advanced technology as determined and certified by the Philippines' Department of Science and Technology (DOST) or Employs at least 50 direct employees (Filipino personnel) as certified by the appropriate regional office of the Department of Labor and Employment (DOLE)

Above minimum capitalization requirement is not applicable if the subsidiary intends to export more than 60% of its products, in this case the company will be incorporated as an export market enterprise

Branch office

US\$200,000 equity capital for domestic market enterprise US\$100,000 paid-in capital if:

Involved in advanced technology as determined and certified by the DOST or Employs at least 50 direct employees (Filipino personnel) as certified by the appropriate regional office of the Department of Labor and Employment (DOLE)

Above minimum capitalization requirement is not applicable if the subsidiary intends to export more than 60% of its products

The Revised Corporation Code has removed the prescribed minimum paid-up capital requirement of PHP5,000. However, for certain corporations regulated by special laws which prescribe a minimum capitalization, such minimum capitalization will continue to apply In addition to the minimum capital requirement, the branch must deposit with the

SEC acceptable securities with market value of PHP500,000

Within 6 months after each fiscal year, the branch must deposit additional securities equivalent in market value to 2% of its gross income in excess of PHP10 million

Representative office

Initial remittance of at least US\$30,000. This is a one-time remittance requirement, but the representative office is fully subsidized by the head office. Regional or area headquarters Annual inward remittance of at least US\$50,000. Regional operating headquarters Initial remittance of US\$200,000. This is a one-time remittance requirement.

Partnership

US\$200,000 equity capital for domestic market enterprise US\$100,000 paid-in capital if:

involved in advanced technology as determined by the DOST or employs at least 50 direct employees (Filipino personnel)

Above minimum capitalization requirement is not applicable if the subsidiary intends to export more than 60% of its products

LEGAL LIABILITY

Subsidiary

A corporation has a personality separate and distinct from its individual stockholders. Liability of stockholders is limited only to the extent of their capital contribution. However, the privilege of being considered as a separate and distinct entity is confined to limited uses. Should this be exercised for fraudulent, unfair or illegal purposes (ie, evade taxes, escape liabilities to third parties, confuse legitimate issues of employer-employee relationship, protect fraud, etc.), the veil of corporate entity may be pierced, and the stockholder may then be held personally liable.

Partnership

Partners are liable pro rata with all their property and after all the partnership assets have been exhausted, for contracts entered into in the name and for the account of the partnership.

All other entity types Liability of an entity type is deemed to be a liability of the head office.

TAX PRESENCE

Subsidiary

Subject to corporate income tax for income from sources within and out of the Philippines

Also subject to value-added tax (VAT) for gross receipts derived from sale, barter or exchange of goods or properties/services rendered in the Philippines Also subject to local business taxes

Dividends received by the foreign entity/head office from its subsidiary are subject to withholding tax without prejudice to applicable treaties and domestic law provision, allowing the dividends tax sparing rate of 15 percent subject to conditions

Branch office

Subject to income tax from sources within the Philippines

Subject to VAT and local business taxes Subject to branch profit remittance tax

Representative office

Not subject to income tax, VAT or local business taxes

Regional or area headquarters

Not subject to corporate income tax or local business taxes but subject to VAT Regional operating headquarters Subject to income tax and VAT but not subject to local business taxes except real property taxes on land improvements and equipment

Partnership

Subject to regular corporate income tax, VAT and local business taxes

INCORPORATION PROCESS

To apply for incorporation, the incorporators must access online <https://crs.sec.gov.ph> and fill in an application form. The availability of the name is verified online by filing the application. The required documents are uploaded to the SEC system and upon approval, an email is sent to the applicant.

Upon payment of fees and presentation of proof of payment, the applicant then submits the original signed and notarized documents to the SEC onsite.

Subsidiary

File the following with the SEC:

Articles of Incorporation and By-Laws Name

Verification Slip (reserving a Corporation Name) and Treasurer's Affidavit

** **Note:** Pursuant to the Revised Corporation Code, the corporation is now required to declare in its Articles of Incorporation that the Treasurer-in-trust has certified that the information with respect to the capital structure of the corporation is correct and that the paid-up portion of the subscription in cash for the benefit and credit of the corporation has been duly received. This declaration removes the requirement of a Treasurer's Affidavit. We note, however, that the SEC has yet to issue guidelines on incorporation requirements pursuant to these changes brought about by the Revised Corporation Code. Further to this, a Certificate of Deposit issued by a bank showing that the paid-up capital portion of the authorized capital stock is duly deposited in this bank is generally not required by the SEC. However, the deposit must be completed and available to be in compliance with applicable law. It is recommended to obtain the bank certificate for ease of processing of the incorporation. Basic filing fee in the amount of 1/5 of 1% of the authorized capital stock of the proposed company or the subscription price of the subscribed capital stock, whichever is higher, plus an additional amount of 1% of the basic filing fee for legal research fund, which in no case should be less than PHP2,000 Branch office File the following with the SEC:*

Application Form Name

Verification Slip

Apostilled copy of the Board Resolution authorizing the establishment of a branch, designating the resident agent and stipulating that in the absence of such agent or upon cessation of its operations in the Philippines, any summons or legal processes may be served to SEC as if the same is made upon the corporation at its home office

Apostilled copy of the financial statements as of a date not exceeding one year immediately prior to the application, certified by an independent Certified Public Accountant of the home country

Apostilled copy of the Articles of Incorporation with an English translation if in a language other than English Proof of inward remittance such as bank certificate of inward remittance

Resident Agent's acceptance of appointment (not required if agent is the signatory in the application form)

Affidavit executed by the Resident Agent stating that the applicant is solvent and in sound financial condition and Endorsement/clearance from other government agencies, if applicable

The filing fee is 1% of the actual inward remittance of the corporation converted into Philippine Currency but not less than PHP3,000

Representative office

Same requirements as for a branch office Filing fee is 1/10 of 1% of the actual inward remittance of the corporation into Philippine currency but not less than PHP3,000 Regional or area headquarters File the following with the SEC:

Application Form

Name Verification

Slip Certification from the Philippine Consulate/Embassy or the Philippine Commercial Office or from the equivalent office of the Philippine Department of Trade and Industry in the applicant's home country that the said foreign firm is

an entity engaged in international trade with affiliates, subsidiaries or branch offices in the Asia Pacific and other foreign markets

Apostilled copy of the certification from the principal officer of the foreign entity that the said foreign entity has been authorized by its board of directors or governing body to establish its regional or area headquarters of regional operating headquarters in the Philippines

Affidavit of undertaking to change corporate name (not required if already stated in the Application Form)

Endorsement of the Board of Investments and Endorsement/clearance from appropriate government agencies, if applicable Filing fee is PHP5,000, plus 1% of the filing fee Regional operating headquarters

Same requirements as for a regional or area headquarters

Filing fee is 1% of the actual remittance but not less than 1% of peso equivalent of PHP\$200,000 at the time of remittance

Partnership

File the following with the SEC:

Name Verification Slip Articles of Partnership

Joint affidavit of two partners to change partnership name (not required if already stated in the Articles of Partnership)

Endorsement/clearance from other government agencies, if applicable and Foreign Investment Act Form 105 Filing fee of 1/5 of 1% of the Partnership's capital but not less than PHP2,000.00 plus 1% of the amount as legal research fee

BUSINESS RECOGNITION

Subsidiary

Being a separate and distinct legal entity from its parent company, it is an attractive investment option for foreign entities wishing to do business in the Philippines.

Branch office

Appeals to entities that wish to maintain the decision making as being centralized with the foreign company's Board of Directors (or its equivalent) abroad.

Representative office

Caters to entities that do not intend to engage in business or derive income from the Philippines. It is allowed to undertake limited activities, such as, information dissemination, promotion of the home office/foreign company's products and quality control.

Regional or area headquarters

Caters to entities that do not intend to engage in business or derive income from the Philippines. The purpose of a regional or area headquarters is limited to supervising, superintending, inspecting and/or coordination all subsidiaries, affiliates and branches in the Asia-Pacific region of the home office/foreign company. It is an administrative branch and is not allowed to participate in the management of any subsidiary/branch office the foreign company may have; it also cannot solicit or market goods and services.

Regional operating headquarters

Caters to entities that wish to avail of certain tax incentives. Unlike a regional or area headquarters, it may derive income from the Philippines and perform qualifying services such as general administration and planning, business planning and coordination, sourcing/procurement of raw materials/components, marketing control and sales promotion, training and personnel management, logistic services, corporate finance advisory services, etc.

Partnership

Easier to form since it will no longer go through an incorporation process and only articles of partnership would be required. No need to obtain a license to do business in the Philippines if a foreign company intends to be a limited partner (as opposed to a general partner which is required to secure such license). Instead of having directors and

officers elected/appointed to perform certain activities and exercise powers, its partners may perform acts which would bind the partnership.

SHAREHOLDER MEETING REQUIREMENTS

Generally not applicable. Exception is a subsidiary where it is required to hold an annual stockholders' meeting to vote on certain matters, such as election of directors.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Generally not applicable. Exception is a subsidiary where regular meetings of the board of directors must be held monthly, unless by-laws provide otherwise.

ANNUAL COMPANY TAX RETURNS

It is required to file an Annual Income Tax Return for subsidiaries, branch offices, regional operating headquarters and partnerships. Representative offices and regional/area headquarters are also required to file an Annual Income Tax Return and zero income has to be declared.

BUSINESS REGISTRATION FILING REQUIREMENTS

Must secure business permits from the local government unit where it is located and register with the Bureau of Internal Revenue (BIR), Social Security System (SSS), Philhealth and Pag-Ibig.

BUSINESS EXPANSION

Generally not applicable. Exception is a subsidiary where Articles of Incorporation must be amended and filed with the SEC when authorized capital stock is increased.

EXIT STRATEGY

Subsidiary

A voluntary dissolution may be effected by amending the articles of incorporation to shorten the corporate term or provide for a fixed corporate term. This requires a majority vote of the board of directors ratified by stockholders owning at least two-thirds of the outstanding capital stock. Company is deemed dissolved upon approval of the amended articles of incorporation by the SEC. Under the RCC, corporations have a perpetual existence unless the articles of incorporation provide otherwise.

A voluntary dissolution where no creditors are affected may be effected by a majority vote of the board of directors and by a resolution duly adopted by the affirmative vote of the stockholders owning at least two-thirds of the outstanding capital stock. A notice of stockholders' meeting is required to be published for three consecutive weeks in a newspaper published in a location where the principal office of a company is located. In case none is available, then in a newspaper of general circulation.

The application for dissolution must be submitted to the SEC. Voluntary dissolution where creditors are affected: file Petition for Dissolution with the SEC. File necessary documents with other government agencies where the subsidiaries hold permits/registrations.

Partnership

File Articles of Dissolution or Affidavit of Dissolution with the SEC, and cancellation of local business permit, BIR registration, including registrations with other applicable government agencies such as Social Security System, Philippine Health Insurance Corporation and Home Development and Mutual Fund.

All other entity types

File a Petition for Withdrawal of License with the SEC, cancellation of business permit from the local government and cancellation of BIR registration, including registrations with other applicable government agencies such as Social Security System, Philippine Health Insurance Corporation and Home Development and Mutual Fund.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

General Information Sheet (GIS) and AFS stamped "received" by the BIR to be submitted annually to the SEC. The BIR annual registration form/fee must be filed/paid on or before January 31 of every year. The mayor's permit (from

LGUs) must be renewed before January 20 of each year. In case of a partnership, only the BIR annual registration form/fee must be filed/paid on or before January 31 of every year. The mayor's permit (from LGUs) must be renewed before January 20 of each year.

DIRECTOR / OFFICER REQUIREMENTS

Generally not applicable. As an exception in subsidiary there must be:

No more than 15 directors, each of whom must own at least one share in the capital stock of the corporation registered in his or her name in the books of the company

At least 3 officers: President, who must be a director

Treasurer, who must be a Philippine resident and Secretary, who must be a resident and citizen of the Philippines

Note: *No person may be president and secretary, or president and treasurer, at the same time.*

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable in general. Exception is a subsidiary that must have a secretary who must be a resident and a citizen of the Philippines. The OPC is also required to have a secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Generally a resident agent is required. As an exception for a subsidiary, only the three officers mentioned above are mandatory. The OPC is also required to have a secretary. The single stockholder may also act as treasurer. Not applicable for a partnership.

LOCAL OFFICE LEASE REQUIREMENT

It is required to indicate a local principal office address. Lease Contract/Accommodation letter is a requirement when applying for a business permit.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Generally not applicable. Exception is a subsidiary and OPC where there is no prohibition.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable in general. There are some exceptions:

Subsidiary

No more than 15 incorporators.

Number of foreigners allowed to be incorporators would depend on the restrictions under the FIA, Philippine Constitution and other relevant laws No more than 15 directors. If business activity is partly nationalized, number of seats for foreigners on the board of directors is measured by a proportion of their present foreign equity to the number of directors as stated in the Articles of Incorporation.

Also, the number of their seats should not exceed the proportion of the allowable foreign equity to the number of directors in the Articles of Incorporation in accordance with Anti-Dummy Law Nationality of shareholders depends on the classification of the business entity (partly-nationalized, 100% foreign or reserved for Filipinos) Partnership

Subject to allowable foreign partners interest under the FINL.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable in general. Exception is a subsidiary where a nominee shareholder should comply with nationality requirement (if the corporation is subject to foreign equity restrictions). Each director must own at least one share in the corporation to qualify him or her as director.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Generally not applicable. Exception is a subsidiary where directors exercise all corporate powers, conduct all business and control all property of the corporation. Officers exercise powers granted to them by law and the corporation's by-laws. Their acts are limited by instances when approval and/or ratification of the stockholders is necessary as provided by the Revised Corporation Code of the Philippines (ie, to amend articles of incorporation and by-laws, extend/shorten corporate term, increase/decrease capital stock, declaration of stock dividends, etc.).

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Yes, because the names and nationalities of the directors, officers and top 20 stockholders must be indicated in the GIS, which is available to the public upon request. Further, pursuant to a recent regulation by the SEC, the beneficial owners of the shares of a local corporation are required to be disclosed in the GIS effective June 30, 2019. The beneficial ownership page, however, is not accessible by the public. Not applicable for partnerships.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Generally not applicable. Exception is a subsidiary where the requirement is as follows:

Directors: minimum of two and maximum of 15 Shareholders: depending on nationality requirements

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Generally not applicable. Exception is a subsidiary where a director can be removed from office by a vote of the stockholders representing at least 2/3 of the outstanding capital stock. Removal of officers is governed by the by-laws.

REQUIRED AND OPTIONAL OFFICERS

Subsidiary

Required: President, Treasurer and Secretary. OPC Required: treasurer and secretary. The single shareholder is the sole director and president of the OPC. They may also act as the treasurer, but they cannot be the secretary.

Branch office, representative office, regional or area headquarters and regional operating headquarters

Required: Resident agent.

Partnership

Not applicable.

BOARD MEETING REQUIREMENTS

Not applicable in general. Exception is a subsidiary where a notice (date, time, place, agenda) and presence of a quorum is required.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Generally not applicable. Exception is a subsidiary: Majority of a Board of directors as provided in the articles of incorporation, unless otherwise provided in by-laws Stockholders representing a majority of the outstanding capital stock, unless otherwise provided in by-laws

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL? Yes. AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE

LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Generally AFS is required to be submitted annually to the BIR and the SEC.

Subsidiary

If paid-up capital is PHP50,000 or more, auditor must be accredited by the Board of Accountancy. Books must be kept locally.

Branch office

If assigned capital is PHP1,000,000 or more, auditor must be accredited by the Board of Accountancy.

Representative office

Local auditor/keeping of books locally not required. Should not earn income in the Philippines.

Regional or area headquarters

Local auditor/keeping of books locally not required. Should not earn income in the Philippines. Regional operating headquarters If total revenue is PHP1,000,000 or more, auditor must be accredited by the Board of Accountancy.

Partnership

Books must be kept locally (principal office).

REQUIREMENT REGARDING PAR VALUE OF STOCK

Generally not applicable. Exception is a subsidiary where any or all of shares or series of shares may have a par value or have no par value as may be provided for in the articles of incorporation, except for banks, trust companies, insurance companies, public utilities and building and loan associations (not permitted to issue no-par value shares of stock).

INCREASING OF CAPITALIZATION IF NEEDED

Generally not applicable. Exception is a subsidiary where such increase requires approval by majority vote of the board of directors and shareholders representing 2/3 of the outstanding capital stock. Articles of incorporation need to be amended and filed with the SEC.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Subsidiary

Dividends paid by the subsidiary to the head office/parent foreign corporation, subject to presence of sufficient unrestricted retained earnings Capital can be repatriated after dissolution and liquidation of the subsidiary. The capital to be repatriated cannot be denominated in Pesos. To be able to source foreign currency through the banking system, the foreign company must secure a Bangko Sentral Registration Document (BSRD) to register its foreign equity investments with the Bangko Sentral ng Pilipinas (BSP). The registration is optional but must be done within one year from the date of inward remittance.

Without a BSRD, foreign currency has to be sourced outside the banking system Branch office

Branch profit remittance

Remaining assigned capital may be repatriated after withdrawal of license has been issued by the SEC and upon proper liquidation

To be able to repatriate capital through the banking system, the company must have a BSRD, as discussed above

Representative office

Remaining assigned capital may be repatriated after withdrawal of license has been issued by the SEC and upon proper liquidation

To be able to repatriate capital through the banking system, the company must have a BSRD, as discussed above

Regional or area headquarters

Remaining assigned capital may be repatriated after withdrawal of license has been issued by the SEC and upon proper liquidation

To be able to repatriate capital through the banking system, the company must have a BSRD, as discussed above

Regional operating headquarters

Dividends

Remaining assigned capital may be repatriated after withdrawal of license has been issued by the SEC and upon proper liquidation

To be able to repatriate capital through the banking system, the company must have a BSRD, as discussed above

Partnership

Dividends

Remaining profits may be repatriated after dissolution and winding up of the partnership

To be able to repatriate capital through the banking system, the company must have a BSRD, as discussed above

RESTRICTIONS ON TRANSFERABILITY OF SHARES

In subsidiaries, transfer of ownership of shares must comply with nationality requirements if applicable. Other restrictions may be provided in the articles of incorporation and/or bylaws, such as right of first refusal, put and call option, tag along rights, etc. Such restriction is not applicable for all other entity types.

OBTAINING A NAME AND NAMING REQUIREMENTS

Proposed name must be verified and reserved with the SEC, to ensure that it is not deceptive or confusingly similar to that of another existing corporation or to a name protected by law (ie, intellectual property). The RCC now requires corporations to manifest its willingness to change its corporate name, immediately upon receipt of notice or directive from the SEC that another corporation, partnership or person has acquired a prior right to the use of such name or that the name has been declared as misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good customs or public policy. Entity's name must end with "Corporation," "Corp.," "Incorporated" or "Inc."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

In compliance with the Anti-Money Laundering Act of 2001, a bank is covered by the "Know Your Customer" Rule of the BSP and is obligated to implement procedures that would properly identify/verify the existence of its clients. As such, the foreign company must comply with the bank's procedure/requirements to be able to open an account/remit the necessary funds to set up its business in the Philippines.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Subsidiary

Amendment of articles of incorporation: majority vote of the board of directors and vote or written assent of stockholders representing at least 2/3 of the outstanding capital stock, unless a higher vote is required under the by-laws

Amendment of by-laws: majority vote of the board of directors and vote of stockholders representing at least a majority of the outstanding capital stock, unless a higher vote is required under the by-laws In a partnership, it is governed by the articles of partnership.

Not applicable for branch offices, representative offices, regional/area headquarters or regional operating headquarters.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Subsidiary

Certificate of Incorporation issued by the SEC, registration/permits/licenses issued by the BIR, local government unit and other government agencies, as applicable.

Partnership

Certificate of registration issued by the SEC, registration/permits/licenses issued by the BIR, local government unit and other government agencies, as applicable. All other entity types License to Transact Business in the Philippines issued by the SEC, registration/permits/licenses issued by the BIR, local government unit and other government agencies, as applicable.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Purchase of shares of a shelf company is subject to payment of applicable capital gains tax and documentary stamp tax, and application for a BIR Certificate Authorizing Registration. When a shelf company becomes 100% foreign-owned, it is subject to FIA registration and minimum capitalization requirements, as previously discussed.

POLAND



FORM OF ENTITY

Foreign companies can conduct business activity in Poland in forms similar to those that can be found in other European countries.

These include:

Commercial companies or corporations (limited liability companies and joint-stock companies, in the future also simplified joint-stock companies)

Partnerships (general partnerships, professional partnerships, limited partnerships and limited joint-stock partnership)

Branch offices of foreign companies

Representative offices of foreign companies

ENTITY SET UP

Partnerships

General partnership (Spółka jawna, sp. j.)

A partnership which runs an enterprise under its own business name and is not any other commercial partnership

Has no legal personality of its own, which means that partners bear joint and several liability for the obligations of the partnership In general, each partner may represent the partnership and manage its affairs

Decisions regarding management of the partnership are made at partner meetings

No share capital requirements exist

Runs an enterprise under its own business name

Formed for the purpose of practicing one or more freelance professions

Partners must be licensed to practice a freelance profession – as defined by Polish law, ie, advocates, pharmacists, architects, building engineers, expert auditors, insurance brokers, tax consultants, securities brokers, investment advisers, accountants, physicians, dental surgeons, veterinary surgeons, notaries, nurses, midwives, legal counsels,

patent agents, property experts and sworn translators

Partners are not liable for actions or omissions of other partners or personnel supervised by other partners

Partners may appoint a management board to run and represent a partnership

Limited liability partnership (Spółka komandytowa, sp. k.)

An enterprise under its own business name

At least one partner (general partner) has unlimited liability for the partnership's obligations towards the partnership's creditors and at least one partner (limited partner) has limited liability in this respect

Business name of a limited partnership must include surname(s) of one or more of general partners and an additional designation of "spółka komandytowa" Limited joint-stock partnership (Spółka komandytowo-akcyjna, SKA)

An enterprise under its own business name

Considered to be a partnership, whilst incorporating elements of a joint-stock company, eg, it has a general meeting and a supervisory board (the latter only being mandatory in respect of larger enterprises)

At least one partner (general partner) has unlimited liability towards partnership's creditors and at least one partner is a shareholder Initial capital is at least PLN 50,000

There must be at least two partners: one general partner and one limited partner Corporations (commercial companies)

Limited liability company (Spółka z ograniczon odpowiedzialności)

One or more shareholders PLN 5,000 minimum share capital

Liability limited to share capital

Procedures of formation and dissolution prescribed by statute

Most popular legal entity form in Poland Represented by its management board

May be required to appoint a supervisory board Joint-stock company (Spółka akcyjna)

One or more shareholders PLN 100,000 minimum share capital

Liability limited to share capital

Generally suited for a larger number of shareholders

Stocks fungible and can be traded on stock markets

Represented by its management board

Obligatory supervisory board and/or audit committee

Simplified Joint-stock company (Prosta spółka akcyjna)

One or more shareholders

PLN 1 minimum share capital Liability limited to share capital

Generally suited for a start-up project

Stocks cannot be traded on stock markets

Represented by its management board or the board of directors

Supervisory board not obligatory

Branches and representative offices of a foreign company

Branches

May only conduct business activity of the same scope as that conducted by the foreign parent company in its home state

Must be registered with the relevant registry court

Must conduct business under a business name which includes the business name of the parent company as well as the designation "branch" Separate books and accounts must be kept in Polish by the branch Representative offices

May only conduct promotion and advertising activity in Poland for the benefit of the foreign parent company (no sale of products or services in Poland is permitted)

Must be entered in a register of foreign representative offices (with exceptions made for banks and credit institutions)

Must include business name of the foreign parent company and a designation "representative office" in its name
Registration needs to be renewed following two years

MINIMUM CAPITAL REQUIREMENT

PLN 5,000 for limited liability companies, PLN 100,000 for joint-stock companies, PLN 1 for simplified joint-stock companies and PLN 50,000 for limited joint-stock partnerships. No limits exist in respect of other organizational forms.

LEGAL LIABILITY

Generally, shareholders of limited liability companies, simplified joint-stock companies and joint-stock companies are not liable towards creditors if share contribution has been paid in full, with exceptions provided for by statute.

Partners in partnerships are jointly and severally liable for all liabilities of the partnership, with two exceptions:

Partners in professional partnerships are generally not liable for the actions or omissions of other partners and/or personnel supervised by those other partners

Limited partners in limited liability partnerships and limited joint-stock partnerships are liable only up to the amount they have paid in as a contribution. Liability in respect of branches and representative offices is generally borne by their founding entities.

TAX PRESENCE

Corporations are subject to Polish taxes, including corporate income tax (19%), VAT on goods and services provided (different rates up to 23%) and personal income tax on dividends paid out (19%). Special conditions apply to branches and representative offices because they do not constitute separate legal entities under Polish law.

Partnerships (except limited joint-stock partnerships) are exempt from corporate income tax – income tax is only paid by the partners.

INCORPORATION PROCESS

Corporations

In respect to limited liability and joint-stock companies, the prospective shareholders must first execute articles of association or statutes in the form of a notarial deed.

Such incorporation documents must specify:

Business name and registered office of a company

Type of business activity to be conducted by the company

Amount of share capital Whether a shareholder can possess more than one share

Number and amount represented by shares taken up by respective shareholders and

Term of a company (if it is not indefinite)

Then shareholders should pay their contributions to the company. After the management board is appointed (and a supervisory board or audit committee if required by the articles of association or the applicable law), the company must be entered in the business register. Similar requirements apply to limited joint-stock partnerships – subject to variations provided for in Polish law.

Partnerships

A similar process applies to partnerships – articles of association must be executed by the partners (some elements of which are prescribed by law), and then the entity must be entered in the business register. It is possible to register partnerships and commercial companies online.

Branches

The founding foreign company must decide, normally by means of a management board resolution (although this depends on the legal requirements in the foreign company's home state), to establish a branch, which must then be entered in the business register.

BUSINESS RECOGNITION

Limited liability and joint-stock companies

A limited liability company is the most popular organizational form for business in Poland, whilst joint-stock companies are typically used to serve large, multi-service undertakings. Simplified joint-stock companies will be used for start-up projects.

Partnerships

Partnerships are more popular among freelance professions, in family businesses and in undertakings founded upon mutual trust between the partners.

Branches

Branches are set up by foreign companies that do not wish to have a full-scale presence in the country through a separate Poland-based entity.

SHAREHOLDER MEETING REQUIREMENTS

With respect to commercial companies and limited joint-stock partnerships, at least one shareholders' meeting (general meeting) must be held each year, within six months after the end of the previous financial year, to vote on and adopt resolutions on matters, such as distribution of profit or coverage of losses, granting approval of duties performance by members of the entity's bodies and approving financial statements of the entity for the previous financial year. No such requirements apply to other partnerships, branches or representative offices.

BOARD OF DIRECTOR MEETING REQUIREMENTS

In limited liability companies, joint-stock companies and limited joint-stock partnerships, in order for any resolution to be valid, each member of the board of directors (management board) must be properly notified about the meeting and about the matters to be discussed.

ANNUAL COMPANY TAX RETURNS

Commercial companies, partnerships and branches must file annual tax returns with the tax authorities. In partnerships, every partner is obliged to file an annual tax return.

BUSINESS REGISTRATION FILING REQUIREMENTS

Initial registration filings are mandatory; annual filings may be necessary. Any change of information disclosed in the business register (eg, names of members of the management board, a change of shareholder, etc.) must also be filed and recorded. Commercial companies, partnerships and branches are registered with the National Court Register, while representative offices are entered into a separate register.

BUSINESS EXPANSION

There is no need to change the form as the business expands. Poland-based entities may expand by means of domestic branches and representative offices.

EXIT STRATEGY

With respect to commercial companies, partnerships and branches, liquidation proceedings are initiated by the shareholders/partners adopting a dissolution resolution. The liquidation process, aimed at settling any outstanding debts of the company and distributing its remaining assets, usually takes at least six months from the registration of the dissolution resolution; in more complex cases, it can take more than one year.

At the end of the liquidation process, when interests of creditors have been secured, the company or partnership is dissolved and deleted from the business register. This does not apply to branches which may be deregistered on the basis of the resolution without conducting the liquidation process. With respect to partnerships (except limited joint-stock partnerships), if partners reach a unanimous agreement, the partnership can be deleted from the business register without going through a liquidation process.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Commercial companies, partnerships, branches and representative offices must approve and file annual financial statements with the registry court. In commercial companies and joint-stock partnerships, approval is granted by means of shareholders' meeting resolution (unless prescribed otherwise in the articles of association).

Commercial companies, joint-stock limited partnerships and certain partnerships must also draw up and adopt a report on the entity's operations in the preceding financial year. A shareholders' meeting to adopt these documents must be called within six months of the previous financial year end. Financial statements of a branch are deemed approved when the founding foreign company has approved its own financial statements, which include financials of the branch.

DIRECTOR / OFFICER REQUIREMENTS

Partnerships

A management board may be appointed in a professional partnership. In other partnerships, business is generally managed by partners.

Corporations

Commercial companies are represented by management board members.

Limited liability company

Appointment of a supervisory board or an audit committee is mandatory only if the share capital exceeds PLN 500,000 and if the company has at least 25 shareholders.

Joint-stock companies

Appointment of a supervisory board or an audit committee is always required. In limited joint-stock partnerships, a supervisory board must be appointed where the number of shareholders exceeds 25. In simplified joint-stock companies, a supervisory board is optional.

Branches

In branches and representative offices, a person representing the founding foreign company must be listed in the business register.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction. However, in case of branches, a representative in Poland must be indicated.

Representatives must obtain Polish personal identification number (PESEL).

LOCAL OFFICE LEASE REQUIREMENT

Filing for incorporation requires having a registered office in Poland (this applies to all organizational forms, including branches and representative offices). Proof of the address where the business activity is actually carried out may be required for tax registration purposes.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Generally sufficient; however, potentially problematic for tax purposes (especially VAT registration).

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Generally sufficient; however, potentially problematic for tax purposes (especially VAT registration).

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Relevant services are available on the market, most readily for limited liability and joint-stock companies.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable to shareholders. Management board members must have full legal capacity and no criminal record. They can be obliged to meet further requirements if set by a resolution of the shareholders or the company's articles of association/statutes (applicable only to commercial companies).

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Partnerships

Partnerships are represented by their partners with possible modifications. Professional partnerships may appoint a management board.

Corporations

In commercial companies, management board members represent the company and manage its affairs, whether in court or out of court. These rights may be limited only by law, the articles of association (statutes) and resolutions of shareholders. Shareholders have equal rights and equal obligations in the company, unless applicable laws or the company's articles of association (statutes) provide otherwise.

Under the articles of association (statutes), personal rights may be conferred upon an individual shareholder. Such rights may include the authorization to appoint or remove members of the management board or the supervisory board, or the entitlement to receive special pay-outs from the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

The business register contains a list of shareholders that have more than 10% of share capital in a limited liability company and that have 100% of share capital in a joint-stock company, as well as a list of the company's management board members (including their residential addresses), a list of people representing a foreign company in its Polish branch, and a list of partners in partnerships.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

In limited liability companies and joint-stock companies, at least one shareholder and at least one director are necessary. This is not applicable to other organizational forms (although partners in a limited joint-stock partnership are often referred to as shareholders).

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

At least one shareholder is required in a commercial company. A single-shareholder limited liability company cannot be established by another single-shareholder limited liability company.

REMOVAL OF DIRECTORS OR OFFICERS

Generally, it is the shareholders' meeting in limited liability companies and the supervisory board in joint-stock companies that appoints and dismisses directors, unless the articles of association state otherwise. Changes in the board of directors (management board) must be recorded in the business register.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

There is no statutory requirement with respect to any of the entities; however, articles of association can set forth requirements to be met.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Generally, no quorum applies to shareholders' meetings (in limited liability companies, joint-stock companies and limited joint-stock partnerships); however, the Commercial Companies Code provides for several exceptions to this rule – and further exceptions may be specified in the company's articles of association.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

There is no such obligation; however, in practice, Polish authorities will not return VAT to a foreign bank account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

As of October 1, 2018 preparation and filing of financial statements must take place in electronic form.

Corporations

Under the Accounting Act, preparation of annual financial statements by the statutory deadline in commercial companies is the responsibility of the management board members. Auditing of the annual financial statements is mandatory for joint-stock companies and for limited liability companies that employ at least 50 people and that have total balance sheet assets of more than €2.5 million or net revenue from the sale of goods and services and financial operations for the financial year of more than €5 million at the end of a financial year.

Company's books must be drawn up in Polish language, however, there is no statutory rule as to where the books must be kept (in any case, Polish tax authorities must be informed about the place where the books and records are kept).

Partnerships

With respect to partnerships, only those partnerships that meet any of the requirements listed above have the duty to subject their financial statements to an audit.

Branches

Branches of foreign banks, credit institutions, insurance companies and investment companies are obliged to submit their financial statements to an audit. This obligation also applies to branches that meet the aforementioned requirements regarding the value of assets, the volume of operations, and the number of people employed.

REQUIREMENT REGARDING PAR VALUE OF STOCK

The registered nominal amount must be at least PLN 50 per share in limited liability companies and at least PLN 0.01 per share in joint-stock companies and limited joint-stock partnerships.

INCREASING OF CAPITALIZATION IF NEEDED

Applies only to limited liability companies, joint-stock companies and limited joint-stock partnerships because only these entities have share capital. An increase in share capital may be decided upon by means of a resolution of the shareholders' meeting or the general meeting. In case of limited joint-stock partnerships, all the general partners must consent to such an increase.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

With respect to all organizational forms, funds can be repatriated via profit withdrawal in accordance with the relevant tax provisions. Shares can be redeemed if the company's articles of association provide so (this also applies to limited joint-stock partnerships). Dividends and advances against dividends are paid in commercial companies in accordance with relevant laws.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

A shareholder in a limited liability company, a joint-stock company or a limited joint-stock partnership cannot dispose of its shares before the entity is entered in the business register. Also, once the company or limited joint-stock partnership is registered, its articles of association may limit the transferability of shares by its shareholders by means of imposing certain consent requirements (eg, where a resolution of a shareholders' meeting or the management board is necessary for a transfer to go through).

Partners in a partnership may transfer all of their rights and obligations to third parties (subject to any consent requirement that may apply). Any transfer of shares in a company or a partnership owning agricultural real property may be subject to the statutory pre-emption right of the National Agriculture Supporting Centre.

OBTAINING A NAME AND NAMING REQUIREMENTS

Commercial companies and partnerships can operate under any name as long as it is distinguishable and it includes the name of the legal form of the company (eg, spółka z ograniczoną odpowiedzialnością or sp. z o. o. in respect of limited liability companies, and spółka akcyjna or S.A. in respect of joint-stock companies). The requirement that the name, full or abbreviated, must appear in the business name of an entity also applies to partnerships. In addition, business names of partnerships must feature the name of at least one of the partners.

Business names are recorded in the business register. They may be changed following the incorporation, normally by means of a resolution of the partners (with respect to partnerships) or of the shareholders' meeting or the general meeting (with respect to commercial companies and limited joint-stock partnerships).

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

The Polish "know your client" requirements, applicable to all organizational business forms, are mostly contained in the Act on Combating Money Laundering and the Financing of Terrorism. The requirements contained in this act are based on the relevant EU laws that set forth a host of registry, identification and reporting duties on companies, partnerships and foreign entities conducting business in Poland through branches and representative offices. Ultimate beneficial owners of the companies and partnerships must be disclosed in the public register.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Corporations

A resolution of the shareholders' meeting (or general meeting in the latter cases) must be adopted.

Limited liability companies

A majority of two thirds is necessary to pass an amendment to the articles of association (unless it pertains to amending the subject of business activity, in which case a majority of three quarters applies). Joint-stock companies A majority of three quarters applies to any and all amendments to the statutes. Such resolutions must be executed in the form of a notarial deed and filed with the business register.

Limited joint-stock partnerships

Changes to statutes must be agreed to by all the general partners and exacted by means of a resolution of general meeting. Amendments to charter documents become effective once they are entered in the business register.

Partnerships

An amendment to the articles of association of a partnership requires the consent of all the partners (with respect to professional partnerships and general partnerships) or all the general partners (with respect to limited partnerships) expressed by means of a partner's resolution. Any changes must be recorded in the business register.

Branches

Branches and representative offices do not have separate charter documents.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Licenses or concessions are mandatory for certain types of business activity, irrespective of the organizational form of the entity undertaking it, such as:

Prospecting and exploring of hydrocarbon and solid mineral deposits covered by mining ownership

Prospecting or exploring of an underground carbon dioxide storage complex

Extracting minerals from deposits Storing substances underground without the use of tanks

Depositing waste in underground landfills

Storing carbon dioxide underground

Manufacturing and trading in explosives, arms and ammunition, and products and technology for military or police purposes

Manufacturing, processing, storing or reloading, transmitting, distributing and trading in fuel and energy

Protecting persons and property

Broadcasting radio and television programs, excluding programs broadcasted exclusively in a data transmission system which are not broadcasted either through air, satellite or cable networks

Carrying air passengers/freight Operating a gambling casino

Other types of business activity may require registration with, notification to, or obtaining the consent of a given authority before commencing operations.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

A share purchase agreement is needed to purchase a company. As a rule, shelf companies will be limited liability companies, joint-stock companies or limited joint-stock partnerships. Following the completion of the purchase, new shareholders and management/supervisory board members must be entered in the business register. Commercial companies and partnerships may act as purchasers.

Branches and representative offices do not have the legal capacity to act as a contractual party (the founding foreign company acts as the purchaser).

PORTUGAL



FORM OF ENTITY

The most common structures are a private limited liability company, with 1 sole shareholder or more, and a joint stock company, with 1 sole shareholder or more.

Private limited liability company (LDA)

Minimum share capital required is €2. Capital is divided into participations (quotas), which may have different face values. If it just has one shareholder, the minimum share capital required is €1. Contributions into share capital may be made in cash or in kind. The corporate structure of a private limited liability company is simplified.

The majority of these companies have one or more directors as a mandatory body, who have the power to manage and represent the company. A supervisory board may be appointed and is mandatory if a company meets two of the following thresholds:

Total amount of balance of €1.5 million

Total amount of net sales and other profits of €3 million

An annual average of 50 employees It is a limited liability company. Joint stock company (SA)

These companies are incorporated with at least five shareholders, except in cases where a company is the sole shareholder. The share capital is represented by shares which can have, or not, a nominal value. In the first case, all shares must have the same nominal value. The minimum nominal value – or, for shares with no nominal value, the minimum issue value –, is of EUR 0.01. In any case, the minimum share capital required is EUR 50,000. Shares are nominative, and may be in book entry form, or titled, and are registered

(i) with the company, in a share ledger book,

(ii) in a banking entity or

(iii) in a central registration entity.

Governance structure is more complex than LDA. companies, and 3 different governance structures are available:

1) Portuguese “traditional” system:

General Meeting; One director (provided the share capital remains below EUR 200,000), or a board of directors (more than one member and not necessarily in an odd number); Supervisory body, which may be:

One Independent Auditor (plus his substitute; both must be chartered accountants or a chartered accountants’ firm), or A supervisory board (minimum of three members plus one substitute; at least one of the effective members must be a chartered accountant or a chartered accountants’ firm), plus a chartered accountant or a chartered accountant firm (mandatory for Stock Exchange listed companies);

2) Two-tier system:

General Meeting; A two-tier board structure comprising: A general and supervisory board; An executive board of directors or one executive director (provided the share capital remains below EUR 200,000); One Independent Auditor.

3) One-tier system:

General Meeting; A board of directors which includes an audit committee of no less than three members;

One Independent Auditor;

A company secretary (who must have an appropriate degree or be a paralegal) would only be mandatory for Stock Exchange listed companies.

Limited liability partnership (Sociedade em comandita)

A limited liability partnership is a legal entity, which can act in its own name, acquiring rights and incurring liabilities.

At least one of the limited liability partnership members is subject to unlimited personal liability regarding the partnership’s obligations, while the remaining partners’ liability is limited to the amount of the share capital taken up.

Name of limited liability partnership must include the name of all, some or one of the liable partners.

Names of non-liable partners may not be included in the corporate name without their express consent.

Partnership company (sociedade em nome colectivo)

A partnership company is a legal entity which can act in its own name, acquiring rights and incurring liabilities. However, besides the company’s assets, the shareholders’ assets may also be challenged by creditors for the payment of company debts. Contributions to this type of commercial company may be made either in cash or in kind (eg, labor).

The name of a partnership company must include the name of all, some or one of the shareholders. In the second and third case, the partnership’s name must end with a reference that points to the existence of other members.

ENTITY SET UP

Phase 1: Definition of type of company and draft of the company’s bylaws.

These include:

Name;

Purpose;

Registered office;

Share capital;

For LDA companies, number of shareholders and distribution of share capital;

Management structure and binding form of the company;

For S.A. companies, supervision structure. In case the shareholder is a non-resident entity (company or individual), it

is mandatory to apply for a Portuguese Taxpayer Number (NIPC/ NIF). In case the shareholder(s) is(are) non-EU resident(s) it is mandatory to appoint a tax representative. The representative can be an individual or a company resident in Portugal.

Phase 2: Application for approval of the corporate name.

Phase 3: Opening of bank account, for the purposes of the deposit of the share capital.

Phase 4: Execution of the incorporation documentation, comprising the incorporation agreement and the bylaws. These documents are submitted to the Registrar of Companies for public registration purposes (regular registration requests cost EUR 475, urgent requests approx. EUR 950). The share capital may be contributed in cash or in kind (in which case additional formalities for the evaluation and/ or registration of the contributions to the share capital may be required).

MINIMUM CAPITAL REQUIREMENT

Sole shareholder private limited liability company (LDA with 1 shareholder)

Minimum share capital of €1.

Private limited liability company (LDA)

Minimum share capital of €2.

Joint stock company (SA)

Minimum share capital of €50,000.

LEGAL LIABILITY

Portuguese corporate law is based on the principle of limited liability, meaning that, as a general rule, the liability of shareholders is limited to their contribution to the share capital .

Notwithstanding, there are exceptions to this principle of limited liability:

(i) Liability over fully owned subsidiaries or subordinated companies:

A parent company is liable for the financial responsibilities of a subsidiary if:

(i) there is a subordination contract between the parent company and the subsidiary (according to which a parent company is given broad legal powers over the subsidiary company); or

(ii) such subsidiary is fully owned (100%) by the parent company

(ii) Joint liability of the shareholder in case of losses caused to the company or to other shareholders by a director appointed by such shareholder: Shareholders or groups of shareholders who have the right to appoint a director, without the need of the vote of other shareholders, are jointly liable with such director for any losses that he or she causes to the company or to other shareholders;

(iii) Liability of the sole shareholder in case of bankruptcy: In case a fully owned subsidiary is declared bankrupt, the sole shareholder shall have unlimited liability for the debts and liabilities created after it has become the sole shareholder of such subsidiary, provided that it has not complied with the rules on the allocation of the assets of the company.

In the particular situation of the initial contributions to share capital of an LDA company, shareholders may be jointly liable for all the 1 contributions to the share capital that have been agreed in the incorporation agreement. In such cases, even if a given shareholder has been excluded or its share has been re-integrated by the company, the other shareholders are jointly liable towards to company for the payment of such amount.

TAX PRESENCE

Corporate Gains Tax: Companies are subject to tax on worldwide profits. General corporate tax rate is of 21%, added by a municipal surcharge up to 1.5% (depending on the municipality). A reduced corporate tax rate of 17% applies for the first EUR 25,000 of taxable profits for small and medium sized enterprises. Additionally, a state surcharge levied on profits applies at the following rates: (a) 3% for profits over EUR 1,500,000 up to EUR 7,500,000; (b) 5% between EUR 7,500,000 and EUR 35,000,000; and (c) 9% on profits exceeding EUR 35,000,000.

Tax on Dividends: Dividends paid to a non-resident company are subject to a 25% withholding tax (35% if paid to a company incorporated in a tax haven or offshore jurisdiction). However, as per the Portuguese qualified shareholding exemption regime, dividends received from a domestic company may be exempted if certain criteria set out in the law are met and the recipient of the dividends is resident in EU/EEA or in a jurisdiction covered by a tax treaty. If the qualified shareholding exemption regime does not apply, the rate may be reduced under the provisions of a tax treaty.

Other Taxes: Other operations between a company and other non-resident companies may be subject to tax or other reporting tax obligations which must be assessed, on a case by case analysis (e.g., transfer pricing).

INCORPORATION PROCESS

A legislative and administrative simplification framework (the Simplex) has been put in place with the purposes of simplifying the incorporation process for companies and reducing bureaucracy between citizens and corporations with relation to the Public Administration. The “on the spot” incorporation procedure Through this process, it is possible to set-up a corporation in less than 1 hour. The procedure is carried out in one of the spot desks that are available throughout the country, regardless of the location of the company’s headquarters.

This process is available for private limited liability companies (with one or more shareholders) and for joint stock companies (with one or more shareholders). This process also permits the possibility of adopting a pre-approved trademark, similar to the company’s trade name during the incorporation process (the on the spot trademark). Shareholders choose from a list of pre-approved names (made available online through the on the spot website or in the respective departments where on the spot companies is being incorporated).

It is possible to choose a name which is not included in the pre-approved list of corporate names, having then to submit a corporate name for approval by the National Registry of Corporations. The shareholders will have to choose standard by-laws from several pre-approved models (made available online through the on the spot website or in the respective departments where “on the spot” companies is being incorporated). To launch the on the spot procedure, shareholders must personally attend one of the competent desks for that purpose.

Individual shareholders must possess a citizen card or one the following documents:

Identification document (identity card, passport, driver’s license, passport or residence authorisation)

Taxpayer card and

The Social Security Card (optional).

Individuals representing a company must also possess the following documents:

Company card or taxpayer card of the company

Updated extract of the entry in the Commercial Registry;

Instrument conferring representation powers for the incorporation of the company (minutes of resolutions or powers of attorney, as applicable)

In the case where the share capital is fully or partially paid by means of contributions in kind, the auditor’s report has to be included at the time of incorporation. Once the by-laws have been chosen, they will be executed and immediately registered with the Commercial Registry Department. An access code to the online Commercial Registry Certificate of the company will be provided to the shareholders. A tax payer number (NIPC) will also be provided. (The tax payer number is also the Commercial Registration number of the company). A social security number of the company will also be granted, and the shareholders will be provided with a certified version of the by-laws.

Shareholders must deposit the share capital within 5 days from the incorporation date. With regard to private limited liability companies and sole shareholder private limited liability companies, shareholders may declare at incorporation that the share capital of the company will be deposited in a bank account opened in the name of the new company until the end of the first fiscal year. Regarding contributions in kind of assets in which the transfer involves registration (eg, transfer of real estate property), the competent department will assess any applicable tax (eg, Property Transfer Tax) and ensure that incorporation of the company is only concluded once all due tax payments have been made.

The company is registered for tax purposes through the submission of a beginning of activity statement, which, if

already signed by the company's chartered accountant, must be immediately filed with the desk that has incorporated the company. Otherwise, the beginning of activity statement has to be filed with the tax services within 15 days following the company's incorporation.

The cost of incorporation is €360. For companies with scopes of activity relating to technology and investigation, the incorporation cost is reduced to €300. The referred amounts include the online publication of the incorporation registry. If involving a different corporate name than the ones pre-approved, an additional €75 is due. These amounts may be paid in cash, check or through the ATM. The costs indicated do not include the cost of registration of the management of the company.

Online incorporation procedure

This procedure, included in the Simplex framework, allows for the setting-up of a company through the internet. Company set up can be initiated through the website: <https://bde.portaldocidadao.pt/evo/landingpageEE.aspx>. Incorporation of joint stock companies and private limited liability companies (with 1 shareholder or more) may be made through this procedure, except when involving contributions in kind involving real estate assets. This procedure is supervised by the National Registry of Corporations regardless of the location of the registered offices of the company to be incorporated. Registration of the incorporation of the company is carried out immediately (in case the company adopts a version of the by-laws pre-approved by the National Registry of Corporations) or within a maximum delay of 2 business days (in case a different version of the by-laws is submitted). Administrative fees can be reduced 40 percent by using this procedure.

Traditional method for incorporation Although the incorporation of a company in Portugal may be carried-out through highly simplified procedures described above, any investor may incorporate a company through the traditional procedure, which is set out below:

Name approval certificate

Share capital payment

The incorporation document

Commercial Registration

Beginning of activity statement

Tax Beginning of activity statement

Social Security

BUSINESS RECOGNITION

Sole shareholder private limited liability company (LDA with 1 shareholder)

Corporate vehicles most frequently used and incorporated in Portugal are private limited liability companies.

Sole shareholder private limited liability company is a corporate structure associated with small businesses. It is well regarded.

Private limited liability company (LDA)

Corporate vehicles most frequently used and incorporated in Portugal are private limited liability companies. Usually, in this type of company, the identity and characteristics of the partners prevail over the capital element. It is a convenient form of organisation for small and/or closely held enterprises due to its less complex administrative and supervisory structure. Private limited liability companies are well regarded.

Joint stock company (SA)

Joint stock companies are traditionally more capital intensive and are associated with larger businesses. Joint stock companies have more complex administrative needs and require a supervisory structure. Joint stock companies are well regarded and used.

SHAREHOLDER MEETING REQUIREMENTS

Sole shareholder private limited liability company (LDA with 1 shareholder)

Required to hold an annual meeting for the approval of the annual accounts. It is also the shareholders' meeting that appoints the directors – though, not necessarily, on an annual basis.

Private limited liability company (LDA)

Required to hold an annual meeting for the approval of the annual accounts. It is also the shareholders' meeting that appoints the directors – though, not necessarily, on an annual basis.

Joint stock company (SA)

Required to hold an annual meeting for the approval of the annual accounts. It is also the shareholders' meeting that appoints the directors – though, not necessarily, on an annual basis.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Sole shareholder private limited liability company (LDA with 1 shareholder)

Not required.

Private limited liability company (LDA)

Not required.

Joint stock company (SA)

A monthly meeting of directors is required if not established otherwise in the bylaws.

ANNUAL COMPANY TAX RETURNS

Must file tax returns annually.

BUSINESS REGISTRATION FILING REQUIREMENTS

Not applicable for this jurisdiction.

BUSINESS EXPANSION

Not applicable for this jurisdiction.

EXIT STRATEGY

Winding-up and liquidation documents must be filed with the Commercial Registration Department.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Not applicable for this jurisdiction.

DIRECTOR / OFFICER REQUIREMENTS

Generally, not applicable, though, with regard to directors of joint stock companies, they may not take up employment positions with the company or group companies while being a director.

LOCAL CORPORATE SECRETARY REQUIREMENT

Sole shareholder private limited liability company (LDA with 1 shareholder)

Not mandatory.

Private limited liability company (LDA)

Not mandatory.

Joint stock company (SA)

It is necessary to distinguish between the shareholders' meeting secretary, which is mandatory for all joint stock companies, and the secretary of the company, which is only mandatory in companies that have their shares listed on the stock-exchange.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction. It is important to note that it will be the address of the registered office of the company that will determine the nationality of the company

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction. It is mandatory for all companies to have an address for their registered office.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction. It is common for a law firm to take up the position of the company's secretary.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

For all types of companies, it should be noted that all members of corporate bodies that are not resident in Portugal for tax purposes must obtain a Portuguese taxpayer number. For EU citizens, this taxpayer number may be obtained directly with the tax administration (in presence or by means of an appointed proxy); non-EU citizens must appoint a Portuguese tax resident representative to handle matters with tax authorities.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

In relation to all types of companies, all directors must be registered with the Commercial Registration Department. Officers, as such, do not exist under Portuguese law. Regarding public disclosure of shareholders:

Sole shareholder private limited liability company (LDA with 1 shareholder)

The sole shareholder is registered with the Commercial Registration Department.

Private limited liability company (LDA)

All the shareholders are registered with the Commercial Registration Department.

Joint stock company (SA)

All shareholders are registered with the share registration book of the company.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Sole shareholder private limited liability company (LDA with 1 shareholder)

This type of company may have only 1 shareholder. This is the maximum number of shareholders permitted. This type of company is required to have at least 1 director.

Private limited liability company (LDA)

This type of company may have only 2 shareholders. This is the minimum number of shareholders permitted. There is no maximum number of shareholders required. This type of company is required to have at least 1 director.

Joint stock company (SA)

This type of company must have 5 shareholders or just 1 shareholder, when dealing with a corporation. This is the minimum number of shareholders required. There is no maximum number of shareholders. This type of company is required to have at least 1 director.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Sole shareholder private limited liability company (LDA with 1 shareholder)

This type of company may have only 1 shareholder.

Private limited liability company (LDA)

This type of company may have only 2 shareholders. Joint stock company (SA)

This type of company must have 5 shareholders or just 1 shareholder, when dealing with a corporation.

REMOVAL OF DIRECTORS OR OFFICERS

Directors may be removed at any time, subject to indemnity depending on whether or not there was just cause for removal. Not applicable in relation to officers.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Sole shareholder private limited liability company (LDA with 1 shareholder) Not applicable for this jurisdiction.

Private limited liability company (LDA)

Not applicable, in case of just 1 director. In case of more than 1 director, may be established by the bylaws.

Joint stock company (SA)

If not otherwise established in bylaws, there is an obligation to hold a meeting every month. Meetings of Directors are summoned by the Chairman of the Board of Directors or 2 directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Sole shareholder private limited liability company (LDA with 1 shareholder)

There are no quorum requirements for shareholder meetings. In case of plural management of the company, and if not provided otherwise in bylaws, only meetings summoned in which the majority of directors are present are valid. For meetings which have not been summoned, all directors should be present.

Private limited liability company (LDA)

Meetings of shareholders should be summoned with a 15-day prior notice, unless the by-laws establish different formalities and a longer prior notice period. The quorum requirement to hold a summoned shareholders meeting will vary depending on the agenda of the meeting. If not summoned, the meeting will be valid only if all the shareholders are present. In the case of plural management of the company, and if not otherwise provided in the bylaws, those meetings that are summoned and have a majority of directors present are valid. Otherwise, in the case of meetings which have not been summoned, all directors should be present.

Joint stock company (SA)

Meetings of the shareholders have to be summoned with a 21-day prior notice, unless bylaws establish different formalities and a longer prior notice period. The quorum requirement to hold a summoned shareholders meeting will vary depending on the agenda of the meeting. If not summoned, the meeting will be valid only if all shareholders are present. In the case of plural management of the company, and if not otherwise provided in the bylaws, those meetings that are summoned and have a majority of directors present are valid. Otherwise, in the case of meetings which have not been summoned, all directors should be present.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK

ACCOUNT BE LOCAL?

A bank account needs to be opened upon incorporation. The share capital of LDA companies may be deposited until the end of the relevant tax year. There are no legal requirements as to having a bank account in a Portugal-based bank. Nonetheless, tax-related issues, such as the origin of corporate income apply, so as a general rule, companies open their bank accounts in Portugal.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Sole shareholder private limited liability company (LDA with 1 shareholder)

This type of company is required to have a local chartered accountant.

Private limited liability company (LDA)

This type of company is required to have a local chartered accountant.

Joint stock company (SA)

This type of company is required to have a local statutory chartered accountant and a substitute.

REQUIREMENT REGARDING PAR VALUE OF STOCK

In case of the loss of half of the capital stock of a company, directors are required to summon a shareholder meeting to inform shareholders of this development so that shareholders can take up the adequate measures.

INCREASING OF CAPITALIZATION IF NEEDED

Companies must keep an equity amount of at least half of its share capital. Should a company's equity reach below this level, the shareholders need to resolve on

- (i) dissolution of the company;
- (ii) share capital decrease; or
- (iii) capital contributions by the shareholders.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Share redemptions are subject to tight legal requirements. Dividends may be paid to shareholders provided that at least the amount equal to the share capital plus the legally mandatory reserves is maintained. In any case, previously carried forward losses must be fully covered.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

LDA companies

Transfers to non-shareholders are subject to the company's prior consent, unless otherwise provided for in the company's bylaws. A pre-emption right for the remaining shareholders of the company may also apply. Bylaws may also forbid any transfers of shares; however, in that case, shareholders may exonerate themselves 10 years after the incorporation of the company. SA companies Bylaws cannot forbid transfers of share, but they may

- (i) set a prior consent of the company to the transfer of shares, or
- (ii) set a pre-emption right for the remaining shareholders of the company.

OBTAINING A NAME AND NAMING REQUIREMENTS

In the traditional and online incorporation processes, the company's name approval must first be obtained with the relevant authority. This name is suggested by the shareholders or its representatives, in a slot of three proposed names. Upon the name approval request, the registered office and activity of the company must also be presented in connection with the names suggested. Names are approved in obedience to an assessment of non-susceptible to confusion with previously approved names, in particular in the same geographical area, and subject to a strict connection with the company's corporate purpose.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

The beneficial owner(s) of a company must be disclosed upon:

- a) incorporation;
- b) any change to the bylaws;
- c) submission of the yearly accounts (IES); and
- d) occurrence of any changes to the information previously provided.

Law firms and other services providers (e.g., audit firms) are subject to KYC proceedings, depending on the type of services provided. For instance, KYC proceedings are required if a law firm is receiving and paying any amount on behalf of the client.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Amendments of bylaws are subject to a shareholders' resolution. In case of multiple shareholders, the decision is taken by a 2/3 majority of the votes cast (unless the bylaws determine a higher decision majority), and provided that at least 1/3 of the share capital holders are present or represented at the relevant meeting.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

A license may be required depending on the business of a company.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies may be acquired by means of a share transfer, as other regular share acquisitions. As a general rule, these are undertaken by means of an agreement between the seller and the purchaser, and no special formalities are required.

The transfers of shares of LDA. and Sociedade Unipessoal companies are registered with the Registrar of Companies. The Tax Authority must be notified of the sale and acquisition of shares of S.A. companies. These transfers are not otherwise subject to public registration, but the new shareholder is inscribed in the relevant shares' accounts or shares' titles.

PUERTO RICO



FORM OF ENTITY

Corporations

Corporations are entities whose liability is separate and distinct from that of their shareholders, directors and officers. Corporations may be established for any lawful business purposes, with limited exceptions.

They may be organized by individual(s) and/or legal entities by filing a certificate of incorporation at the Puerto Rico State Department. A corporation has the power to enter into contracts, hold property and sue and be sued in its own name; it also has continuity of existence and free transferability of ownership interests.

Generally, the certificate of incorporation grants the corporation legal existence as soon as it is filed with the PR Secretary of State. Puerto Rico corporations must maintain a designated principal office and registered agent for service of process in Puerto Rico.

Limited Liability Companies

Limited liability companies (LLCs) are becoming the preferred method of doing business in Puerto Rico. LLCs may be organized by any natural or legal person by filing articles of organization (also referred to as the certificate of formation) in the Puerto Rico State Department. LLCs offer their owners the same limited liability protection granted by law to corporations and the flexibility to manage their internal affairs as a partnership, corporation or a combination of both in accordance with an LLC agreement (also referred to as an operating agreement), which typically governs the entity. LLCs are taxed by default as corporations and are subject to tax at both the business entity and shareholder levels.

However, LLCs may elect to be treated as partnership for tax purposes, receiving pass-through treatment. Prior to taxable year 2019, LLCs were required to file Form SC 6045 Partnership or LLC Classification. Form SC 6045 must be filed with the Puerto Rico Treasury Department to elect to be treated as partnerships. Notwithstanding, beginning with taxable year 2019 (January 1 to December 31 for calendar-year taxpayers), LLCs must elect to be treated as partnerships on its Puerto Rico income tax return on or before the due date for the return, including extensions.

Although a Puerto Rico LLC is automatically treated as a corporation for US federal tax purposes, it may elect to be treated as a partnership or disregarded entity, as applicable. This election is accomplished through the filing of Form

8832 with the IRS. Puerto Rico limited liability companies, as is the case with corporations, must maintain a designated principal office and registered agent for service of process in Puerto Rico.

Note: *Additional forms of entity structures also exist and could be useful in some instances but are not covered in this guide either because they are less commonly used types of entity structures or not as likely to be relevant to the reader.*

ENTITY SET UP

Puerto Rico corporate matters are regulated by the Puerto Rico General Corporations Law and the Internal Revenue Code of 2011. Puerto Rico offers several attractive alternate vehicles for persons doing business in Puerto Rico.

Corporations and limited liability companies are the most common entities by which investors enter the Puerto Rican marketplace.

Corporations

Unlimited number of shareholders

Generally no personal liability for shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include articles of incorporation, bylaws, organizational board resolutions, stock certificates and stock ledger Board of directors has overall management responsibility; officers have day-to-day responsibility

Limited Liability Companies

Unlimited number of members allowed

Generally no personal liability for the members

May elect to be treated as a corporation or partnership under Puerto Rico tax laws Under US tax laws, a Puerto Rico LLC is automatically treated as a foreign corporation. However, it may elect to be treated as a partnership or disregarded entity by filing Form 8832 with the IRS Typical charter documents include: certificate of formation; operating agreement Operating agreement sets forth how the business is to be managed; a member (owner) or manager can be designated to manage the business

Members typically contribute money or services to the LLC and receive an interest in profits and losses Corporations

No minimum capital requirement.

Limited Liability Companies

No minimum capital requirement.

LEGAL LIABILITY

Corporations

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation. Limited Liability Companies Members are generally not liable for the debts of the LLC aside from their financial contribution to the LLC.

TAX PRESENCE

Corporations

A corporation is taxed at two levels (commonly referred to as double taxation). First, the corporation pays a corporate tax on its corporate income; then, when the corporation distributes profits to its shareholders, they pay income tax on those dividends.

Limited Liability Companies

LLCs are taxed by default as corporations and are subject to tax at both the business entity and member levels. However, LLCs may elect to be treated as partnerships for income tax purposes, receiving pass-through treatment by

filing a Form SC 6045 Partnership or LLC Classification Notification no later than the last day of the third month following the LLC's date of organization or commencement of operations. Although a Puerto Rico LLC is automatically treated as a corporation for US federal income tax purposes, it may elect to be treated as a partnership or disregarded entity, as applicable. This election is accomplished through the filing of Form 8832 with the IRS.

INCORPORATION PROCESS

Corporations

Online filing of the certificate of incorporation or articles of incorporation with the Secretary of State Filing fee of a for-profit corporation is USD150.00 Filing fee of a non-profit corporation is USD5.00

Limited liability Companies

Online filing of the certificate of formation or certificate of organization with the Secretary of State Filing fee of USD250.00

BUSINESS RECOGNITION

Corporations

Well regarded and used.

Limited Liability Companies

Well regarded and used.

SHAREHOLDER MEETING REQUIREMENTS

Corporations

Required to hold annual meeting of shareholders to vote on certain items, such as election of directors.

Limited Liability Companies

Annual meetings of the members are not required. The provisions of the operating agreement will typically determine any meeting requirements.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Corporations

Annual meeting of directors is required.

Limited Liability Companies

Annual meeting of the managers is not required. If the provisions of the operating agreement allow for the creation of a board of directors, said agreement will determine any meeting requirements.

ANNUAL COMPANY TAX RETURNS

Corporations

Must annually file tax returns with the Puerto Rico Treasury Department. In addition, corporations generally must also file municipal gross receipts tax declarations and personal property tax returns.

Limited Liability Companies

LLCs are taxed by default as corporations. However, LLCs may elect to be treated as partnerships for tax purposes, where profits "pass through" to its members who pay taxes annually at their individual tax rates. In addition, LLCs generally must also file municipal gross receipts tax declarations and personal property tax returns.

BUSINESS REGISTRATION FILING REQUIREMENTS

Corporations Initial registration, as well as annual filings which include an annual report with a balance sheet. In the case of corporations with a business volume of USD3 million or more, the annual report must include financial statements audited by a Certified Public Accountant (CPA) with a valid license from the Government of Puerto Rico.

Limited Liability Companies

Initial registration, as well as payment of an annual fee.

BUSINESS EXPANSION

Corporations

No need to change as business expands.

Limited Liability Companies

No need to change as business expands.

EXIT STRATEGY

Corporations

File dissolution documents with the Secretary of State. Liquidation will entail filings and certain disclosures with the Puerto Rico Treasury Department.

Limited Liability Companies

File dissolution documents with the Secretary of State. Liquidation will entail filings and certain disclosures with the Puerto Rico Treasury Department.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Corporations

Annual shareholder meeting

Filing of an annual report on or before April 15. The filing fees for annual reports are USD150.00 for a for-profit corporation and USD5.00 for a non-profit corporation. All annual reports must include a balance sheet that shows the financial condition of the corporation at the close of operations. If the volume of business of a corporation exceeds USD3 million, the balance sheet must be audited by a Certified Public Accountant (CPA) with a valid license from the Government of Puerto Rico.

Limited Liability Companies

Annual fee of USD150.00 on or before April 15 each year.

DIRECTOR / OFFICER REQUIREMENTS

Corporations

A corporation must have at least one director. There is no maximum limit to the number of directors.

Generally, a corporation's certificate of incorporation or its bylaws state the number of directors on the board.

Every corporation must have officers with such titles and duties as are provided in the corporation's bylaws or in a resolution of the board of directors. One of the officers must be appointed president, chief executive officer or any other analogous title.

Limited Liability Companies

No director/officer requirement, unless otherwise established in the operating agreement.

LOCAL CORPORATE SECRETARY REQUIREMENT

Corporations

One of the officers of the corporation is required to record the proceedings of the meetings of the shareholders and directors in a book to be kept for that purpose.

Limited Liability Companies

Not required, unless otherwise provided in the operating agreement.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Corporations

Not applicable for this jurisdiction.

Limited Liability Companies

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Corporations

Not required for incorporation. However, every corporation shall maintain a registered office and a resident agent for service of process in Puerto Rico. Note that office space may be required for certain tax registrations, such as the municipal license tax, that require a use permit which in turn requires office space in the corporation's name.

Limited Liability Companies

Not required for organization/formation. However, every corporation shall maintain a registered office and a resident agent for service of process in Puerto Rico. Note that office space may be required for certain tax registrations, such as the municipal license tax, which require a use permit, which in turn requires office space in the LLC's name.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Corporations

To obtain certain tax registrations, physical presence is required. If, upon incorporation, the corporation does not have a physical address, then accountants, lawyers or the resident agent normally provide theirs.

Limited Liability Companies

To obtain certain tax registrations physical presence is required. If, upon incorporation, the LLC does not have a physical address, then accountants, lawyers or the resident agent normally provide theirs.

SUFFICIENCY OF VIRTUAL OFFICE

Corporations

A virtual office suffices for purposes of incorporation and tax registrations, provided that the corporation's business may be carried out virtually without a need for physical space.

Limited Liability Companies

A virtual office suffices for purposes of organization/formation and tax registrations, provided that the LLC's business may be carried out virtually without a need for physical space.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Corporations

Permitted and sufficient for tax registrations.

Limited Liability Companies

Permitted and sufficient for tax registrations.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Corporations

Permitted.

Limited Liability Companies

Permitted.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Corporations

Nonresidents of Puerto Rico and non-US citizens may own stock and serve as directors and officers of a Puerto Rico corporation.

Limited Liability Companies

Nonresidents of Puerto Rico and non-US citizens may own membership interests and serve as managers of a Puerto Rico LLC.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Corporations

None.

Nominee shareholders and directors are rarely seen, as Puerto Rico corporations are not required to disclose shareholders or directors, other than the initial officers, in public documents.

Limited Liability Companies

None. Nominee members and managers are uncommon, as Puerto Rico LLC's are not required to disclose members or directors, other than the initial managers, in public documents.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Corporations

Directors

The board of directors controls the business of the corporation, in the manner and to the extent set forth in the articles of incorporation and bylaws. Some basic board functions include selecting officers, controlling executive compensation, delegating administrative authority to a committee, determining dividend payments and supervising the welfare of the whole enterprise. The directors possess this authority without consulting with or obtaining the consent of the shareholders. However, the directors' powers extend only to the ordinary and regular business of the corporation.

The directors do not have unlimited power to deal with property and affairs of a corporation; instead, their powers are conferred so that the corporation's business can be transacted for the profit of the shareholders. Similarly, the directors' authority does not extend to changes of a fundamental character in the corporation.

Officers

Officers are responsible for the management and day-to-day operations of a corporation, and are appointed by the board. Generally, the officers of a corporation are enumerated in its bylaws and include a president, vice-president, secretary, treasurer and sometimes others. The president is responsible for the overall day-to-day activities of the corporation (some of which are often delegated to other officers). The president signs major contracts, stock certificates and other legal documents, as required. The president acts under the direction of the board.

The treasurer is responsible for the financial matters of the corporation. The treasurer is the only officer, absent express contrary provision in the bylaws or charter documents, to receive and keep funds of the corporation and is bound to disburse the funds only under the orders of the board or other officers in charge of the corporate business. The secretary is charged with maintaining the corporate records of the corporation and preparing minutes of board and shareholder meetings.

The secretary may also be required to provide certification for banks or other financial institutions and may also be required to provide requested copies of corporate documents.

Shareholders

As a general rule, shareholders are not permitted to act on behalf of the corporation. All the capacity of a corporation is vested in its board, and all its authority is supposed to be exercised by the board. It is the function of the board to manage and conduct the business of the corporation, through the corporation's officers. The shareholders (ie, those who are not also directors or officers of the corporation) have no authority to act for the corporation.

They are limited to acting in an advisory capacity only, to electing directors or to approving or disapproving such measures as are submitted to them by the board. The mere ownership of a majority of shares does not give a particular shareholder authority to act for the corporation. The powers of management vesting in the shareholders as a body are few.

They control the affairs of the corporation, while it exists and does business, through the directors appointed by them, which in turn manage the corporation through officers appointed by them. Typically, they have the right and power to hold meetings, elect directors, remove directors and increase or decrease the capital stock.

Limited Liability Companies

Members, much like shareholders, have no authority to act for the LLC, unless the operating agreement so establishes. They control the affairs of the LLC, while it exists and does business, through the managers appointed by them. The powers and authority of the members are established in the operating agreement. If the operating agreement allows for directors and officers, their authority and limitations are generally established in the LLC's operating agreement.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Corporations

None.

Puerto Rico corporations are not required to list shareholders or directors in public documents. However, upon incorporation disclosure of the corporation's officers is required.

Limited Liability Companies

None. Puerto Rico LLCs are not required to list members or directors in public documents. However, upon formation/organization disclosure of the LLC's managers/administrators is required.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Corporations

Determined by governing law of the head office.

A corporation must have at least one shareholder

No minimum or maximum number of directors is required

Generally, a corporation's certificate of incorporation or its bylaws state the number of shareholders and directors on the board

Limited Liability Companies

An LLC must have at least one member

No minimum or maximum number of directors is required

The operating agreement will determine the number of directors and officers, if any

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Corporations

Determined by governing law of the head office.

A corporation must have at least one shareholder

Generally, a corporation's certificate of incorporation or its bylaws state the number of shareholders and directors on the board

Limited Liability Companies

An LLC must have at least one member

The operating agreement will determine the number of directors and officers, if any

REMOVAL OF DIRECTORS OR OFFICERS

Corporations

Generally, any director or the entire board of directors may be removed, with or without just cause, by the majority of the shareholders entitled to vote to elect directors.

Limited Liability Companies

Generally, any director or the entire board of directors may be removed, with or without just cause, by the majority of the members entitled to vote to elect directors, or as otherwise provided in the LLC's operating agreement.

REQUIRED AND OPTIONAL OFFICERS

Corporations

President and secretary are required. All others are optional.

Limited Liability Companies

None, unless otherwise required in the LLC's operating agreement.

BOARD MEETING REQUIREMENTS

Corporations

The board of directors may hold meetings within or outside the Commonwealth of Puerto Rico, unless otherwise provided by the certificate of incorporation or the bylaws. The meetings of the board of directors shall be notified to the directors pursuant to the provisions of the corporation's bylaws.

Limited Liability Companies

None, unless otherwise provided in the LLC's operating agreement.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Corporations

Board meetings: A majority of the total number of directors shall constitute a quorum for the transaction of business, unless the certificate of incorporation or bylaws require a greater number.

Shareholder meetings: Unless otherwise provided in the certificate of incorporation or bylaws, a majority of the shares entitled to vote, whose holders are present in person or represented by proxy, shall constitute a quorum at a shareholders' meeting.

Limited Liability Companies

None, unless otherwise provided in the LLC's operating agreement.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Corporations

Not **required** for incorporation. When necessary, a bank account may be opened anywhere.

Limited Liability Companies

Not required for formation. When necessary, a bank account may be opened anywhere.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Corporations

Audited financial statements issued by a Puerto Rico certified public accountant are required to be filed along with the corporation's Puerto Rico income tax returns, municipal volume of business declaration and personal property tax returns if the corporation's volume of business equals or exceeds USD3 million during the corporation's calendar or fiscal year.

Generally, the corporate books should be kept in Puerto Rico. In addition, an audited balance sheet issued by a Puerto

Rico certified public accountant must also be filed with the Puerto Rico State Department if the corporation's volume of business equals or exceeds USD3 million during the corporation's calendar or fiscal year.

Limited Liability Companies

Audited financial statements issued by a Puerto Rico certified public accountant are required to be filed along with the limited liability company's Puerto Rico income tax returns, municipal volume of business declaration and personal property tax returns if the limited liability company's volume of business equals or exceeds USD3 million. Generally, the corporate books should be kept in Puerto Rico.

Limited liability companies need not file financial information with the Puerto Rico State Department. Recent Legislative Bill The Puerto Rico Legislature recently approved House Bill 2419, which is only pending the governor's signature to become law. If enacted, HB 2419 would increase the USD3 million threshold for filing audited financial statements to USD10 million but only with respect to the income tax return and personal property tax return for taxable years beginning after December 31, 2019.

Although HB 2419 would not increase the USD3 million threshold to USD10 million for the municipal volume of business declaration or the annual report for corporations discussed above, it is expected that a future bill also would increase such threshold to USD10 million.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Corporations

USD0.01 or non-par value.

Limited Liability Companies

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Corporations

Permitted. A corporation may amend its certificate of incorporation to increase its authorized capital stock.

Limited Liability Companies

Permitted.

An LLC may amend its operating agreement to reflect an increase in capitalization.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Corporations

A corporation's funds may be repatriated from Puerto Rico through distributions or redemption, as applicable.

Limited Liability Companies

An LLC's funds may be repatriated from Puerto Rico through dividends or redemption, as applicable.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Corporations

Shares can generally be transferred between shareholders or third parties via written agreements, except when

(i) there is a "right of first refusal" provision in the shareholders agreement or bylaws or

(ii) the corporation has issued "restricted transfer shares," which transfer requires the approval of the board of directors.

Limited Liability Companies

Membership interests can generally be transferred between members or third parties via written agreements, except when

(i) there is a provision otherwise in the operating agreement or

(ii) the operating agreement requires the consent of some or all of the members for any transfer of membership interests. If the operating agreement of the LLC so establishes, members may have right of first refusal when a sale is intended to be carried out in favor of a non – member. Similarly, the consent of a majority of the members may be required for any transfer of membership interests.

OBTAINING A NAME AND NAMING REQUIREMENTS

Corporations

The name of the corporation must include one of the following terms:

(i) Corporation,

(ii) Corp.,

(iii) CRL,

(iv) SRL,

(v) Incorporated,

(vi) Inc. or

(vii) words or abbreviations of similar importance in other languages, provided they are written in roman letters or characters.

Note that whenever words or abbreviations of similar importance in other languages are used, Corporation, Corp., Incorporated or Inc. must be included at the end of the corporate name.

Limited Liability Companies

The name of every LLC must contain the terms:

(i) Limited Liability Company,

(ii) Compañía de Responsabilidad Limitada,

(iii) L.L.C. (iv) C.R.L.,

(v) LLC or

(vi) CRL.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Corporations

Not applicable for this jurisdiction.

Limited Liability Companies

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Corporations

If the corporation has capital stock, its board of directors shall adopt a resolution setting forth the proposed amendment, declaring its advisability and either calling a special meeting of the shareholders entitled to vote for the consideration of such amendment or directing the proposed amendment be considered at the next annual meeting of the shareholders.

If the corporation has no capital stock, the governing body shall adopt a resolution setting forth the proposed amendment and declaring its advisability.

If a majority of all the members of the governing body votes in favor of such amendment, a certificate thereof shall be executed, acknowledged and filed.

Limited Liability Companies

Generally, any approval requirements are set forth in the LLC's operating agreement.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Corporations and Limited Liability Companies

Federal Employer Identification Number

Entities in Puerto Rico are **identified** through a taxpayer ID known as the Employer Identification Number (EIN), which is issued by the US Internal Revenue Service (IRS). Unlike other jurisdictions, the local Treasury does not issue a separate identification number. The EIN may be obtained by applying online through the IRS website or by mailing in or facing Form SS-4 to the IRS. If requested online or by fax, the unique number is assigned immediately upon request.

Employer Account Number in Puerto Rico

Once the EIN is assigned, entities operating in Puerto Rico are required to notify the Puerto Rico Treasury Department. This notice allows the Puerto Rico Treasury Department to open a local taxpayer account. The notice filing is accomplished through the filing of Form SC 4809 which requires copy of the Certificate of Incorporation (or equivalent) and copy of the EIN confirmation letter.

Classification Election for Tax Treatment

Unlike other entities, LLCs may elect to be treated as corporations or partnerships under Puerto Rico tax laws. This election is accomplished through the filing of Form SC 6045, with the Puerto Rico Treasury Department through taxable years 2018. Beginning with taxable year 2019 (January 1 to December 31 for calendar-year taxpayers), LLCs must elect to be treated as partnerships on its Puerto Rico income tax return on or before the due date for the return, including extensions.

Although a Puerto Rico LLC is automatically treated as a foreign corporation for US federal income tax purposes, it may elect to be treated as a partnership or disregarded entity for US federal income tax purposes, as applicable. This election is accomplished through the filing of Form 8832 with the IRS.

SURI Platform

Since October 2016, the Puerto Rico Treasury Department has implemented an integrated online platform to facilitate matters related to the collection and payment of sales and use tax, excise taxes, and certain income tax information reporting and withholding. Registration with the SURI platform is mandatory for entities that are operating in Puerto Rico.

Virtual Collection Center

The Virtual Collection Center is an online platform established by the Puerto Rico Treasury Department which allows for the procurement of certain income tax certifications, as well as online payment of any outstanding income tax balances and filing of income tax returns and extensions. Although registration with the Virtual Collection Office is not mandatory, it is encouraged in order to facilitate carrying out operations in Puerto Rico.

Merchant's Registry Certificate

A business that intends to operate in Puerto Rico will be considered a "merchant" (subject to certain exceptions) and will be required to register with the Puerto Rico Treasury Department as a merchant through the SURI platform. Upon registration, the Puerto Rico Treasury Department will issue a Merchant's Registry Certificate which will designate the merchant as one required to withhold sales and use tax, or one exempt from making such withholding.

The Merchant's Registry Certificate may also designate the business as an exhibitor, or temporary business, as applicable. When opening bank accounts and in the ordinary course of business, the Merchant's Registry Certificate will often be required. In fact, it should be visibly displayed at the premises in Puerto Rico and failure to do so could result in fines.

Sales and Use Tax

The sale of taxable items and services in Puerto Rico is subject to an 11.5% sales and use tax (SUT). In addition, since

October 2015, transactions between two merchants (business-to-business transactions) ceased to be tax exempt and became subject to a 4% SUT. Moreover, there is a 10.5% use tax upon importation of taxable items in Puerto Rico, payable by the importer of record. Effective August 1, 2017, merchants that import tangible property into Puerto Rico are required to report and remit the 1% municipal SUT to the Puerto Rico Treasury Department.

No additional import declaration will be required for purposes of the municipal SUT. There are certain transactions which continue to be exempt from sales and use tax, the most common being sales to Puerto Rico government entities. However, all exempt transactions must be documented by a Certificate of Exempt Purchases, which is a form filled out by the seller and the purchaser of the taxable items, identifying the applicable exemption.

Waiver Certificate for Entities Rendering Services Generally, payments made in the conduct of a trade or business or for the production of income in excess of USD500 to another person (natural or judicial) for services performed within Puerto Rico are subject to a 10% withholding tax payable to the Puerto Rico Treasury Department, unless the service provider potentially subject to the withholding has a waiver in place. As a general rule, legal entities that have been in operation for less than three years may obtain a waiver this withholding. The waiver is obtained through the filing of a sworn statement with the Puerto Rico Treasury Department and is generally issued immediately.

Municipal License Tax

Each of the 78 municipalities in Puerto Rico is entitled to levy and collect a 0.5% tax on the gross receipts of a company carrying business within the municipality. Financial businesses are instead subject to a 1.5% tax on gross receipts. The tax is known as the municipal license tax (or "patente municipal," in Spanish). As a result, companies are required to register when commencing operations within the applicable municipality. Traditionally, registration with the municipality is usually tied to occupying physical space, but this is not always the case. As technology advances and allows companies to conduct business remotely, municipalities are still enforcing registration in order to collect the municipal license tax. There are various tax incentives which eliminate or significantly reduce the impact of the municipal license tax.

Real and Personal Property Taxes

Both real and personal property in Puerto Rico are subject to taxation, unless there is an exception or special amnesty in place. Although registration with the Municipal Revenue Collection Center (CRIM for its Spanish acronym) is not mandatory in order to commence operations, it will often be required when registering with the municipality in order to demonstrate that the company does not owe any personal or real property taxes.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Corporations

Not applicable for this jurisdiction.

Limited Liability Companies

Not applicable for this jurisdiction.

ROMANIA



FORM OF ENTITY

Several types of companies can be used as corporate vehicles in Romania. Joint stock companies (societate pe actiuni, JSC) and limited liability companies (societate cu raspundere limitata, LLC) are the most commonly used given their flexible incorporation procedure and limitation of the shareholders' liability.

Joint stock company (JSC)

It is a separate and distinct legal entity.

A JSC may be managed by:

One or more directors (forming a board of directors), with the possibility of management delegation, in the one-tier system;

directors are appointed by the general meeting of shareholders while managers are appointed by the board of directors or An executive board and a supervisory board, in the two-tier system;

members of the executive board are appointed by the supervisory board; members of the supervisory board are appointed by the general meeting of shareholders

Generally, if a JSC is managed in a one-tier system, a sole director/board of directors represent(s) the company through its president. Under the two-tier system, representation power is exercised by members of the executive board. Special provisions apply in case of public listed companies.

Limited liability company (LLC)

It is a separate and distinct legal entity. An LLC may be managed by one or more directors, appointed by the general meeting of shareholders. A company is represented by its directors.

ENTITY SET UP

Joint stock company (JSC)

Unlimited number of shareholders; minimum number of shareholders is two

Personal liability of shareholders is limited to their contribution to the share capital; however, in certain situations,

their liability may be extended (eg, piercing the corporate veil)

A JSC is registered automatically by the Trade Registry as a micro-enterprise with an opportunity to switch to the corporate income tax regime (ie, taxing the profits) after the turnover threshold of EUR1 million is reached

A fiscal registration number is allocated by the Trade Registry at the moment JSC is incorporated; other types of fiscal registrations (ie, for VAT purposes, for social security contributions, etc.) should be considered depending on the economic activity to be performed

Fiscal year is generally a calendar year with a possibility to change it with another period

Typical charter documents:

Articles of association

Resolutions of the general meeting of shareholders

Resolutions of the board of directors

Shareholders' register

Shares can be either common or preferred

Limited liability company (LLC)

Up to 50 shareholders; may be incorporated/owned by a sole shareholder subject to the following restrictions:

A person cannot be sole shareholder in more than one LLC and

An LLC cannot have another LLC with sole shareholder as a sole shareholder

Personal liability of shareholders is limited to their contribution to the share capital; however, in certain situations, their liability may be extended (eg, piercing the corporate veil)

An LLC is registered automatically by the Trade Register as micro enterprise with an opportunity to switch to the corporate income tax regime (ie, taxing the profits) after the turnover threshold of EUR1 million is reached

A fiscal registration number is allocated by the Trade Registry at the moment LLC is incorporated; other types of fiscal registrations (ie, for VAT purposes, for social security contributions, etc.) should be considered depending on the economic activity to be performed
Fiscal year is generally the calendar year with the possibility to change it with another period

Typical charter documents include:

Articles of association

Resolutions of the general meeting of shareholders

Resolutions of the board of directors

Shareholders' register

Only one class of shares is allowed

MINIMUM CAPITAL REQUIREMENT

Joint stock company (JSC)

Minimum share capital of RON 90,000

Minimum nominal value per share of RON 0.1

Limited liability company (LLC)

Minimum share capital of RON 200

Minimum nominal value per share of RON 10

LEGAL LIABILITY

Shareholders of a JSC or an LLC are generally not liable for the debts of the company; their liability is limited to their contribution to the share capital of the company; however, in certain situations, their liability may be extended (eg, piercing the corporate veil).

TAX PRESENCE

Similar tax and accounting reporting requirements are applicable for both JSCs and LLCs established in Romania. Further to the incorporation, both JSCs and LLCs are in principle subject to the following taxes:

The micro-companies tax: JSCs and LLCs will be liable to pay a micro-companies tax of 1% (if the company has at least one employee) or 3% (if the company has no employees), applied to the revenues registered, provided that the turnover obtained is below EUR1 million Profit tax: if the registered turnover is higher than EUR1 million, JSCs and LLCs are subject to 16% profit tax, applied on the accounting profits adjusted for tax purposes

Value added tax (VAT): the standard VAT rate in Romania is currently 19%. The reduced VAT rates are of 9% (eg, for medicines, food and beverages - except alcohol, etc) or 5% (eg, for school manuals, books, newspapers and magazines, hotel accommodation and similar accommodation, restaurant and catering services, supplies of social housing including related land, in certain conditions). Registration for VAT purposes is required if the turnover resulting from the operations to be performed exceed the threshold of EUR88,500 (ie, RON300,000)

Local tax: due by companies for assets in their patrimony (ie, for buildings, land and vehicles owned) or taxes on publicity and advertising and outdoor advertising Withholding tax (WHT): WHT is due on payment of dividends, interest, royalties, commissions and services. As per the domestic tax legislation, income derived by non-residents from Romania is, as a general rule, subject to 16% WHT in Romania. However, such rates can be reduced (even to nil) under the provisions of the EU Directives or double tax treaties entered into by Romania with different countries

Salary and mandatory social security charges: the existence of employees at the level of the JSC and LLC trigger salary tax and related social security contributions. A flat income tax rate of 10% applies to the income obtained. Moreover, both the employer and the employee are required to contribute to the social security system (ie, pension and health contribution for the employee and labor insurance contribution of 2.25% for the employer)

Customs duties: applicable if JSC or LLC performs imports of goods from outside the EU to Romania (certain exemptions may apply though) Accounting requirements: both JSCs and LLCs are required to organize and manage its own accounts based on the Romanian accounting rules

INCORPORATION PROCESS

Certain documents (such as articles of association, incorporation resolution, statements of shareholder(s) and director(s)) must be submitted with the competent Trade Registry.

BUSINESS RECOGNITION

JSCs and LLCs are well regarded and widely used, as opposed to other types of companies.

SHAREHOLDER MEETING REQUIREMENTS

JSCs and LLCs are required to hold annual meetings of shareholders to vote on certain items, such as approval of financial statements. In the case of a JSC, general meeting of shareholders can either be ordinary or extraordinary depending on the matter on the agenda.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Joint stock company (JSC)

The board of directors / supervisory board is required to meet every three months.

Limited liability company (LLC)

Not specified by law. Directors are not required by law to form a board of directors.

ANNUAL COMPANY TAX RETURNS

The following tax returns are to be submitted both by JSC and LLC: Quarterly profit tax returns (ie, for the quarters I, II and III) by the 25th of the first month following the quarter for which the profits tax liability was computed and annual profit tax return no later than March 25 of the year following the one for which the profits tax is computed if

the company is liable for profit tax, provided that the fiscal year coincides with the calendar year

Quarterly micro-company returns by the 25th of the first month following the quarter for which the micro-company liability is computed, if the respective company is liable for micro-company tax

VAT returns (ie, form 300, EC-Sales and Acquisitions List – form 390, Local acquisition/supply of goods/services statement – form 394) by the 25th day of the month following the end of the fiscal period

Intrastate statements on a monthly basis for intra-community movements of goods, starting with the month in which the aggregate value of goods acquired/sold from/to other EU member states reaches the thresholds provided by the Romanian legislation (RON 900,000 for both acquisitions and supplies)

Payroll statements on a monthly basis, no later than 25th of the month following the one to which the liabilities are computed. Tax returns for salary tax and related social security contributions (form 112) should be submitted by electronic means

Financial statements: within 150 days from the end of the financial year; on a bi-annual basis (if specific conditions are fulfilled) and on a quarterly basis (if and when interim distribution of dividends is performed during the year)

Other tax statements (for local taxes, for environmental fund contributions etc.), depending on the specificity of the activity performed by the JSC and LLC

BUSINESS REGISTRATION FILING REQUIREMENTS

Joint stock company (JSC)

Initial registration is required, as well as annual filings. All resolutions of the general meetings of shareholders are required to be filed with the Trade Registry.

Limited liability company (LLC)

Initial registration is required, as well as annual filings. Only certain resolutions of the general meetings of shareholders are required to be filed with the Trade Registry.

BUSINESS EXPANSION

Joint stock company (JSC)

No need to change as business expands. However, secondary offices may need to be opened.

Limited liability company (LLC)

No need to change as business expands. However, secondary offices may need to be opened. If the number of shareholders becomes higher than 50, the LLC must convert to a JSC.

EXIT STRATEGY

File dissolution documents with the appropriate Trade Registry.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

The annual financial statements of the company must be approved by the general meeting of shareholders.

DIRECTOR / OFFICER REQUIREMENTS

Joint stock company (JSC)

Directors can be either legal entities or individuals. Managers must be individuals.

Limited liability company (LLC)

Directors can be either legal entities or individuals.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

The company must have registered headquarters. Relevant documents attesting the right to use the headquarters are required to be submitted with the Trade Registry.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

In certain circumstances, company can use a third-party service provider for headquarters.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Nominee shareholders or directors are not used.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Shareholders: Shareholders are in charge of taking the most important decisions regarding company's business; they have certain rights and duties. General meetings of shareholders approve annual financial statements and appoint the members of the board of directors and the supervisory board, among other things.

Directors: Directors' rights (eg, to manage the company, to represent the company towards third parties, to draft the annual report accompanying the annual/quarterly financial statements of the company and business plan, etc.) are designed in a broad manner in order to allow for flexible management of the company. All such rights must be exercised within the limits set forth by the applicable legislation, the articles of association and the shareholders' resolutions.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Joint stock company (JSC)

Identities of shareholders and directors are publicly disclosed at the Trade Registry. Since there is no obligation for documents regarding transfer of shares to be submitted with the Trade Registry, the information available at the Trade Registry may not be entirely accurate with regards to the company's shareholding structure.

Limited liability company (LLC)

Identities of shareholders and directors are publicly disclosed at the Trade Registry.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Joint stock company (JSC)

Shareholders: Minimum 2; no maximum limit

Directors: If the company is managed in one-tier system: minimum 1; no maximum limit, but it should always be an odd number
If the company is managed in two-tier system: Executive board: minimum 1; no maximum limit, but it should always be an odd number

Supervisory board: minimum 3; maximum 11

Limited liability company (LLC)

Shareholders: Minimum 1; maximum 50 Directors: Minimum 1; no maximum limit

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Joint stock company (JSC)

Minimum 2 Limited liability company (LLC) Minimum 1, subject to restrictions: A person cannot be sole shareholder in more than one LLC and An LLC cannot have as sole shareholder another LLC with sole shareholder

REMOVAL OF DIRECTORS OR OFFICERS

Joint stock company (JSC)

Members of the board of directors/supervisory board can be revoked by the general meeting of shareholders; members of executive board can be revoked by the supervisory board.

Limited liability company (LLC)

Directors can be revoked by the general meeting of shareholders.

REQUIRED AND OPTIONAL OFFICERS

Joint stock company (JSC)

Three censors and an alternate, unless a higher number is provided by the articles of association (odd number required). Upon the fulfilment of certain conditions, appointment of financial auditors becomes mandatory.

Limited liability company (LLC)

Over 15 shareholders, appointment of one or more censors is mandatory. Upon the fulfilment of certain conditions, appointment of financial auditors becomes mandatory.

BOARD MEETING REQUIREMENTS

Joint stock company (JSC) Board of directors/supervisory board shall meet every three months. Limited liability company (LLC) Directors are not required by law to form a board of directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Joint stock company (JSC)

Quorum requirements for shareholders' meeting

Ordinary general meeting of shareholders:

At least 1/4 of the total number of voting rights at the first convening

No quorum requirements at second convening

Extraordinary general meeting of shareholders:

At least 1/4 of the total number of voting rights at first convening

At least 1/5 of the total number of the voting rights at second convening

Voting requirements of shareholders' meeting

Ordinary general meeting of shareholders:

Majority of the expressed votes at both first and second convening

Extraordinary general meeting of shareholders

Majority of votes of present/represented shareholders at both first and second convening

Certain decisions require a higher voting threshold (eg, at least 2/3 of the voting rights in case of change of the main business object, the increase/decrease of the share capital, etc.)

In certain cases, articles of association may deviate from quorum and voting legal requirements.

Quorum requirements for the board of directors meeting:

At least 1/2 of the total number of members, unless the articles of association provide for a higher number

Voting requirements of board for directors meeting:

Vote of majority of the present members

Limited liability company (LLC)

Quorum requirements of shareholders' meeting

Depend on the voting requirements.

Voting requirements of shareholders' meeting

As a rule, a double majority is required by law (ie, absolute majority of shareholders and shares), unless otherwise provided by the articles of association, at first convening; simple majority applies at second convening. Unless otherwise provided, unanimity is required for amending the articles of association.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

From a practical perspective, yes.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Joint stock company (JSC)

A JSC managed in the two-tier system is under the obligation of financial audit. Subject to meeting certain thresholds, financial audit may become mandatory to a JSC managed in the one-tier system.

Limited liability company (LLC)

Subject to meeting certain thresholds, financial audit may become mandatory.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Joint stock company (JSC)

Minimum nominal value per share amounts to RON 0.1

Limited liability company (LLC)

Minimum nominal value per share amounts to RON 10

INCREASING OF CAPITALIZATION IF NEEDED

The share capital may be increased by issue of new shares or increase of the share's nominal value. New shares may be issued in exchange for contribution in cash/in kind, by incorporating the company's reserves (if possible) or by offsetting certain receivables.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Depending on the sector of the company activities, specific requirements may apply.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Joint stock company (JSC)

Nominal shares are generally transferred through a statement made in the shareholders' registry signed by the assignor and the assignee.

Limited liability company (LLC)

Shares may be transferred to third parties following a two-step procedure with the observance of a 30-day opposition

period.

OBTAINING A NAME AND NAMING REQUIREMENTS

Name reservation is required. To the extent the name will include attributes such as "national," "Romanian" or derivatives thereof and/or words specific to central or local public authorities and institutions, prior approval of competent authorities is required.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Depending on the sector of the company activities, specific requirements may apply.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Joint stock company (JSC)

Amendment of the articles of association is subject to approval by the extraordinary shareholders' meeting.

Limited liability company (LLC)

Amendment of the articles of association is subject to approval by the shareholders' meeting.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Various permits may be required depending on the specificities of activities to be performed by the company.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not frequently used in practice. Same rules apply to transfer of shares.

RUSSIA



FORM OF ENTITY

Joint-stock company (public and non-public)

A commercial organization the charter capital of which is divided into a definite number of shares. Shares qualify as securities in the meaning of Russian law.

The shareholders of the company are not liable for the obligations of the company and bear the risk of losses in connection with the company's activity within the cost of shares in their possession.

Managed by the general shareholders' meeting (the highest governing body of the company) which is responsible for major decisions regarding the company – amending the charter, reorganization and liquidation, distribution of profit, approving annual reports and some deals etc.; by the executive body (managing director or managing director and directorate) which is responsible for day-to-day activities of the company and by the board of directors, which is responsible for overseeing the general affairs of the company.

The company may also opt to have two or more managing directors who may act separately or jointly. In a company with less than 50 shareholders the charter of the company may provide that the functions of the board of directors of the company shall be carried out by the general shareholders' meeting.

Limited liability company

A commercial organization the charter capital of which is divided into participatory interests. Participatory interests do not qualify as securities in the meaning of Russian law. The company members are not liable for the obligations of the company and bear the risk of losses in connection with the company's activity within the cost of the contributions they have made.

Managed by the general members' meeting (the highest management body of the company) which is responsible for major decisions regarding the company – amending the charter, reorganization and liquidation, approving annual reports etc., by the executive body (managing director or managing director and directorate) which is responsible for day-to-day activities of the company and, in some cases, by the board of directors, which is responsible for overseeing the general affairs of the company. The company may also opt to have two or more managing directors who may act

separately or jointly.

ENTITY SET UP

Public joint-stock company

Unlimited number of shareholders

Generally no personal liability of the shareholders

Typical documents include: charter; regulations; board resolutions; resolutions of the general shareholders' meetings

General shareholders' meeting is the highest management body; Board of Directors (obligatory when 50+ shareholders) exercises overall management of the company; Sole Executive Body (management board) responsible for day-to-day management, and

The shares are freely transferable. It is prohibited to establish the company's or its shareholders' pre-emptive right (or more correctly the right of first refusal) to acquire shares alienated by the shareholders of the company.

Non-public joint-stock company

Generally no personal liability of the shareholders

Typical documents include: charter; Board resolutions (if any); resolutions of the general shareholders' meetings

General shareholders' meeting is the highest management body;

Board of Directors (if any) exercises overall management of the company;

Sole Executive Body (management board) responsible for day-to-day management

Non-public joint-stock company may not conduct open subscription for shares or otherwise offer them for acquisition to an unlimited number of people, and

The company's shareholders enjoy the pre-emptive right to purchase shares offered to be sold by other shareholders in the company at a price offered to a third party and in proportion to the number of the shares held by each of them unless another procedure is provided for by the company's charter.

Limited liability company (LLC)

Up to 50 members

Generally no personal liability of the members

Typical documents include: charter; Board resolutions (if any); resolutions of the general shareholders' meetings

Members have the right to sell its participatory interest in the charter capital or a part thereof to one or several members of this company. No consent shall be required from the company or other members of the company to do so unless otherwise stipulated by the company's charter. The company's members have the pre-emptive right to acquire participatory interest(s) from other participants; waiver from the pre-emptive right is allowed.

MINIMUM CAPITAL REQUIREMENT

Joint-stock company (public and non-public)

For a public joint-stock company: 100,000 Russian rubles. For a non-public joint-stock company; 10,000 Russian rubles.

Limited liability company

There is a minimum of 10,000 Russian rubles.

LEGAL LIABILITY

Joint-stock company (public and non-public)

Shareholders of a company are generally not liable for the debts of a company aside from their financial contribution to the company.

Limited liability company

The members in a company are generally not liable for the debts of a company aside from their financial contribution to the company.

TAX PRESENCE

Joint-stock company (public and non-public)

A company is taxed at two levels. First the company pays profits tax on its corporate income; then the company distributes dividends to shareholders and withholds the income tax on those dividends (where paid in cash) acting as a tax agent. Certain tax exemptions are available.

Limited liability company

A company is taxed at two levels. First the company pays profits tax on its corporate income; then the company distributes profits to members and withholds the income tax on those profits (where paid in cash) acting as a tax agent. Certain tax exemptions are available.

INCORPORATION PROCESS

Joint-stock company (public and non-public)

Filing of a set of documents, including the application for the state registration, resolution on incorporation, the charter with an appropriate registration authority (local tax inspectorate). Registration of the issue of shares with the Central Bank of Russia and payment of the charter capital.

Limited liability company

Filing a set of documents including the application for the state registration, resolution on incorporation, the charter with the appropriate registration authority with the local tax inspectorate. Payment of the charter capital.

BUSINESS RECOGNITION

Joint-stock company (public and non-public)

Public joint-stock company – mainly used for the large companies. Non-public joint-stock company – not so widely used in comparison with the limited liability companies, as the procedure for incorporation is more complicated.

Limited liability company

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Joint-stock company (public and non-public)

It is required to hold an annual shareholders' meeting.

Limited liability company

It is required to hold an annual members' meeting.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Joint-stock company (public and non-public)

The procedure for convening and conducting of board meetings is determined by the charter of the company and an internal regulations of the company.

Limited liability company

The procedure for the convocation and conducting of board meetings is determined by the charter of the company.

ANNUAL COMPANY TAX RETURNS

Joint-stock company (public and non-public)

Must file quarterly and annually tax returns with tax authorities. Limited liability company Must file quarterly and

annually tax returns with tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Joint-stock company (public and non-public)

State registration of incorporation of a company and registration of the share issuance are required.

Limited liability company

State registration of the company is required.

BUSINESS EXPANSION

Joint-stock company (public and non-public)

Public joint-stock company and non-public joint-stock companies – no need to change as business expands.

Limited liability company

If the company intends to enter the stock market or when the number of members exceeds 50 it should be converted to a joint-stock company.

EXIT STRATEGY

Joint-stock company (public and non-public)

Complicated, bureaucratic and usually a lengthy procedure (from 4 months up to a few years), requiring filing of a set of documents with the appropriate registration authority, publication of the information on liquidation in the media, settlements with creditors and reconciliation with the tax authorities.

Limited liability company

Complicated, bureaucratic and usually a lengthy procedure (from 4 months up to a few years) requiring filing of a set of documents with the appropriate registration authority, publication of the information on liquidation in the media, settlements with creditors and reconciliation with the tax authorities.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Joint-stock company (public and non-public)

Annual general shareholders' meeting. Limited liability company Annual general members' meeting.

DIRECTOR / OFFICER REQUIREMENTS

Joint-stock company (public and non-public)

Board of directors is required (the charter of the company with less than 50 shareholders may provide that the functions of the board of directors shall be carried out by the general shareholders' meeting); executive body (sole or sole and collective) is required; internal auditor (or auditing commission) is required. Limited liability company Executive body (sole or sole and collective) is required, internal auditor/audit commission is required in a company with more than 15 members. The company's charter may provide for the formation of a board of directors.

LOCAL CORPORATE SECRETARY REQUIREMENT

Joint-stock company (public and non-public)

Not applicable. Limited liability company Not applicable.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Joint-stock company (public and non-public)

None beyond the officers required for conducting business.

Limited liability company

None beyond the required officers required for conducting business.

LOCAL OFFICE LEASE REQUIREMENT

Joint-stock company (public and non-public)

Premises are required to be used as a registered legal address of the company, where a sole executive body is supposed to be sitting.

Limited liability company

Premises are required to be used as a registered legal address of the company, where a sole executive body is supposed to be sitting.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Joint-stock company (public and non-public)

None beyond the officers required for conducting business.

Limited liability company

None beyond the officers required for conducting business.

SUFFICIENCY OF VIRTUAL OFFICE

Joint-stock company (public and non-public)

Not sufficient.

Limited liability company

Not sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Joint-stock company (public and non-public)

Leased or owned premises are required. Can be provided by third-party service provider.

Limited liability company

Leased or owned premises are required. Can be provided by third-party service provider.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Joint-stock company (public and non-public)

A commonly used practice applied by multinationals is to avoid outsourcing. However, local director or corporate secretary outsourcing is not restricted by Russian law and is at times practiced in relation to small and medium-sized businesses.

Limited liability company

A commonly used practice applied by multinationals is to avoid outsourcing.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Joint-stock company (public and non-public)

None. Though work permit is required for foreign employees (officers, sole executive body). Special requirements for foreign participation in certain types of businesses to be considered (banking, insurance, strategically important sectors etc).

Limited liability company

Special requirements for foreign participation in certain types of businesses to be considered (banking, insurance, strategically important sectors etc).

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Joint-stock company (public and non-public)

Not applicable. Russian law does not recognize the concept of nominee shareholder or nominee directors.

Limited liability company

Not applicable. Russian law does not recognize the concept of nominee shareholder or nominee directors.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF**Joint-stock company (public and non-public)**

General shareholders' meeting (the highest management body of the company) is responsible for major decisions regarding the company – amending the charter, reorganization and liquidation, approving annual reports and some deals, and other decisions provided for by the charter. Members of the board of directors are elected by the shareholders. The competence of the board of directors is determined by the law and the charter of the company (responsible for overseeing the general affairs of the company). In a company with less than 50 shareholders the charter of the company may provide that the functions of the board of directors of the company shall be carried out by the general shareholders' meeting. The sole executive body (managing director or managing director and directorate) is responsible for day-to-day activities of the company.

Limited liability company

General members' meeting (the highest management body of the company) is responsible for major decisions regarding the company – amending the charter, reorganization and liquidation, increasing and decreasing the charter capital, approving annual reports and some deals, and other decisions provided for by the charter.

The charter of the company may provide for the formation of the board of directors whose members are elected by the members. The competence of the board of directors is determined by the law and the charter of the company (responsible for overseeing the general affairs of the company). The sole executive body (managing director or managing director and directorate) is responsible for day-to-day activities of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS**Joint-stock company (public and non-public)**

Identity of the sole executive body (managing director) is publicly disclosed; generally, identity of shareholders is not publicly disclosed. Public joint-stock company should disclose a list of its affiliated persons among other information which may contain information on the company's shareholders.

Limited liability company

Identity of the sole executive body (managing director) and identity of members are publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS**Joint-stock company (public and non-public)**

Public and non-public joint-stock companies: minimum one shareholder, and no maximum number.

The board of directors: minimum five members.

For a company with more than one thousand shareholders: minimum seven members.

For a company with more than ten thousand shareholders: minimum nine members. The law does not establish a maximum number of directors.

Limited liability company

Minimum one, maximum 50 members.

No special requirements regarding the directors.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED**Joint-stock company (public and non-public)**

One shareholder is sufficient.

A company cannot have another company having one shareholder/participant as a sole founder (shareholder) unless otherwise provided for by the federal law.

Limited liability company

One member is sufficient. A company cannot have another company having one shareholder/member as a sole founder (shareholder).

REMOVAL OF DIRECTORS OR OFFICERS

Joint-stock company (public and non-public)

Removal of the sole executive body – anytime by a resolution of the general shareholders' meeting (or board of directors, if such resolutions are within the competence of the board of directors).

Limited liability company

Removal of the sole executive body – anytime by a resolution of the general members' meeting or a resolution of the board of directors if this falls within the competence of the board of directors according to the company's charter.

REQUIRED AND OPTIONAL OFFICERS

Joint-stock company (public and non-public)

Typically an executive body (sole, or sole and collective) and internal auditor (or audit commission) are required.

Limited liability company

Typically an executive body (sole or collective) is required. An internal auditor (or audit commission) is required in a company with more than 15 members.

BOARD MEETING REQUIREMENTS

Joint-stock company (public and non-public)

The procedure for convening and conducting of board meetings is determined by the charter of the company and internal regulations of the company (if adopted).

Limited liability company

The procedure for convening and conducting of board meetings is determined by the charter of the company and internal regulations of the company (if adopted).

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Joint-stock company (public and non-public)

Normally, general shareholders' meeting: more than 50% of votes. Board of directors: not less than 50% of elected members.

Limited liability company

General members' meeting: no direct requirements. However most of decisions shall be taken by a majority of votes of the company's members. Some decisions shall be taken by a two-third majority of votes of the company's members or by all members of a company unanimously.

Board of directors: no special requirements.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Joint-stock company (public and non-public)

Not necessary in order to incorporate a company, but usually recommended. A local bank account must be opened immediately post-incorporation in order for shares to be paid up, to pay taxes and carry on business activities (to pay salaries, to pay lease, etc).

Limited liability company

Not necessary in order to incorporate a company, but usually recommended. A local bank account must be opened immediately post-incorporation in order to pay taxes and carry on business activities (to pay salaries, to pay lease, etc).

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Joint-stock company (public and non-public)

An external audit is obligatory in cases provided for by the Federal Law "On auditing activities". The requirements to the auditor are stipulated by the federal law. The company's books must be always kept (or made immediately available to the tax authorities) at the registered address of the company.

Limited liability company

An external audit is obligatory in cases provided for by the Federal Law "On auditing activities". The requirements to the auditor are stipulated by the federal law. The company's books must be kept (or made immediately available to the taxing authorities) at the registered address of the company.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Joint-stock company (public and non-public)

The par value of all common shares of the company must be equal. The par value of the preferred shares must not exceed 25% of the charter capital of the company.

Limited liability company

Not applicable.

INCREASING OF CAPITALIZATION IF NEEDED

Joint-stock company (public and non-public)

The charter capital of a company may be increased by increasing the nominal value of its shares or by issuing additional shares. The decision to increase the charter capital of a company by increasing the nominal value of shares must be taken by a general shareholders' meeting. The decision to increase the charter capital of a company by issuing additional shares must be taken by a general shareholders' meeting or the board of directors of a company if such resolutions are within its competence in accordance with the charter of the company.

Limited liability company

The charter capital of a company may be increased by means of the company's assets and/or by means of additional contributions by its members, unless it is prohibited by the company's charter, by means of the contributions of third entities/persons to be accepted into the company. The resolution on increase of the charter capital shall be made by a general members' meeting.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Joint-stock company (public and non-public)

Funds can be repatriated abroad from Russia via dividends, buy-back of shares or decrease of the charter capital.

Limited liability company

Funds can be repatriated abroad from Russia via distribution of profits or decrease of the charter capital (in the latter case the charter should provide for the return of cash in the event of redemption).

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Joint-stock company (public and non-public)

Shares in a public joint-stock company are freely transferable; it is prohibited to establish the company's or its shareholders' pre-emptive right to acquire shares alienated by shareholders of the company. A non-public joint-stock

company may not conduct open subscription for shares or otherwise offer them for acquisition to an unlimited number of people.

The company's shareholders enjoy the pre-emptive right to purchase shares offered to be sold by the other shareholders in the company at a price offered to a third party and in proportion to the number of the shares held by each of them unless other procedure is provided in the company's charter.

The charter may provide for the company's pre-emptive right to purchase shares sold by its shareholders if the shareholders did not use their pre-emptive right.

Limited liability company

The company's members shall have the right to sell or alienate in any other way its participatory interest or a part thereof to one or several members of this company. No consent shall be required from the company or other members of the company for making such a transaction unless otherwise stipulated by the company's charter.

The company's members enjoy the pre-emptive right to buy the participatory interest or a part of the share of the company's member at the price offered to a third person or at the price other than the price offered to a third person and fixed in advance by the company's charter in proportion to the size of their participatory interest, unless the company's charter stipulates a different procedure for the exercise of this right.

OBTAINING A NAME AND NAMING REQUIREMENTS

Joint-stock company (public and non-public)

The company must have a full company name and can have a short company name. In the event of public joint-stock company, the full company name must contain an indication that the company is public.

Limited liability company

The company must have a full company name and can have a short company name. The company name shall include the words 'limited liability company'.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Joint-stock company (public and non-public)

Typically not required, though legal service providers may have their own KYC documents to be completed.

Limited liability company

Typically not required, though legal service providers may have their own KYC documents to be completed.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Joint-stock company (public and non-public)

Generally, a decision has to be taken by the general shareholders' meeting ($\frac{3}{4}$ majority vote), except for the cases provided for in the law and in the charter.

Limited liability company

By the general members' meeting of (generally majority vote), except for the cases provided for in the law and in the charter

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Joint-stock company (public and non-public) ‘

Only certain types of activities require license.

Limited liability company

Only certain types of activities require license.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Joint-stock company (public and non-public)

Highly not recommended and is not a wide-spread practice due to unclear business history (filings, taxation issues and possible “hidden” debts).

Limited liability company

Highly not recommended and is not a wide-spread practice due to unclear business history (filings, taxation issues and possible “hidden” debts).

SAUDI ARABIA



FORM OF ENTITY

Limited liability company

A limited liability company is a popular corporate vehicle among foreign investors in Saudi Arabia. The personal liability for each of the partners/shareholders is limited to the individual partner's contribution to the company's share capital.

ENTITY SET UP

Limited liability company (LLC)

LLC is one of the most common forms of legal entity chosen by foreign investors in the Kingdom of Saudi Arabia (KSA)

Establishing an LLC is a multistep process. Incorporating an LLC may take several months from the date of submission of application to the Saudi Arabia General Investment Authority (SAGIA)

The Ministry of Commerce and Investment (MOCI) subsequently issues a commercial registration certificate before the LLC is considered fully registered in KSA. After the incorporation, various governmental files and documents must be applied for in order for the LLC to be fully operational. This post-incorporation phase can take a couple to several months. Branch of a foreign company

Foreign investors may also choose to establish a branch instead of an LLC to do business in the KSA

A branch operates on behalf of the parent company (foreign registered company) and has no separate legal existence in KSA

Registration of a branch in relation to issuance of the foreign investment license by SAGIA and the commercial registration certificate by MOCI follows the same general procedure as that of an LLC. Incorporation of a branch may take several months from the date of submission of application to SAGIA (subject to any delays caused by government authorities)

The parent company of the branch has liability for the branch's activities that it undertakes in KSA

The paid-up capital for a branch does not confer limitation of liability as compared to an LLC. The capital in a branch

simply serves as a security for the Saudi market and With regard to tax and a number of other matters, a permanent branch is treated in the same manner as a 100% foreign-owned LLC

After the registration, various governmental files and documents must be applied for in order for the branch to be fully operational. This post-registration phase can take a couple to several months For future consideration, please note that an LLC can add shareholders if the company intends to expand in KSA. On the other hand, a branch cannot add shareholders as it is an extension of its foreign parent company.

MINIMUM CAPITAL REQUIREMENT

Limited liability company

Although there is no statutory minimum capital requirement, in practice, SAGIA requires foreign LLCs to have a capital of at least SAR 500,000. In certain types of activities, specific minimum capital is prescribed by SAGIA:

Service/property investment project value SAR 30 million

Service/property financing projects SAR 200 million with 40% Saudi shareholding

Service/transport SAR 500,000

Contracting: SAR 500,000 (but have revenue/asset value requirements)

Commercial (with minimum 25% Saudi partner): SAR 7 million and a minimum contribution from the foreign shareholder of SAR 20 million Commercial (100% foreign):

SAR 30 million and commitment to invest at least SAR 200 million over the first five years

LEGAL LIABILITY

Limited liability company

Shareholders of an LLC are generally not liable for the debts of a corporation aside from their financial contribution to the corporation. Certain circumstances may pierce this limitation of liability.

TAX PRESENCE

Limited liability company

As of January 1, 2018, 5% value-added tax (VAT) has been introduced on most goods and services.

INCORPORATION PROCESS

Limited liability company

Foreign investors are required to obtain a foreign investment license from SAGIA and then complete the incorporation process at MOCI and other government departments. Incorporation process also includes notarization of the company's articles of association at the local notary public in Saudi Arabia. Specific licenses are required for certain activities.

BUSINESS RECOGNITION

Limited liability company

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company

Required to hold at least one annual meeting for LLCs within four months after the closing date of the financial year of the LLC.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company

There is no requirement for a board of directors or with regard to the nationality of directors. The company may be managed by a General Manager or by a Board of Directors. If a board of directors is formed, there is no requirement

for frequency of meetings.

ANNUAL COMPANY TAX RETURNS

Limited liability company

Required to annually file tax returns at the General Authority of Taxes and Zakat.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company

LLCs have to renew their foreign investment license issued by SAGIA and their commercial registration certificate issued by MOCI upon expiry, and renew subscription to chamber of commerce annually.

BUSINESS EXPANSION

Limited liability company

An LLC cannot have more than 50 shareholders, in which case it will have to be converted into a joint-stock company.

EXIT STRATEGY

Limited liability company

Appointment of a liquidator either from shareholders or third parties to carryout dissolution.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company

A shareholder meeting shall be convened at least once a year. Managers of the company shall prepare company's financial statements, a report on its operations and financial position, and their proposal for appropriation of net profits within three months from the end of the financial year (Report). The managers shall also be prepared to submit a copy of their report to MOCI within one month of the date of preparation of the Report.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company

Shareholders may appoint a manager, executive managers and/or a board of directors.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company

No local corporate secretary requirement.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company

None beyond the required managers or directors.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company

A local office lease and local address is required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company

A virtual office is not sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

Registered address must be an address where the office is leased by the company.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

Use of local law firm for incorporation is common. Companies usually conduct their own secretarial functions once established.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company

The general manager needs to be a resident in the KSA. Directors are not required to be nationals or residents.

There are specific requirements regarding the nationality of shareholders in certain activities such as:

Trading activities:

Saudi partner to own at least 25% of shareholding (unless the foreign investor meets the qualification to set-up a 100% foreign owned trading company)

Services/transport

Saudi shareholding requirements – bus 30% / metro 25% Property financing projects 40% Communications value added – 30% Saudi shareholding requirement Insurance and reinsurance – 40% Saudi shareholding requirement Engineering design and professional consultancy: Saudi partner to own at least 25% of shareholding There are certain types of activities that are reserved for Saudi nationals only. The list is issued by SAGIA and amended from time to time.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company

Restrictions apply as described in Nationality or residency requirements.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company

Directors are appointed by shareholders, either in the company's Articles of Association or a separate contract. Directors have the required authority to run day-to-day operations to the extent granted to them by the shareholders in a shareholders resolution or the Articles of Association.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company

There is no requirement to publicly disclose the identity of directors and shareholders.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company

At least one shareholder is required in an LLC pursuant to the new Companies Law (effective as on May 2, 2016). Previously, a minimum of two shareholders were required to set up an LLC.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company Directors:

There is no minimum or maximum requirement.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company

Company may remove directors appointed in the Articles of Association or a separate contract without prejudice to the officers' right to compensation if required.

REQUIRED AND OPTIONAL OFFICERS

Limited liability company

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Limited liability company

If a board of directors was formed, requirements will be as provided in the Articles of Association of the company.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company

Quorum requirements will be as provided in the Articles of Association of the company.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company

Opening a local bank account to deposit the capital is a requirement for incorporation.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company

Company's accounts must be audited by an auditor licensed to operate in KSA.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company Shares have to be equal in value.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company

Effectuated by amending the Articles of Association and the SAGIA license. A unanimous consent of shareholders is required.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company

Funds to be taken as dividends, subject to statutory requirements to maintain a reserve, and local tax.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company

There is a statutory right of first refusal on the transfer of shares to parties other than the shareholders.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company

LLC should have "limited liability" at the end of its name, which shall be derived from its purpose. The proposed name must be approved by MOCI.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company

Not required by law.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company

Amendments have to be approved by a majority of shareholders representing at least 3/4 of the capital. However, amending the company's nationality and increasing shareholders financial obligations need a unanimous vote from all shareholders.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company

Foreign companies or companies with foreign shareholders must obtain a license from SAGIA. Certain types of activities require specific licensing from the relevant government departments. For example, pharmaceutical companies require a license from the Saudi Food and Drug Association.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company

Shelf companies are not common in Saudi Arabia due to the difficulty and time consuming purchasing process.

SINGAPORE



FORM OF ENTITY

Limited liability company

Separate and distinct legal entity with limited liability for its members.

The business of a company shall be managed by, or under the direction or supervision of, a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the company.

Appointment of directors is generally left to the company's constitution (Constitution) as the Companies Act (Chapter 50 of Singapore) (CA) does not prescribe the manner in which directors are to be appointed and they are typically nominated by the shareholders of the company.

Favorable one tier corporate taxation regime proves to be advantageous to shareholders.

ENTITY SET UP

Limited liability company

Separate legal entity

A company with a share capital may be incorporated as a private company if its constitution contains a limitation on the number of shareholders to not more than 50 members and provides for restrictions on the right to transfer its shares whereas a public company (ie, a company which is not a private company) can have more than 50 members and its Constitution need not provide for similar share transfer restrictions

Limited liability for the shareholders, though in exceptional circumstances a court may lift the corporate veil and look up to the members of the company which may result in personal liability

One tier tax system; taxed on its profits at a corporate level and dividends are distributed to shareholders tax free

Typical charter document is company's constitution

The business of the company is managed by and under the board of directors who may exercise all powers of the company except any powers reserved for the members in general meeting by the CA or its constitution.

Ownership and management of a private company can be separated though we note that in some cases, a member of a

private company may also be a director in the same company Shareholders subscribe and or purchase shares in the company.

Shares can come in the form of different classes such as ordinary or preference shares

MINIMUM CAPITAL REQUIREMENT

Limited liability company

The minimum paid up capital requirement is one dollar in the currency of the shareholder's choice unless a higher capital requirement is prescribed in a required license.

LEGAL LIABILITY

Limited liability company

The liability of the members to contribute to the debts of the company is limited to the amount that they contributed to the company's capital. However in certain special circumstances, Singapore courts may lift the corporate veil to find personal liability on the part of the member.

TAX PRESENCE

Limited liability company

A company is resident for Singapore tax purposes if it is managed and controlled in Singapore. In practice, the Inland Revenue Authority of Singapore (IRAS) considers a company managed and controlled in Singapore if the board of directors meetings where strategic decisions are made are held in Singapore.

INCORPORATION PROCESS

Limited liability company

Incorporating a company involves:

First obtaining approval for the name of the company (and reserving the name) by way of online application to the Accounting and Corporate Regulatory Authority (ACRA) via BizFile. Once the name application/reservation has been approved, an online application must be submitted via Bizfile setting out details of inter alia, the registered address, share capital, shareholders, directors and company secretary (if applicable) of the company alongside a copy of the company's constitution, and together with the payment of prescribed fees.

Each director and company secretary is required to execute a Form 45 and a Form 45B, respectively, prior to being appointed

Applying for approvals and licenses from other governmental agencies, if necessary It is highlighted that there are stringent "know your client" requirements that must be complied with prior to incorporation.

BUSINESS RECOGNITION

Limited liability company

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company

A public listed **company** can hold its annual general meeting within four months after its financial year end and file the annual return within five months after its financial year end. A private listed company can hold its annual general meeting within six months after its financial year end and file the annual return within seven months after its financial year end.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company

No requirements unless stated under the company's constitution, but generally a minimum of once a year.

ANNUAL COMPANY TAX RETURNS

Limited liability company

All companies need to submit corporate income tax forms to Inland Revenue Authority of Singapore (IRAS) every year:

Estimated Chargeable Income (ECI) within three months from the company's financial year end except for companies that qualify for the administrative concession and entities that are specifically not required to file ECI Corporate Income Tax Returns, commonly known as Form C-S or Form C, by November 30 (for paper filing) and December 15 (for e-filing) of each year.

A dormant company must still submit its income tax return unless it has been granted a waiver by the IRAS. For filing of Form C, a company must also submit a complete set of audited accounts (unless the corporation is exempt from the audit requirement) which are accompanied by the directors' report and statement by directors, a tax computation with supporting schedules and relevant claim forms, if applicable and any other documents to be retained and submitted to IRAS upon request.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company

Required to submit an annual return and their annual accounts to the ACRA and annual corporate tax return to the IRAS. However, if a company is an exempt private company that is solvent or a dormant company, they can make the appropriate declarations online instead of submitting their annual accounts. In addition, a dormant company may be exempted by IRAS from the need to submit its Income Tax Return (Form C) if it has been granted such a waiver.

BUSINESS EXPANSION

Limited liability company No need to change as business expands although we recommend that the company updates the Singapore Standard Industrial Classification (SSIC) code of the company with the ACRA if there is a change in the company's business activities. This will ensure that the business activities of the company are updated accordingly with the ACRA.

EXIT STRATEGY

Limited liability company

A Singapore company may be dissolved by striking off, winding up compulsorily by the courts or voluntarily by its members or creditors.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company

Appointment of auditor and auditing of financial statements (if no exemption is available); maintaining accounting records and accounts, holding annual general meetings; filing annual returns with ACRA and tax returns with IRAS. Maintenance of statutory registers as required under the CA.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company

At least one director who is ordinarily resident in Singapore (which means that the director's usual place of residence is in Singapore and a local residential address is required).

Persons who may fulfill such criteria may include a Singapore citizen, Singapore permanent resident, an EntrePass holder or an Employment Pass holder. Any person above the age of 18 years old can be a director of a company.

There is no maximum age limit for a director. However, certain individuals (eg bankrupts and or persons convicted of offences involving fraud or dishonesty) are disqualified from holding director positions.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company

Every company must appoint a company secretary within six months from its incorporation. The company secretary must be residing locally in Singapore, and they must not be the sole director of the company. For public companies,

the secretary will need to fulfill certain eligibility criteria under the CA. The office of company secretary may not be left vacant for more than six months at any time.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company

None required for incorporation.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company

A company incorporated in Singapore must have a registered office in Singapore. DLA Piper Singapore can arrange for a local registered address of a corporate secretarial agent that communications may be sent to for an annual fee.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company

Foreigners who do not have a SingPass or CorpPass must engage a registered filing agent (eg, law firm, accounting firm or corporate secretarial firm) to submit the online application on their behalf. Local residents can choose to self-register the company.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company

Sufficient for incorporation so long as the company has a registered office as set out in Local office lease requirement.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

May be obtained from law firms or third party service providers subject to certain criteria.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company

May be obtained from law firms or third party service providers subject to certain criteria.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company

Shareholders:

None.

Directors: Minimum requirement of one director who is ordinarily resident in Singapore.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company

Please see Director requirements.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company

Directors are typically nominated by the shareholders and are the highest authority in the management of the corporation. They govern the organization by establishing broad policies and objectives unless otherwise required by the CA or the constitution of the company.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company Identity of directors, shareholders and company secretary are publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company

There is a minimum number of one shareholder. For private companies, the number of shareholders should not be more than 50 (counting joint holders of shares as one person and not counting any person in the employment of the company or of its subsidiary or any person who while previously in the employment of the company or of its subsidiary was and thereafter has continued to be a member of the company). For directors, the minimum number of directors required is one person, who is locally resident and there is no maximum unless otherwise stated in the Constitution.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company

Depends on the company's constitution. Typically for private companies and subject to the company's constitution, directors can be removed by the passing of an ordinary resolution of the shareholders at a general meeting. For public companies, the CA provides that shareholders may by ordinary resolution remove a director before the expiration of their period of office, notwithstanding anything in its constitution or in any agreement between it and the director but, where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders the resolution to remove them shall not take effect until their successor has been appointed.

REQUIRED AND OPTIONAL OFFICERS

Limited liability company

Required:

one local resident director or nominee director, auditor (unless exempted) and secretary.

Optional: Managing Director and Chief Executive Officer.

BOARD MEETING REQUIREMENTS

Limited liability company

None under the CA and is typically set out under the constitution.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company

At any general meeting, the company's constitution may specify a quorum. If the quorum is not stated, any two members personally present at the meeting are enough to form the quorum unless the company has only one member in which case such member is sufficient. In addition shareholders may also pass circular resolutions if permitted under the constitution.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company

Not necessary for incorporation. Upon successful registration a corporate account can be opened with any major Singapore bank.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company

Companies which are dormant or companies which are considered small companies (as defined under the CA) are exempt from appointing auditors. In all other cases, the audited accounts of the company must be presented at the company's Annual General Meeting and the auditor must be one that is approved under the Accountants Act (Chapter two of Singapore).

The small company audit exemption is applicable if a Singapore company (which is a private company throughout the financial year in question) is able to satisfy two of the following three criteria for each of the two financial years immediately preceding the financial year:

Total revenue for each financial year is less than or equal to SGD10 million

Total assets for each financial year is less than or equal to SGD10 million and

Total employees as at the end of each financial year is are fewer than or equal to 50

The above criteria must be fulfilled in respect of the entire group (including the parent company) on a consolidated basis for the immediate two consecutive financial years if the Singapore company is part of a group. Usually the accounts are kept at the registered office of the company, but the directors can decide to keep them at a different place as they see fit by way of a resolution of the board of directors, and shall at all times be open to inspection by the directors.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company

In Singapore, shares of a company have no par value or nominal value.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company Share capital can be increased any time after incorporation.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company

No restriction on the free entry and repatriation of funds, subject to any anti-money laundering laws.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company

Subject to any restrictions of share transfers in the constitution, a shareholder of the company may sell or transfer their shares to others. Such transfer is completed after a directors' resolution of the company, transferor and transferee (if applicable) is passed, the share transfer form is executed, any applicable stamp duty is paid, notice of transfer of shares/list of shareholders is filed with ACRA and the electronic register of members (for private companies) is updated.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company

An application for approval of name change has to be obtained from ACRA and a special resolution has to be passed in favor of the name change at an Extraordinary General Meeting or by circular resolution of the shareholders. The name change is effective upon the receipt of the notice of incorporation of company under the new name evidencing the filing of this resolution with ACRA. The new name should not be identical to another, undesirable or contain restricted words.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company

Legal service providers are required to complete stringent KYC procedures which includes identifying ultimate beneficial individual owners of shares and verifying the residential addresses of directors.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company

A special resolution is required to be passed (being a resolution passed with not less than 75% of members present and voting and entitled to vote) for amending the Constitution of the company.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company

Licenses are required for certain specified groups, which include banking, insurance, financial services, consumer credit related services and employment and maid agencies.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company

Shelf companies may be purchased from third party service providers though this is uncommon in Singapore.

SOUTH AFRICA



FORM OF ENTITY

There are different types of for-profit entities to conduct business in South Africa. The most used ones are as follows:

Private company

Public company

External company

Sole proprietor

Trust Partnership

ENTITY SET UP

Private company

A private company is a non-state owned company. Its memorandum of incorporation (MOI) prohibits any share-offering to the public and restricts transfer of its shares. A private company is a separate legal entity which is owned by shareholders with limited liability. There must be at least one shareholder.

Relationship between shareholders and company is regulated by the company's MOI and may be further regulated by a shareholders agreement. A private company is required to have at least one director. A director of a private company can be held liable in the following instances:

In terms of principles of common law relating to delicts for any loss, damage or costs sustained by the company as a consequence of any breach by a director of a duty of care, skill and diligence

In terms of those sections of the Companies Act 71 of 2008 (Companies Act) which provide for director's liability or

In terms of any provision of the company's MOI which provides for director's liability

When compared to a public company, a private company is subject to limited accountability and transparency requirements. For example, a private company is not required to prepare audited financial statements. A private company must every year lodge its annual returns with the Companies and Intellectual Property Commission (CIPC) every year and must have a registered physical address in South Africa.

Public company

A public company is a non-state owned company, a private company or a personal liability company. It is a requirement for a public company to be audited and the audited financial statements must be lodged with the CIPC. Depending on the size of the company, it might also be required to have an Audit Committee and a Social and Ethics Committee. A public company must have at least three directors. The circumstances under which a director of a public company could be held liable are the same as that of a private company. The circumstances under which a director of a public company could be held liable are the same as that of a private company.

External company (branch office)

A foreign company that doesn't want to incorporate a subsidiary in South Africa may set up a branch office or an external company in terms of the Companies Act. A foreign company may register as an external company with the CIPC within twenty business days after it first begins to conduct business, or non-profit activities in South Africa.

A foreign company will be regarded as conducting business in South Africa if it is either:

A party to one or more employment contracts in South Africa or Engaging in conduct or a pattern of activities in South Africa over a period of at least six months, that would lead a person to reasonably conclude that the company intended to continually engage in business activities in South Africa

To effect registration with the CIPC, the company will need to submit its foreign constitution and certificate of registration. It is not required for a company to set up a local board of directors but there must be at least one person present in South Africa.

An external company must lodge its annual returns with the CIPC every year, and must also have a registered physical address in South Africa.

MINIMUM CAPITAL REQUIREMENT

There are generally no minimum share capital requirements in South Africa; however, the laws of certain industries such as insurance and banking do impose minimum capital requirements. Companies can be formed with nominal share capital and funding can be provided by way of cash, assets or services subject to exchange control requirements in case of foreign investment.

LEGAL LIABILITY

Private company

A private company is recognized as a separate legal entity from its shareholders. Claims which arise out of any activities conducted by the company are the liability of that company. Liability of a shareholder in a private company is limited to that shareholder's capital contribution.

Public company

A public company is recognized as a separate legal entity from its shareholders. Claims which arise out of any activities conducted by the company are the liability of that company. Shareholders cannot be held accountable.

External company

An external company is seen as the same legal entity as the foreign company, therefore any debts of an external company will be the debts of a foreign company.

TAX PRESENCE

Private companies and public companies

Private and public companies must register as taxpayers with the South African Revenue Service. All South African resident companies are expected to pay Corporate Income Tax (CIT) on the income generated worldwide, while non-resident companies are taxed only on their income which is sourced in South Africa. Current CIT rate is 28%. There is a tax on dividends. It is withheld by the South African resident companies when paying out dividends to shareholders.

Current tax rate for dividends is 20% on the dividends declared and paid by companies, subject to treaty relief. Companies are required to pay Capital Gains Tax on their net capital gains for the year at an effective rate of 22.4% and other exemptions. It is mandatory for any business to register for Value-Added Tax (VAT) with the South African

Revenue Service if its taxable supplies in any 12-month period exceeds R1 million or when it has a contractual obligation in writing to make supplies of R1 million in a 12-month period.

A business may also choose to voluntarily register for VAT if the value of taxable supplies made or to be made is less than R1 million, but has exceeded R50 000 in the past 12 months. The VAT rate is currently 15%.

External companies

If an external company retains its effective management offshore, it will be considered a non-resident and therefore will only be charged CIT on South African sourced income. Dividends' tax is not imposed on any profits remitted offshore. Same VAT requirements for private and public companies apply to an external company.

INCORPORATION PROCESS

Private companies and public companies

Private and public companies are required to be registered with the Companies and Intellectual Property Commission (CIPC). In order to register a new company with the CIPC, a corporate name needs to be reserved for a company. Once the name has been reserved, the company can be registered if the company has a Memorandum of Incorporation (MOI) and provides all other relevant supporting documents to the CIPC.

External company

Registration of an external company must be done manually with the CIPC, and a certified copy of the company's founding documents as well as a certificate of incorporation must be submitted along with other relevant supporting documents.

BUSINESS RECOGNITION

Private company

Well regarded and most widely used.

Public company

Well regarded and widely used.

External company

Well regarded and widely used. This is the most appropriate structure for foreign companies wishing to expand their business into South Africa.

SHAREHOLDER MEETING REQUIREMENTS

A private company is not required to hold an AGM, although it may choose to do so in terms of the MOI. A private company must hold a shareholders meeting whenever the Companies Act or the company's MOI requires it to do so (for example, to appoint or remove directors or to approve a fundamental transaction).

A private company must call a shareholders meeting when one or more shareholders deliver written and signed demands to the company, which must:

Describe the specific purpose for which the meeting is proposed and In aggregate, demands for substantially the same purpose are made and signed by the holders, as of the earliest time specified in any of those demands, of at least 10% (or a lower percentage specified in the company's MOI) of the voting rights entitled to be exercised in relation to the matter proposed, to be considered at the meeting

Public company

A public company must call a shareholders meeting whenever the Companies Act or the company's MOI requires it to do so and if it receives demands from shareholders as described above. A public company must convene an AGM initially no more than 18 months after its date of incorporation and thereafter once in every calendar year, but not more than 15 months after the date of previous AGM.

The AGM agenda must at a minimum provide for the following business of the company to be transacted:

The presentation of the directors and audit committee reports The presentation of the audited financial statements for

the immediately preceding financial year

The election of directors, as required by law and the MOI The appointment of the auditors and the audit committee
Any matters raised by shareholders, regardless of whether advance notice of the topic has been given

External company

Shareholder meetings and an AGM are not a requirement for external companies.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private and public companies

A director authorized by the board of a company may call a meeting of the board at any time

A board meeting must be called if required to do so by at least 25% of directors when the board has 12 members or more. In any other case two directors would suffice A company's MOI can specify a higher or lower percentage or number as a requirement for calling a board meeting

A company must keep minutes of the board meetings and include any declaration given by notice or made by a director and every resolution adopted by the board External company If there are no directors who are locally appointed then an external company is not required to have directors meetings.

ANNUAL COMPANY TAX RETURNS

Corporate income tax

South African tax resident companies are taxed on their world-wide income, whilst non-resident companies are taxed on income derived from a source in South Africa. In either instance the applicable corporate tax rate is 28%. Under the Income Tax Act, 1962 every taxable business is required to register with SARS as a taxpayer.

Every registered taxpayer is required to submit an income tax return in a prescribed form 12 months after the end of its financial year. Returns can be submitted electronically via e-filing or manually at a SARS branch where the taxpayer is registered. Tax on assessment Payment of tax upon an assessment notice issued by SARS must be done within the period specified in such notice.

BUSINESS REGISTRATION FILING REQUIREMENTS

Private company

Private companies need to be registered with the CIPC. This application is done online and must be accompanied by:

Certified identity document or passport of the applicant

Certified copies of the identity documents or passports of the directors and incorporators

The name confirmation certificate (COR9.4) if you reserved a name

Memorandum of Incorporation (MOI):

Standard or Customized (CIPC's CoR 15.1

A form provides a standard MOI. Customized MOI's cannot be done online, and would have to be done manually)

CoR14.1

(Notice of Incorporation)

CoR14.1 Annexure A (Initial Directors of the Company)

For ring-fencing, submission of the CoR14.1 Annexure C (Notice of Ring Fencing Provisions) is required A power of attorney (if applicable) and For trust or company/juristic person as an incorporator, the resolution and certified copy of an identity document or passport copy of the duly authorized representative must be attached

Public company

Public companies must be registered with the CIPC. Registration is done manually and must be accompanied by the following forms which are available on the CIPC website:

CoR14.1 (Notice of Incorporation)

CoR14.1A (Initial Directors of the Company)

CoR14.1 Annexure D (Notice of Company Appointments - it is mandatory to appoint an auditor, audit committee members and a company secretary)

You may impose restrictions on the management and ownership of the company in respect of any of the alterable provisions of the MOI. In order to ring-fence provisions, you need to submit CoR14.1 Annexure C (Notice of Ring Fencing Provisions) CoR15.1B (Long Standard Form for Profit Companies) or draft your own MOI. It is advisable to retain the services of a legal professional for this and

The supporting documents to be submitted are:

Confirmation notice of name reservation - CoR9.4 (if you have reserved a name)

Certified copy of applicant's identity document or passport

Certified copy of all incorporators and director's identity documents or passports and Power of attorney (if applicable)

External company

External companies are required to register with the CIPC. The registration is done online and must be accompanied by the following forms which are available on the CIPC website:

CoR20.1A (Notice of Registration of an External Company)

CoR21.2 (Notice of Person Authorised/Authorized to Accept Service)

Attach a certified copy of the company's founding documents and a certificate of incorporation or comparable document. These supporting documents must be translated if the original is not in an official South African language

Certified copy of an identity document or passport of the applicant

Certified copy of an identity document or passport of all incorporators, director and representative and A power of attorney (if applicable)

BUSINESS EXPANSION

Entities are able to pursue their own business expansion strategies.

EXIT STRATEGY

Private and public companies

Private and public companies can be deregistered by the CIPC either by way of its own application, or through the request from a third party when a company has:

Ceased to carry on business and

Has no assets or, because of the inadequacy of its assets, there is no reasonable probability of the company being liquidated

At least 50% of the directors of a company requesting its own deregistration must sign the request letter. If the company's annual returns are outstanding for more than two successive years or if the CIPC believes that the company has been inactive for seven years, it would, upon request of a third party or a company which did not meet the 50% directors support threshold deregister the company. The company would also have to provide a tax certificate to prove that it does not have any outstanding tax liabilities.

External company

An external company is not considered to be a company under the Companies Act and therefore cannot apply to CIPC for deregistration. To deregister an external company an application may be made to the Companies Tribunal. Upon receipt of an application, a member of the Tribunal is empowered to make an "administrative order that is appropriate and reasonable in the circumstances."

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

All companies are required to maintain their company records. A company must at all times have a copy of its MOI and any amendments or alterations to it, as well as any rules that apply to the company in terms of its MOI.

The company is also required to keep a register of its shares and its company secretary and auditor.

All companies are required to keep accurate and complete accounting records, which must be kept and be accessible at the company's registered office.

All companies are required to lodge their annual returns with CIPC every year. Public companies must file audited financial statements every year.

DIRECTOR / OFFICER REQUIREMENTS

Private company

It is required that a private company have at least one director.

Public company

It is required that a public company have at least three directors.

External company

Not applicable for this jurisdiction.

LOCAL CORPORATE SECRETARY REQUIREMENT

Private company

Not applicable for this jurisdiction.

Public company

Public companies are required to appoint a company secretary who must be a permanent resident of South Africa and must remain a resident while serving as company secretary.

External company

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Every company must continuously maintain a registered office in South Africa.

SUFFICIENCY OF VIRTUAL OFFICE

Sufficient for all companies.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

These services are provided by some law firms and there are third party service providers who offer company secretarial services.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

These services are provided by some law firms and there are third party service providers who offer company secretarial services.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

There are no nationality or residency requirements; however, the fact that the directors or shareholders of the company are not residents of South Africa must be declared.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Not applicable for this jurisdiction.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private company

Directors: minimum of one, no maximum

Shareholders: minimum of one, no maximum

Public company

Directors: minimum of three, no maximum

Shareholders: minimum of one, no maximum

External company

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Private and public companies

A director may be removed by an ordinary resolution adopted at a shareholders meeting after giving the relevant director notice of such meeting and affording the director an opportunity to make representation.

External Company

Not applicable for this jurisdiction.

REQUIRED AND OPTIONAL OFFICERS

Limited company (Yuhan Hoesa)

A limited company may have one or more statutory auditors.

BOARD MEETING REQUIREMENTS

Private and public companies

A director who is authorized by the board of the company, may call a meeting of the board at any time and must call such a meeting if required to do so by at least 25% of the directors if there are more than 12 directors or if required to do so by two directors in any other case.

A majority of directors must be present at the meeting before a vote may be called.

A company must keep minutes of all board meetings.

External company

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

To commence a shareholders meeting, there must be a sufficient number of shareholders present to exercise at least 25% of the voting rights entitled to be exercised in respect to at least one matter to be decided at the meeting.

A matter to be decided at the shareholders meeting cannot be considered unless a sufficient number of shareholders is present at the meeting. At least 25% of all voting rights that are entitled to exercise on a matter that is called on the agenda must be present.

A company's MOI may specify a lower or higher quorum requirement for a shareholders' meeting. Subject to a different threshold having been set in the company's MOI, a shareholders' meeting of a company with more than two shareholders cannot commence until at least three shareholders attend.

For an ordinary resolution to be approved by shareholders, it must be supported by more than 50% of the voting rights exercised. For a special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised.

If the attendance requirement for the meeting is not met within one hour after the meeting is scheduled to begin, the meeting must be postponed for one week. At the postponed meeting, the shareholders present at the meeting in person or by proxy are deemed to be a quorum.

The quorum requirement for a Board meeting is the majority of directors, unless the company's MOI states otherwise.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

No requirement to open a bank account when registering a company in South Africa.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Private company

A private company is only required to appoint an auditor if this is a requirement in terms of the company's MOI.

Public company

A public company is obliged to appoint an auditor. External company An external company is obliged to appoint an auditor only in relation to the income statement of a branch in South Africa

REQUIREMENT REGARDING PAR VALUE OF STOCK

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private and Public companies

Exchange control South African resident companies, and to a limited extent non-residents, are required to comply with South Africa's Exchange Control regulations, imposed by the South African Reserve Bank (SARB). These regulations also apply to the transfer of profits to non-residents.

Where a private / public company is required to be audited (in terms of the South African Companies legislation), funds can be repatriated freely from South Africa on presentation of copies of the relevant documentation to the company's Authorized Dealer (being the commercial bankers) (eg, auditor's certificate confirming distribution is made from earned profits).

Where a private / public company is not required to be audited profits may be remitted on presentation of inter alia copies of the Annual Financial Statements as prepared by the accounting officer.

A resolution of the board may also be required and should state that profits have been declared remitted from earned

profits as a dividend distribution or redemption.

Before funds can be repatriated, a company must liaise with its commercial bank to ensure all formal requirements for remittance are met.

If the company's balance sheet reflects a "loan" owed to the holding company, then the relevant Exchange Control principles are applied.

External Company

Exchange control

A branch is also defined as South African "resident" for Exchange Control purposes and is therefore required to comply with South Africa's Exchange Control regulations imposed by the South African Reserve Bank (SARB).

Where a branch is required to be audited (in terms of the South African Companies legislation), profits may be remitted freely from South Africa on presentation of copies of the relevant documentation to the branch's Authorized Dealer (being the commercial bankers) (eg, auditor's certificate confirming distribution is made from earned profits).

Where a branch is not required to be audited, profits may be remitted on presentation of inter alia copies of the Annual Financial Statements as prepared by the accounting officer.

A resolution of the board may also be required and should state that profits have been declared remitted from earned profits.

Before profits are remitted, a branch must liaise with its commercial bank to ensure all formal requirements for remittance are met.

If the company's balance sheet reflects a "loan" owed to the holding company, then the relevant Exchange Control principles are applied.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private company

A private company's MOI may place limitations on the transferability of shares. Private company shares may not be offered to the public.

Public company

Public company shares are freely transferrable. External company Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

All companies in South Africa, if they wish to reserve a name, may do so by submitting proposed names to the CIPC. The name may not be the same as that of another company, be considered propaganda for war, incitement of violence nor advocate hatred.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Joint-stock company (Jusik Hoesa)

The bank may require information regarding the member or the shareholder information of the shareholder and supporting documents for its KYC process and Korean banking law compliance purposes (eg, shareholders registry of the shareholder). The information required by the bank is subject to the bank's internal policy and may differ among banks.

Limited company (Yuhan Hoesa)

The bank may require information regarding the member or the shareholder information of the member and supporting documents for its KYC process and Korean banking law compliance purposes (eg, shareholders registry of the member). The information required by the bank is subject to the bank's internal policy and may differ among banks.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private and public companies

A company's MOI may be amended in compliance with a court order or if a special resolution to amend the MOI has been proposed by the board or shareholders. This will also depend on what is prescribed by the company's MOI regarding amendments.

External company

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Most licenses are industry specific rather than company structure specific. A company conducting certain business activities in South Africa (for example construction, electronic communications, energy, financial services, mining, real estate and activities impacting environment) may require licenses or other forms of authorization. Industry specific laws and regulations apply to companies operating within certain industries (eg, the Banks Act and Financial Advisory and Intermediary Services Act).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies are available for purchase in South Africa.

SOUTH KOREA



FORM OF ENTITY

Joint-stock company (Jusik Hoesa)

Separate and distinct entity.

General meeting of shareholders is the ultimate decision-making body and determines the fundamental matters regarding the company's structure and management specified under the Korean Commercial Code (KCC) or the company's articles of incorporation (AOI)

Board of directors, which is comprised of directors who are elected at the general meeting of shareholders, decides important matters related to daily operations of the company not specially reserved for determination by the general meeting of shareholders under the KCC or the AOI

Representative director or executive officer, who is elected by the board of directors, is the administrative arm responsible for implementing the decisions of the general meeting of shareholders and board of directors with the authority to bind the company, and

Statutory auditor(s) supervise(s) the management of the company's business and audits the company's accounts

Limited company (Yuhan Hoesa)

Separate and distinct entity

General meeting of members is the ultimate decision-making body and determines fundamental matters regarding the company's structure and management

Directors elected at the general meeting of members decide important matters related to daily operations of the company not specially reserved for determination by the general meeting of members by a majority vote.

Director (in case a limited company has only one director) or representative director elected at the general meeting of members (in case a limited company has two or more directors) is the administrative arm responsible for implementing the decisions of the general meeting of members and directors with the authority to bind the company, and Statutory auditor(s) (if any) supervise(s) the management of the company's business and audits the company's

accounts

ENTITY SET UP

Joint-stock company (Jusik Hoesa)

Unlimited number of shareholders

Generally no personal liability of the shareholders outside of their financial contribution in the form of purchased shares

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include:

articles of incorporation; share certificates;

and shareholders' registry Board of directors decides important matters related to daily operations and the representative director or executive officer has authority to make decisions binding the company

Shareholders purchase shares in the company, either common or preferred, and

An external audit is required for: Publicly listed companies, or companies that will be publicly listed within that fiscal year or the following fiscal year

Joint-stock companies with total assets or annual sales revenue of at least KRW 50 billion, or Joint-stock companies that meet three or more of the following thresholds:

Total assets of at least KRW 12 billion

Total debt of at least KRW 7 billion Total annual sales revenue of at least KRW 10 billion At least 100 employees

Limited company (Yuhan Hoesa)

Unlimited number of members allowed

Generally no personal liability of the members outside of their financial contribution in the form of purchased units

Taxed on its earnings at a corporate level and members are taxed on any distributed dividends

Typical charter documents include: articles of incorporation, unit certificates, and members' registry

Directors decide important matters related to daily operations and director (in case a limited company has one director) or representative director who is elected at the general meeting of members (in case a limited company has two or more directors) has authority to bind the company

Members purchase units in the company, but only one class of units is allowed

An external audit is required for limited companies with total assets or annual sales revenue of at least KRW 50 billion, or limited companies that meet three or more of the following thresholds

Total assets of at least KRW 12 billion Total debt of at least KRW 7 billion

Total annual sales revenue of at least KRW 10 billion At least 100 employees

At least 50 members Branch

A foreign company intending to directly engage in business in Korea may appoint a representative in Korea and establish a branch in Korea with the following conditions:

Not a separate and distinct entity; unlike other separate and distinct entities, legal liabilities extend to the foreign company (head office)

Taxed on its domestic source income in Korea at a branch level; must file tax returns with tax office within three months after the end of each fiscal year

Establishment process: report to foreign exchange bank; court registration; business registration is required

Representative in Korea has authority to bind the branch; identity of the representative in Korea is publicly disclosed,

and

Net income can be remitted abroad from Korea after closing of accounts for each fiscal year; however, funds remitted to a branch as operating funds cannot be repatriated abroad from Korea until liquidation of the branch is completed

MINIMUM CAPITAL REQUIREMENT

Joint-stock company (Jusik Hoesa)

Except for certain businesses that require additional licenses, no minimum capital requirement; however, in case of a foreign investor, at least KRW100 million is required for each foreign investor to be qualified for benefits under the Foreign Investment Promotion Law (the FIPL).

Limited company (Yuhan Hoesa)

Except for certain businesses that require additional licenses, there is no minimum capital requirement; however, in the case of a foreign investor, at least KRW100 million required for each foreign investor to be qualified for benefits under the FIPL.

LEGAL LIABILITY

Joint-stock company (Jusik Hoesa)

Shareholders of a company are generally not liable for the debts of a company aside from their financial contribution to the company in the form of purchased shares.

Limited company (Yuhan Hoesa)

Members of a company are generally not liable for the debts of a company aside from their financial contribution to the company in the form of purchased units.

TAX PRESENCE

Joint-stock company (Jusik Hoesa)

A joint-stock company pays corporate tax on its corporate income and distributes profits to shareholders who then pay income tax on those dividends.

Limited company (Yuhan Hoesa)

A limited company pays corporate tax on its corporate income and distributes profits to members who then pay income tax on those dividends.

INCORPORATION PROCESS

Joint-stock company (Jusik Hoesa)

Obtain foreign investment authorization under the FIPL (in case of a foreign investor); comply with certain statutorily required incorporation procedures; court registration; registration as a "foreign invested enterprise" under the FIPL (in case of a foreign investor).

Limited company (Yuhan Hoesa)

Obtain foreign investment authorization under the FIPL (in case of foreign investor); comply with certain statutorily required incorporation procedures; court registration; registration as a "foreign invested enterprise" under the FIPL (in case of foreign investor).

BUSINESS RECOGNITION

Joint-stock company (Jusik Hoesa)

Generally used by large-sized companies.

Limited company (Yuhan Hoesa)

Generally used by small and medium-sized companies; often used by individuals operating small family-owned business.

SHAREHOLDER MEETING REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Required to hold a general meeting of shareholders for each fiscal year.

Limited company (Yuhan Hoesa)

Required to hold a general meeting of members for each fiscal year.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Each director is obligated to report the performance of business at the board of directors' meeting that must occur at least once in March. However, the foregoing obligation does not apply to the directors of a joint-stock company with a paid-in capital of less than KRW 1 billion because such companies are not obligated to establish a board of directors. A resolution of the board of directors is required to hold a general meeting of shareholders.

Limited company (Yuhan Hoesa)

Board of directors is **not** a required organization, but may be established.

ANNUAL COMPANY TAX RETURNS

Joint-stock company (Jusik Hoesa)

Must file annual tax returns with tax office within three months after the end of each fiscal year. Limited company (Yuhan Hoesa) Must file annual tax returns with tax office within three months after the end of each fiscal year.

BUSINESS REGISTRATION FILING REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Business registration with tax office is required within 20 days after the commencement of business.

Limited company (Yuhan Hoesa)

Business registration with tax office is required within 20 days after commencement of business.

BUSINESS EXPANSION

Joint-stock company (Jusik Hoesa)

Required to amend articles of incorporation (addition of new business objectives) and make court registration thereof.

Limited company (Yuhan Hoesa)

Required to amend articles of incorporation (addition of new business objectives) and make court registration thereof.

EXIT STRATEGY

Joint-stock company (Jusik Hoesa)

Comply with certain statutorily required dissolution and liquidation procedures; file dissolution and liquidation documents with the court.

Limited company (Yuhan Hoesa)

Comply with certain statutorily required dissolution and liquidation procedures; file dissolution and liquidation documents with the court.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Joint-stock company (Jusik Hoesa)

General meeting of shareholders for each fiscal year.

Limited company (Yuhan Hoesa)

General meeting of members for each fiscal year.

DIRECTOR / OFFICER REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Representative director, directors and statutory auditor are required (a joint stock company with a paid-in capital of less than KRW 1 billion is not required to have a board of directors or a statutory auditor).

Limited company (Yuhan Hoesa)

One or more directors are required; in case a limited company has two or more directors, representative director is required.

LOCAL CORPORATE SECRETARY REQUIREMENT

Joint-stock company (Jusik Hoesa)

None.

Limited company (Yuhan Hoesa)

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Joint-stock company (Jusik Hoesa)

None beyond the required directors and officers.

Limited company (Yuhan Hoesa)

None beyond the required directors and officers.

LOCAL OFFICE LEASE REQUIREMENT

Joint-stock company (Jusik Hoesa)

Required for business registration.

Limited company (Yuhan Hoesa)

Required for business registration.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Actual premises is necessary for business registration.

Limited company (Yuhan Hoesa)

Actual premises is necessary for business registration.

SUFFICIENCY OF VIRTUAL OFFICE

Joint-stock company (Jusik Hoesa)

Not sufficient for business registration.

Limited company (Yuhan Hoesa)

Not sufficient for business registration.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Joint-stock company (Jusik Hoesa)

None.

Limited company (Yuhan Hoesa)

None.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Joint-stock company (Jusik Hoesa)

None.

Limited company (Yuhan Hoesa)

None.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Joint-stock company (Jusik Hoesa)

None.

Limited company (Yuhan Hoesa)

None.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Joint-stock company (Jusik Hoesa)

None.

It should be noted that if a shareholder appoints a nominee shareholder to be the formal shareholder listed on the shareholder registry, only the nominee shareholder, and not the actual shareholder, have the right to exercise the rights as a shareholder.

Limited company (Yuhan Hoesa)

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Joint-stock company (Jusik Hoesa)

General meeting of shareholders is the ultimate decision-making body that determines fundamental matters regarding the company's structure and management, pursuant to the commercial code or the company's articles of incorporation

Board of directors, which is comprised of directors who are elected at the general meeting of shareholders, determines important matters related to daily operations of the company not specially reserved to be determined by the general meeting of shareholders, pursuant to the commercial code or the company's articles of incorporation

Representative director or executive officer, who is elected by board of directors, is the administrative arm responsible for implementing the decisions of the general meeting of shareholders and board of directors with the authority to bind the company

Statutory auditor(s) supervise(s) the management of the company's business and audits the company's accounts

Limited company (Yuhan Hoesa)

General meeting of members is the ultimate decision-making body which determines fundamental matters

Directors, who are elected at the general meeting of members, decide important matters related to daily operations of the company not specially reserved for determination by the general meeting of members by a majority vote

Director (in case a limited company has one director) or representative director who is elected at the general meeting of members (in case a limited company has two or more directors) is the administrative arm responsible for implementing the decisions of the general meeting of members and directors with authority to bind the company

Statutory auditor(s) (if any) supervise(s) the management of the company's business and audits the company's accounts

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Joint-stock company (Jusik Hoesa)

Identity of representative director (or executive officer), directors and statutory auditors is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly disclosed to non-shareholders.

Limited company (Yuhan Hoesa)

Identity of representative director (if any), directors and statutory auditors (if any) is publicly disclosed; identity of members is not publicly disclosed to non-members.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS**Joint-stock company (Jusik Hoesa)**

There must be a minimum of one shareholder, and there is no maximum number. For directors, there must be a minimum of three directors, and there is no maximum number; companies whose total paid-in capital is less than KRW1 billion may elect only one or two directors.

Limited company (Yuhan Hoesa)

There must be a minimum of one member, and there is no maximum number. For directors, there must be a minimum of one director, and there is no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED**Joint-stock company (Jusik Hoesa)**

One shareholder is sufficient.

Limited company (Yuhan Hoesa)

One member is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS**Joint-stock company (Jusik Hoesa)**

Removal of a director or statutory auditor requires a special resolution of the general meeting of shareholders (see Quorum requirements for shareholder and board meetings for quorum requirements for a special resolution). Removal of the representative director requires a resolution of the board of directors. However, if the company intends to dismiss the representative director from the director position as well, it would require a special resolution of the general meeting of shareholders.

Limited company (Yuhan Hoesa)

Removal of director and statutory auditor (if any) requires a special resolution of the general meeting of members (see Quorum requirements for shareholder and board meetings for quorum requirements for a special resolution).

REQUIRED AND OPTIONAL OFFICERS**Joint-stock company (Jusik Hoesa)**

A joint-stock company is required to appoint a statutory auditor (or compose an auditing committee), unless the paid-in capital of the company is less than KRW 1 billion.

Limited company (Yuhan Hoesa)

A limited company is **not** required, but may appoint one or more statutory auditor(s).

BOARD MEETING REQUIREMENTS**Joint-stock company (Jusik Hoesa)**

No board of directors meeting requirements; however, a resolution of board of directors is required to hold the general meeting of shareholders. Written resolutions in lieu of a board of directors meeting are prohibited.

Limited company (Yuhan Hoesa)

Board of directors is not a required organization.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Joint-stock company (Jusik Hoesa)

For a general meeting of shareholders, an ordinary resolution must be adopted by a majority of the votes of the shareholders present at the meeting and 1/4 or more of the total number of the shares issued and outstanding; a special resolution (required for certain decisions specified in the commercial code, such as the transfer of all or an important part of the company's business) must be adopted by 3/4 or more of the votes of the shareholders present at the meeting and 1/3 or more of the total number of shares issued and outstanding.

For board of directors meeting, resolutions must be adopted by the presence of a majority of the directors in office and the affirmative votes of a majority of directors present at the meeting.

Limited company (Yuhan Hoesa)

For a general meeting of members, an ordinary resolution must be adopted by presence of members holding a majority of votes and by majority of the votes present at the meeting; a special resolution (required for decisions specified in the commercial code, such as the transfer of all or an important part of the company's business) must be adopted by majority of all the members and 3/4 or more of the total votes held by all the members. If a limited company has two or more directors, directors shall make their decisions by a majority vote of the directors.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Joint-stock company (Jusik Hoesa)

Opening a bank account is not permitted prior to incorporation.

Limited company (Yuhan Hoesa)

Opening a bank account is not permitted prior to incorporation.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Joint-stock company (Jusik Hoesa)

An external audit is required for:

Publicly listed companies, or companies that will be publicly listed within that fiscal year or the following fiscal year

Joint-stock companies with total assets or annual sales revenue of at least KRW50 billion or Joint-stock companies that meet two or more of the following thresholds

Total assets of at least KRW12 billion

Total debt of at least KRW7 billion

Total annual sales revenue of at least KRW10 billion

At least 100 employees

An external auditor should be licensed in local jurisdiction. Company's books should be kept with the company.

Limited company (Yuhan Hoesa)

An external audit is required for:

Limited companies with total assets or annual sales revenue of at least KRW50 billion, or Limited companies that meet three or more of the following thresholds:

Total assets of at least KRW12 billion

Total debt of at least KRW7 billion

Total annual sales revenue of at least KRW10 billion

At least 100 employees At least 50 members

Companies that changed their corporate structure from a joint-stock company to a limited company after November 1, 2019 are subject to the external audit conditions that are applicable to joint-stock companies for five years after registering their change of corporate structure.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Joint-stock company (Jusik Hoesa)

Minimum capital per share is KRW100; shares without par value may be issued, in which case shares with par value cannot be issued. Limited company (Yuhan Hoesa) Minimum capital per unit is KRW100.

INCREASING OF CAPITALIZATION IF NEEDED

Joint-stock company (Jusik Hoesa)

Permitted without amendment of articles of incorporation if increase is within the amount of authorized capital stipulated in the articles of incorporation; if in excess of authorized capital, amendment of articles of incorporation is required which requires a special resolution of the general meeting of shareholders (see Quorum Requirements for Shareholder and Board Meetings for quorum requirements for a special resolution). In both cases, unless the company's articles of incorporation designate the general meeting of shareholders as having the authority of authorization, authorization of board of directors and court registration is required.

Limited company (Yuhan Hoesa)

Effectuated by amending articles of incorporation which requires special resolution of the general meeting of members (see Quorum Requirements for Shareholder and Board Meetings for quorum requirements for a special resolution); court registration is required.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Joint-stock company (Jusik Hoesa)

Funds can be repatriated abroad from Korea via dividends or redemption; however, in case of a foreign investor, maintaining an investment of at least KRW100 million for each foreign investor is required to be qualified for benefits under the FIPL.

Limited company (Yuhan Hoesa)

Funds can be repatriated abroad from Korea via dividends or redemption; however, in case of a foreign investor, maintaining an investment of at least KRW100 million within Korea for each foreign investor is required to be qualified for benefits under the FIPL.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Joint-stock company (Jusik Hoesa)

Shares are freely transferrable; however, articles of incorporation may provide that transfer of shares is subject to approval from the board of directors.

Limited company (Yuhan Hoesa)

Units are freely transferrable unless otherwise provided in articles of incorporation.

OBTAINING A NAME AND NAMING REQUIREMENTS

Joint-stock company (Jusik Hoesa)

Registration of a trade name may be restricted within a given district if a corporation with the same trade name (in Korean) is already registered within such district.

Limited company (Yuhan Hoesa)

Registration of a trade name may be restricted within a given district if a corporation with the same trade name (in Korean) is already registered within such district.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Joint-stock company (Jusik Hoesa)

The bank may require information regarding the member or the shareholder information of the shareholder and supporting documents for its KYC process and Korean banking law compliance purposes (eg, shareholders registry of the shareholder). The information required by the bank is subject to the bank's internal policy and may differ among banks.

Limited company (Yuhan Hoesa)

The bank may require information regarding the member or the shareholder information of the member and supporting documents for its KYC process and Korean banking law compliance purposes (eg, shareholders registry of the member). The information required by the bank is subject to the bank's internal policy and may differ among banks.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT**Joint-stock company (Jusik Hoesa)**

Amendment of articles of incorporation requires a special resolution of the general meeting of shareholders (see Quorum requirements for shareholder and board meetings for quorum requirements for a special resolution).

Limited company (Yuhan Hoesa)

Amendment of articles of incorporation requires a special resolution of the general meeting of members (see Quorum requirements for shareholder and board meetings for quorum requirements for a special resolution).

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION**Joint-stock company (Jusik Hoesa)**

No license is required for incorporation; however, specific license or registration may be required to conduct business in particular business sectors. The types of business license or required registration will depend on the nature and actual features of the intended businesses.

Limited company (Yuhan Hoesa)

No license is required for incorporation; however, specific license or registration may be required to conduct business in particular business sectors. The types of business license or required registration will depend on the nature and actual features of the intended businesses.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY**Joint-stock company (Jusik Hoesa)**

Shelf companies can be purchased from a third party by purchasing shares in such shelf companies. Limited company (Yuhan Hoesa) Shelf companies can be purchased from a third party by purchasing units in such shelf companies.

SPAIN



FORM OF ENTITY

Branch (Sucursal)

Secondary establishment, subordinated to a headquarters, with permanent representation and a certain degree of autonomy, through which the principal company's business is totally or partially carried out. The board of directors of the headquarters will be competent to determine the creation of a branch as well as its cancellation or change of location.

Limited liability company (Sociedad Limitada)

Separate and distinct legal entity.

Managed by a board of directors, a sole director, joint directors or joint and several directors.

Board of directors (or the relevant directors if there is no board) is responsible for making business decisions and overseeing the affairs of a company.

Directors are appointed by shareholders of a company. Executive committee and managing directors are only appointed if there is a board of directors that requires delegation of board powers.

Joint-stock company (Sociedad Anónima)

Separate and distinct legal entity.

Managed by a board of directors, a sole director, joint directors or joint and several directors. Board of directors (or relevant directors if there is no board) is responsible for making business decisions and overseeing the affairs of a company.

Directors are elected by shareholders of a company.

Executive committee and managing directors are only appointed if there is a board by its directors and require delegation of board powers.

ENTITY SET UP

Branch (Sucursal)

Secondary establishment that is subordinated to the principal one economically and legally

Autonomy to operate with its own organization different from the principal establishment

Without legal personality (ie, branches are not a separate legal entity)

Permanent activity

Total or partial conduction of the principal establishment's activity

Branches are taxed under the general provisions of the Corporate Income Tax. Moreover, if the branch is also a permanent establishment for VAT purposes, quarterly VAT tax returns will need to be filed (as a general rule)

The organizational documents are the principal company's bylaws (estatutos sociales)

Limited liability company (Sociedad Limitada)

Unlimited number of members is allowed

Generally no personal liability of members

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends, although double taxation relief may apply

The organizational documents are the company's own bylaws (estatutos sociales)

Management body has management responsibility. Sole directors, joint directors (if they all sign, administradores mancomunados) and joint and several directors (administradores solidarios) have authority to bind the company. If the company has a board, directors do not have authority to bind the company unless powers are delegated to them.

Powers can be delegated to attorneys

Ordinary shares and preferred shares are possible. Shares are transferable but typically have some restrictions (eg, preferential acquisition rights)

Annual accounts are registered at the Commercial Registry, reporting the economic status of the company

Joint-stock company (Sociedad Anónima)

Unlimited number of shareholders

Generally no personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends, although double taxation relief may apply

The organizational documents are the company's own bylaws (estatutos sociales)

Management body has management responsibility.

Sole directors, several directors (if they all sign, administradores mancomunados) and joint and several directors (administradores solidarios) have authority to bind the company. If the company has a board, directors do not have authority to bind the company unless powers are delegated to them. Powers can be delegated to attorneys

Ordinary shares and preferred shares are possible. Shares are generally freely transferable. Can be listed in a stock market and Annual accounts are registered at the Commercial Registry, reporting the economic status of the company

MINIMUM CAPITAL REQUIREMENT

Branch (Sucursal)

There are no minimum capital (fund allocation) requirements.

Limited liability company (Sociedad Limitada)

Minimum of €3,000.

Joint-stock company (Sociedad Anónima)

Minimum of €60,000.

LEGAL LIABILITY**Branch (Sucursal)**

The liability derived from the branch is part of the headquarters' (principal entity's) legal liability.

Limited liability company (Sociedad Limitada)

Shareholders of a limited liability company are generally not liable for the debts of a company aside from their financial contribution to the company.

Joint-stock company (Sociedad Anónima)

Shareholders of a joint-stock company are generally not liable for the debts of a company aside from their financial contribution to the company.

TAX PRESENCE**Branch (Sucursal)**

Branches are taxed on the profits allocated to the permanent establishment.

Limited liability company (Sociedad Limitada)

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends, although double taxation relief may apply.

Joint-stock company (Sociedad Anónima)

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends, although double taxation relief may apply.

INCORPORATION PROCESS**Branch (Sucursal)**

The opening of a branch must be resolved by the principal company, notarized and registered in the Commercial Registry. Finally, the registration will be published in the Official Gazette of the Commercial Registry.

Limited liability company (Sociedad Limitada)

Company name clearance. Setting up a bank account. Incorporation deed and bylaws. Notarization and registration of the notarial deed in the Commercial Registry.

Joint-stock company (Sociedad Anónima)

Company name clearance. Setting up a bank account. Incorporation deed and bylaws. Notarization and registration of the notarial deed in the Commercial Registry.

BUSINESS RECOGNITION**Branch (Sucursal)**

Well regarded and widely used.

Limited liability company (Sociedad Limitada)

Well regarded and widely used.

Joint-stock company (Sociedad Anónima)

Well regarded and widely used.

SHAREHOLDER MEETING REQUIREMENTS

Branch (Sucursal)

There are no shareholder meetings in branches.

Limited liability company (Sociedad Limitada)

Required to hold annual meeting of shareholders within the first six months of the financial year to vote on certain items, such as approval of the annual accounts and allocation of results / distribution of earnings.

Joint-stock company (Sociedad Anónima)

Required to hold annual meeting of shareholders within the first six months of the financial year to vote on certain items, such as approval of the annual accounts and allocation of results / distribution of earnings.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Branch (Sucursal)

There are no board meetings in branches.

Limited liability company (Sociedad Limitada)

If there is a board, its meetings must be held at least quarterly and otherwise when necessary and duly called.

Joint-stock company (Sociedad Anónima)

If there is a board, its meetings must be held at least quarterly and otherwise when necessary and duly called.

ANNUAL COMPANY TAX RETURNS

Branch (Sucursal) Branches are taxed under the general provisions of the corporate income tax. Moreover, if the branch is also a permanent establishment for VAT purposes, the relevant VAT tax returns will need to be filed.

Limited liability company (Sociedad Limitada)

Companies must annually file a company income tax return with tax authorities. Other periodic returns may be of mandatory filing: VAT, payroll withholding, etc.

Joint-stock company (Sociedad Anónima)

Companies must annually file a company income tax return with tax authorities. Other periodic returns may be of mandatory filing: VAT, payroll withholding, etc.

BUSINESS REGISTRATION FILING REQUIREMENTS

Branch (Sucursal)

Branches in Spain need to be registered in the Commercial Registry and with the Spanish Tax Authorities. A branch will also need a tax identification number (NIF) to be identified as a taxpayer and for VAT purposes. In addition, certain activities or businesses may require specific licenses or registrations in special public registers.

Limited liability company (Sociedad Limitada)

Needs to be registered in the Commercial Registry and with the Spanish Tax Authorities

Will need to obtain a tax identification number (NIF) to be identified as a taxpayer and for VAT purposes

May require specific licenses or registrations in special public registers, if it performs certain activities or businesses

Joint-stock company (Sociedad Anónima)

Needs to be registered in the Commercial Registry and with the Spanish Tax Authorities

Will need to obtain a tax identification number (NIF) to be identified as a taxpayer and for VAT purposes

May require specific licenses or registrations in special public registers, if it performs certain activities or businesses

BUSINESS EXPANSION

Branch (Sucursal)

No need to change as business expands, except for certain special cases such as listing on a stock market.

Limited liability company (Sociedad Limitada)

No need to change as business expands, except for certain special cases such as listing on a stock market, banking activities etc.

Joint-stock company (Sociedad Anónima)

No need to change as business expands.

EXIT STRATEGY**Branch (Sucursal)**

File liquidation documents in the Commercial Registry.

Limited liability company (Sociedad Limitada)

File liquidation documents in the Commercial Registry.

Joint-stock company (Sociedad Anónima)

File liquidation documents in the Commercial Registry.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS**Branch (Sucursal)**

The branch must either file its own accounts in the Commercial Registry (if its accounting is separate from the principal company) or file documents evidencing that the principal company has filed its annual accounts in the relevant jurisdiction (in case of a foreign company).

Limited liability company (Sociedad Limitada)

Annual shareholders' general meeting.

Joint-stock company (Sociedad Anónima)

Annual shareholders' general meeting.

DIRECTOR / OFFICER REQUIREMENTS**Branch (Sucursal)**

A representative for the branch must be appointed from incorporation with a specific delegation of powers.

Limited liability company (Sociedad Limitada)

Directors of limited liability companies (sociedad limitada) may be individuals or corporate bodies and are required. If there is a board, the board must appoint a chairman and a secretary.

Joint-stock company (Sociedad Anónima)

Directors of joint-stock companies may be individuals or corporate bodies and are required. If there is a board, the board must appoint a chairman and a secretary.

LOCAL CORPORATE SECRETARY REQUIREMENT**Branch (Sucursal)**

Not required for branches.

Limited liability company (Sociedad Limitada)

A secretary is mandatory in case of a board of directors but does not need to be a Spanish resident.

Joint-stock company (Sociedad Anónima)

A secretary is mandatory in case of a board of directors but does not need to be a Spanish resident.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable except for branches, which need to have a tax representative in Spain. Said representative will be liable for the branch's tax obligations.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

None. Tax efficiency considerations to be borne in mind.

SUFFICIENCY OF VIRTUAL OFFICE

Registered offices are needed for incorporation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Allowed except for branches (which do not have directors). Provision of local director is possible but uncommon. Provision of local secretary is standard and widely used.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

None. Tax efficiency considerations to be borne in mind for directors and officers.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Branch (Sucursal)

Not applicable for this jurisdiction.

Limited liability company (Sociedad Limitada)

There are some restrictions for a person to be appointed as director (eg, minors, insolvent persons or entities and persons with a criminal record).

Joint-stock company (Sociedad Anónima)

There are some restrictions for a person to be appointed as director (eg, minors, insolvent persons or entities and persons with a criminal record).

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Branch (Sucursal)

A branch does not have directors or shareholders. However, a natural person must be designated as a branch representative (equivalent to a proxy of the principal company) and needs to have a specific delegation of power.

Limited liability company (Sociedad Limitada)

Directors are elected by shareholders, are the highest authority in the management of the company, and manage and run the company. In contrast, empowered attorneys are appointed by the directors, who delegate powers to them.

Joint-stock company (Sociedad Anónima)

Directors are elected by shareholders, are the highest authority in the management of the company, and manage and run the company. In contrast, empowered attorneys are appointed by the directors, who delegate powers to them.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Branch (Sucursal)

A branch does not have directors or shareholders. However, its representative must be registered in the Commercial Registry.

Limited liability company (Sociedad Limitada)

Identity of directors and empowered attorneys with general powers is publicly disclosed.

Joint-stock company (Sociedad Anónima)

Identity of directors and empowered attorneys with general powers is publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Branch (Sucursal)

The branch does not have directors or shareholders.

Limited liability company (Sociedad Limitada)

There must be a minimum of one shareholder, and no maximum number. The board of directors shall not have less than 3 and no more than 12 members. The bylaws may establish the extract or a minimum and maximum number of members for the board of directors. In the latter case the general meeting shall determine the exact number.

Joint-stock company (Sociedad Anónima)

There must be a minimum of one shareholder, and no maximum number. The board of directors shall have no less than 3 members. The bylaws may establish the extract or a minimum and maximum number of members for the board of directors. In the latter case the general meeting shall determine the exact number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Branch (Sucursal)

A branch does not have shareholders.

Limited liability company (Sociedad Limitada)

One shareholder is sufficient.

Joint-stock company (Sociedad Anónima)

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Branch (Sucursal)

Removal of branch representatives is allowed at the principal company's will. Limited liability company (Sociedad Limitada) Removal of directors is allowed by a vote of shareholders at a shareholder general meeting. Joint-stock company (Sociedad Anónima) Removal of directors is allowed by a vote of shareholders at a shareholder general meeting.

REQUIRED AND OPTIONAL OFFICERS

Branch (Sucursal)

A branch does not have officers.

Limited liability company (Sociedad Limitada)

Spanish companies do not have an equivalent of officers, though powers may be delegated to attorneys. Chairman and secretary are required if there is a board; vice-chairman and vice-secretary are allowed and typically used.

Joint-stock company (Sociedad Anónima)

Spanish companies do not have an equivalent of officers, though powers may be delegated to attorneys. Chairman and

secretary are required if there is a board; vice-chairman and vice-secretary are allowed and typically used.

BOARD MEETING REQUIREMENTS

Branch (Sucursal)

A branch does not have board meetings.

Limited liability company (Sociedad Limitada)

Bylaws usually govern most of this. Meetings can be in physical attendance, via written resolutions or others (eg, conference call) if legal requirements are met.

Joint-stock company (Sociedad Anónima)

Bylaws usually govern most of this. Meetings can be in physical attendance, via written resolutions or others (eg, conference call) if legal requirements are met.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Branch

A branch does not have shareholder or board meetings.

Limited liability company

There is no minimum quorum for shareholders meetings, although it can be modified in bylaws of the company and there is a minimum quorum to pass resolutions. For directors, typically a majority of directors must be present during a board meeting; alternatively, all of directors can execute written resolutions. Joint-stock company For shareholders meetings, 25% of shareholders must attend or be represented on first call. Bylaws can establish different quorums. For directors, typically a majority of directors must be present during a board meeting; alternatively, all of directors can execute written resolutions.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Branch (Sucursal)

According to common practice a Spanish bank account is opened, albeit not strictly necessary. Dealing with foreign bank accounts is difficult and often delays things.

Limited liability company (Sociedad Limitada)

According to common practice, a Spanish bank account should be opened, but there are no strict requirements. Dealing with foreign bank accounts is difficult and often delays business operations.

Joint-stock company (Sociedad Anónima)

According to common practice, a Spanish bank account should be opened, but there are no strict requirements. Dealing with foreign bank accounts is difficult and often delays business operations.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Branch (Sucursal)

The accountancy of the branch is not different from its principal company but a branch may have its separate accounting and file separate accounts.

Limited liability company (Sociedad Limitada)

Financial statements and, if appropriate, management reports must be reviewed by an auditor qualified to practice in Spain unless the company may issue an abridged balance sheet. The books do not need to be kept locally.

Joint-stock company (Sociedad Anónima)

Financial statements and, if appropriate, management reports must be reviewed by an auditor qualified to practice in Spain unless the company may issue an abridged balance sheet. The books do not need to be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Branch (Sucursal)

Not applicable (branches do not have stock).

Limited liability company (Sociedad Limitada)

There is no statutory minimum par value.

Joint-stock company (Sociedad Anónima)

There is no statutory minimum par value.

INCREASING OF CAPITALIZATION IF NEEDED

Branch (Sucursal)

Not applicable (branches do not have capital, albeit funds can be allocated to a branch). Further funds may, however, be allocated to a branch.

Limited liability company (Sociedad Limitada)

Requires a resolution from shareholders general meeting.

Joint-stock company (Sociedad Anónima)

Requires a resolution from shareholders general meeting.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Branch (Sucursal)

Not applicable. Branch funds are funds of a principal company.

Limited liability company (Sociedad Limitada)

Funds can be repatriated abroad from Spain via dividends or redemption.

Joint-stock company (Sociedad Anónima)

Funds can be repatriated abroad from Spain via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Branch (Sucursal)

There are no shares/stock in a branch.

Limited liability company (Sociedad Limitada)

Typically have share transfer restrictions. Clauses in bylaws that render shares freely transferable are void in practice.

Joint-stock company (Sociedad Anónima)

Generally have no share transfer restrictions aside from those set out in the bylaws, shareholder agreements etc. Clauses in the bylaws that render shares non-transferable are null and void in practice.

OBTAINING A NAME AND NAMING REQUIREMENTS

Branch (Sucursal)

There are no requirements for a branch in Spain.

Limited liability company (Sociedad Limitada)

A certificate declaring that nobody has used the name chosen for a company is required. Joint-stock company (Sociedad Anónima) A certificate declaring that nobody has used the name chosen for a company is required.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Branch (Sucursal)

An ultimate beneficial ownership declaration, in which any ultimate beneficiary owning (directly or indirectly) more than 25% of the company must be identified, is required.

Limited liability company (Sociedad Limitada)

An ultimate beneficial ownership declaration, in which any ultimate beneficiary owning (directly or indirectly) more than 25% of the company must be identified, is required.

Joint-stock company (Sociedad Anónima)

An ultimate beneficial ownership declaration, in which any ultimate beneficiary owning (directly or indirectly) more than 25% of the company must be identified, is required.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT**Branch (Sucursal)**

Generally shareholders of a principal company must formally approve any amendment to bylaws. A branch does not have separate bylaws.

Limited liability company (Sociedad Limitada)

Generally the shareholders must formally approve any amendment to bylaws.

Joint-stock company (Sociedad Anónima)

Generally the shareholders must formally approve any amendment to bylaws.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

This will depend on the type of business carried out. Typically, there will be an activity license in addition to regional and local licenses.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY**Branch (Sucursal)**

Not applicable for this jurisdiction.

Limited liability company (Sociedad Limitada)

Shelf companies can be purchased from third-party service providers.

Joint-stock company (Sociedad Anónima)

Shelf companies can be purchased from third-party service providers.

SWEDEN



FORM OF ENTITY

Limited company (Sw. aktiebolag, AB)

A limited company (Sw. Aktiebolag AB) is a separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing general affairs of a company. Directors are elected by shareholders of an AB. The managing director (optional in private AB's, required in public AB's), who runs the day-to-day operations of an AB, is appointed by the board of directors. Other officers are appointed by the board of directors or by the managing director.

Trading partnership (Sw. handelsbolag, HB)

Under the Partnership and Non-registered Partnership Act (Sw. Handelsbolagslagen) a trading partnership (Sw. Handelsbolag, HB) is constituted by an agreement between two or more individuals and/or legal entities to conduct business in association. The HB's most frequently cited advantage is its flexibility. Partners are free to organize their relations as they see fit without the restraints of a corporate form. Within the framework of an HB, complex structures can be set up to allow for many different characteristics and circumstances. The partners in an HB are personally liable for the partnership's agreements and debts.

Limited partnership (Sw. kommanditbolag, KB)

A limited partnership (Sw. Kommanditbolag, KB) is a form of a trading partnership in which one or more of partners has reserved the right not to be liable for the obligations of a KB in excess of the sum he or she has contributed or undertaken to contribute to a KB. Such a partner is referred to as a limited partner (Sw. Kommanditdelägare). Other partners in a KB are referred to as general partners (Sw. Komplementär). A KB must have two 2 or more partners, at least one 1 general partner and one 1 limited partner. The partnership's most frequently cited advantage is its flexibility. Partners are free to organize their relations as they see fit without the restraints of a corporate form. Within the framework of a partnership, complex structures can be set up to allow for many different characteristics and circumstances.

Branch office (Sw. filial, Branch)

A branch (Sw. Filial) is the branch office of a foreign company with a separate management in Sweden. A branch is not a separate legal entity. A foreign company may only have one branch in Sweden. A branch has no independent capital and its assets and liabilities are a part of the total assets of the foreign company.

ENTITY SET UP

Limited company (Sw. aktiebolag, AB)

- Minimum of one shareholder
- Generally no personal liability of shareholders AB is taxed on its earnings at a corporate level and shareholders are taxed on salary withdrawn and distributed profits from AB. AB is subject to a Swedish corporate income tax rate which currently amounts to 21.4%
- Typical charter documents include: Articles of association
- Rules of procedure for the board of directors
- Organizational board resolutions
- Share certificates
- Share ledger
- Board of directors has overall management responsibility; managing director and other officers have day-to-day responsibility
- Shareholders typically purchase shares in an AB. Separate classes of shares with different rights (voting, dividends, etc.) are commonly used
- Annual report shall be filed annually with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO)

There are two types of AB: private and public

Trading partnership (Sw. handelsbolag, HB)

- Two or more partners (natural persons or legal entities) are required
- No startup capital requirement HB is tax transparent. Partners are taxed for their part of the HB's surplus (income tax and social security contributions)
- Incorporated by registration with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO)
- Partners are personally responsible for HB's debts, including debts that already exist when becoming a partner
- Business name must contain the word "handelsbolag"
- An authorized or approved auditor and filing of annual accounts are required where an HB meets certain criteria regarding the partners, number of employees, balance sheet total and net turnover

Limited partnership (Sw. kommanditbolag, KB)

- Two or more partners (natural persons or legal entities) are required of which one shall be a general partner and one a limited partner
- General partners have unlimited personal responsibility (jointly and severally) for the agreements and debts of a KB. Limited partners are only responsible for the amount contributed. The responsibility includes debts that already exist when becoming a partner
- No startup capital requirement for general partners, capital requirement for each limited partner is at least SEK 1 KB is tax transparent. Partners are taxed for their part of KB's surplus (income tax and social security contributions) Incorporated by registration with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO) Business name must contain the word "kommanditbolag"
- An authorized or approved auditor and filing of annual accounts are required if a KB meets certain criteria regarding partners, number of employees, balance sheet total and net turnover

Branch office (Sw. filial, Branch)

- A foreign-based company that engages in business activities in Sweden can register a branch office, with separate management in Sweden
- A branch is not a separate legal entity but is a part of a foreign-based company

- Does not have independent capital and assets and liabilities are a part of total assets of a foreign-based company
- One managing director is appointed to run the business activities in Sweden. The managing director and any deputy managing directors are normally required to be resident within the EEA A branch is subject to a Swedish corporate tax rate which currently amounts to 21.4% Incorporated by registration with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO)
- A business name must contain the word "filial" A branch is to keep its own accounting records, and these are to be kept separate from the foreign-based company. Annual report of a branch office and a foreign company are normally required to be filed with the SCRO
- An authorized or approved auditor is required where the branch office meets certain criteria regarding the number of employees, balance sheet total and net turnover

MINIMUM CAPITAL REQUIREMENT

Trading partnership (Sw. handelsbolag, HB)

No minimum capital requirement.

Limited partnership (Sw. kommanditbolag, KB)

No minimum capital requirement.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

LEGAL LIABILITY

Limited company (Sw. aktiebolag, AB)

Shareholders of an AB are generally not liable for the debts of an AB.

Trading partnership (Sw. handelsbolag, HB)

Partners are personally responsible for keeping the agreements of the HB and for paying its debts. Partners are jointly and separately responsible. This means that a creditor can claim payment of the entire amount of a debt from any of the partners. Partners are responsible for the debts of an HB up to the full amount of their assets.

Limited partnership (Sw. kommanditbolag, KB)

General partner has the same rights and liabilities as a partner in a partnership, including unlimited liability for all debts and obligations of a KB. Liability of a limited partner is limited to its contribution to a KB. A limited company may be a general partner of a KB.

Branch office (Sw. filial, Branch)

A branch is subject to Swedish law and decisions of Swedish authorities regarding legal matters in connection with its business activities in Sweden.

TAX PRESENCE

Limited company (Sw. aktiebolag, AB)

Profits of an AB are taxed at two levels (commonly referred to as double taxation). First an AB pays a corporate tax on its corporate income; then shareholder's pays tax on profits distributed from an AB. AB is subject to a Swedish corporate income tax rate which currently amounts to 21.4%.

Trading partnership (Sw. handelsbolag, HB)

Partners are taxed based on their part of HB's surplus and includes income tax and social security contribution.

Limited partnership (Sw. kommanditbolag, KB)

Partners are taxed based on their part of KB's surplus and includes income tax and social security contribution.

Branch office (Sw. filial, Branch)

A foreign company starting a branch in Sweden must pay income tax on its business operations. Branch accounts must be kept separate from those of a foreign company in order to calculate the accrued profit. Profit of a branch is then subject to Swedish corporate income tax rate which currently amounts to 21.4%.

INCORPORATION PROCESS

Limited company (Sw. aktiebolag, AB)

Subscription for shares and payment of share capital, signing of memorandum of association, registration of memorandum of association with the SCRO. An alternative to formation of a subsidiary would be to buy a so called shelf company. Such company can be bought from a third party provider.

Trading partnership (Sw. handelsbolag, HB)

Written or oral HB agreement to jointly carry on business activities and then incorporated by registration with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO).

Limited partnership (Sw. kommanditbolag, KB)

Written or oral partnership agreement to jointly carry on business activities and then incorporated by registration with the Swedish Companies Registration Office (Sw. Bolagsverket, SCRO).

Branch office (Sw. filial, Branch)

Resolution by the relevant corporate body of a foreign company to Set up a branch Appoint a managing director and issue a special power of attorney and, if applicable Appoint Deputy managing director(s) An auditor

A person resident in Sweden to receive service of process on behalf of a branch. When a branch has been registered with the Swedish Companies Registration Office (Sw. Bolagsverket) (SCRO), it receives a Swedish registration number.

BUSINESS RECOGNITION

Limited company (Sw. aktiebolag, AB)

Well regarded and widely used.

Trading partnership (Sw. handelsbolag, HB)

Well recognized but not as widely used as limited companies (Sw. Aktiebolag, AB).

Limited partnership (Sw. kommanditbolag, KB)

Well recognized but not as widely used as limited companies (Sw. Aktiebolag, AB). Branch office (Sw. filial, Branch) Well regarded but not as widely used as a limited company (Sw. Aktiebolag, AB).

SHAREHOLDER MEETING REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

Required to hold annual meeting of shareholders to vote on certain items, such as adoption of annual accounts, election of directors and resolution on discharge from liability for members of the board of directors and the managing director.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

No statutory minimum number requirement. In practice, at least one inaugural meeting is held in connection with the annual meeting of shareholders.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS**Limited company (Sw. aktiebolag, AB)**

Must file annual tax returns with the Swedish Tax Agency.

Trading partnership (Sw. handelsbolag, HB)

Both a registered entity and individual partners must file annual tax returns with the Swedish Tax Agency.

Limited partnership (Sw. kommanditbolag, KB)

Both a registered entity and individual partners must file annual tax returns with the Swedish Tax Agency. Branch office (Sw. filial, Branch) Must file annual tax returns with the Swedish Tax Agency.

BUSINESS REGISTRATION FILING REQUIREMENTS**Limited company (Sw. aktiebolag, AB)**

Initial registration, annual filings of annual accounts.

Trading partnership (Sw. handelsbolag, HB)

Initial registration. If an HB has a legal entity of a certain size as a co-owner, it must appoint an accountant and submit an annual report to the Swedish Companies Registration Office.

Limited partnership (Sw. kommanditbolag, KB)

Initial registration. If a KB has a legal entity of a certain size as a co-owner, a KB must appoint an accountant and submit an annual report to the Swedish Companies Registration Office.

Branch office (Sw. filial, Branch)

Initial registration, annual filing of the annual report of the foreign based company with the SCRO.

BUSINESS EXPANSION**Limited company (Sw. aktiebolag, AB)**

No need to change as business expands. An AB can change category from private to public.

Trading partnership (Sw. handelsbolag, HB)

No need to change as business expands. Additional filing requirements increase if an HB has a legal entity of a certain size.

Limited partnership (Sw. kommanditbolag, KB)

No need to change as business expands. Additional filing requirements increase if a KB has a legal entity of a certain size.

Branch office (Sw. filial, Branch)

In general, no need to change as business expands.

EXIT STRATEGY

Limited company (Sw. aktiebolag, AB)

File dissolution documents with the SCRO.

Trading partnership (Sw. handelsbolag, HB)

File dissolution documents with the SCRO and the Swedish Tax Agency. Filing of dissolution documents must be conducted by all partners. In addition, all partners must agree to end an HB in order to effectuate the dissolution.

Limited partnership (Sw. kommanditbolag, KB)

File dissolution documents with the SCRO and the Swedish Tax Agency. Filing of dissolution documents must be conducted by all partners. In addition, all partners must agree to end a KB in order to effectuate the dissolution.

Branch office (Sw. filial, Branch)

A deregistration of a branch must be reported to the SCRO. A deregistration is free of charge and can be filed by the managing director or an authorized representative of a foreign company.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

Annual shareholders' meeting which can be completed per capuslam, ie, by written consent by all shareholders.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

If a foreign company has a legal form comparable with a limited company and is incorporated within the European Economic Area (EEA), the accounting records of a branch are to be prepared by annual accounts (Sw. årsbokslut). Annual accounts must be prepared in accordance with the Swedish Book-keeping Act (Sw. bokföringslagen).

Annual accounts are to be signed by a managing director of a branch. Annual accounts of a branch do not need to be filed with the SCRO. If a foreign company: Has a legal form which is not comparable with a limited company or Is incorporated outside of the EEA, accounting records of a branch are to be prepared by an annual report (Sw. årsredovisning).

Annual report must be prepared in accordance with the Annual Reports Act (Sw. årsredovisningslagen). Annual report is to be signed by the managing director of a branch. Annual report of a branch is to be filed with the SCRO. Furthermore, same requirements regarding the filing of the foreign company's annual report with the SCRO as outlined above apply.

DIRECTOR / OFFICER REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

Director(s) and, where applicable, deputy director(s) and employee representatives. Managing director is required in public ABs and is optional in private ABs. A legal person may not serve as a director. A director or officer must be over 18 years of age. He or she must not be declared bankrupt, be prohibited to carry on business or have a guardian.

Trading partnership (Sw. handelsbolag, HB)

There is no requirement to appoint specific directors. Partners represent an HB individually unless otherwise agreed. One or more partners must always be authorized as a signatory or signatories. A branch cannot be registered as a partner, also natural persons must not be declared bankrupt or in any other way be prohibited to carry on business in order to be registered in a HB.

Limited partnership (Sw. kommanditbolag, KB)

There is no requirement to appoint specific directors. General partners represent a KB individually unless otherwise agreed. One or more partners must always be authorized as a signatory or signatories. However, limited partners cannot be authorized to represent or sign on behalf of a KB. A branch cannot be registered as a partner; also natural persons must not be declared bankrupt or in any other way be prohibited to carry on business in order to be registered in a KB.

Branch office (Sw. filial, Branch)

A branch must appoint a managing director but does not have a board of directors. A managing director is to have a special power of attorney which empowers him or her to sign and act on behalf of a foreign company in all matters relating to the company's business in Sweden. One or more deputy managing directors for the branch can be appointed, and these persons must also have their own powers of attorney. Managing director and any deputy managing directors of a branch should be resident within the EEA.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited company (Sw. aktiebolag, AB)

None beyond the required directors and, where applicable, managing director.

Trading partnership (Sw. handelsbolag, HB)

One or more partners must always be authorized as a signatory or signatories.

Limited partnership (Sw. kommanditbolag, KB)

One or more partners must always be authorized as a signatory or signatories. Branch office (Sw. filial, Branch) None beyond the required managing director and, where applicable, person to receive process.

LOCAL OFFICE LEASE REQUIREMENT

None required for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

In the event an AB has no authorized representative (ie board member, managing director or special company signatory) who is resident in Sweden, board of directors shall authorize a person who is resident in Sweden to act as person authorized to receive service of process on behalf of a company.

Trading partnership (Sw. handelsbolag, HB)

An HB must have its registered address in Sweden.

Limited partnership (Sw. kommanditbolag, KB)

A KB must have its registered address in Sweden.

Branch office (Sw. filial, Branch)

If a managing director of a branch is not resident within the EEA, a foreign company must appoint a person resident in Sweden to receive service of process on behalf of a branch.

SUFFICIENCY OF VIRTUAL OFFICE

Sufficient for incorporation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY

SERVICE PROVIDER

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited company (Sw. aktiebolag, AB)

Founder (unless granted an exemption by the SCRO):

A natural person domiciled within the European Economic Area

A Swedish legal entity or A legal entity which has been formed pursuant to the laws of a state within the European Economic Area and which has its registered office, its head office or its principal place of business within the Area

Shareholders: none Directors (unless granted an exemption by the SCRO):

Not less than one-half of directors and, where applicable, deputy directors, respectively, must be resident within the European Economic Area Managing director (unless granted an exemption by the SCRO):

Required to be resident within the European Economic Area

Trading partnership (Sw. handelsbolag, HB)

There are no nationality or residency requirements in relation to partners. However, a partner who is not registered in the Swedish population register must submit a certified copy of his or her passport or other official identity document with the application. If the partner is a foreign legal entity, a certified copy of a certificate of registration must be submitted with the application.

Limited partnership (Sw. kommanditbolag, KB)

There are no nationality or residency requirements in relation to partners. However, a partner who is not registered in Swedish population register must submit a certified copy of his or her passport or other official identity document with the application. If the partner is a foreign legal entity, a certified copy of a certificate of registration must be submitted with the application.

Branch office (Sw. filial, Branch)

A managing director and, if applicable, any deputy managing directors must be resident within the EEA (unless granted an exemption by the SCRO)

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited company (Sw. aktiebolag, AB)

Directors of the board are elected by shareholders and are the highest authority in management of an AB, and govern the organization by establishing broad policies and objectives. A managing director is appointed by directors to manage the day-to-day operations of an AB. Board of directors shall issue instructions regarding allocation of work between the board of directors and a managing director. A managing director is always authorized to represent the company and sign on its behalf in matters related to the day-to-day management of a company.

Trading partnership (Sw. handelsbolag, HB)

In general, the management of the HB is less regulated than a limited company. The authority and limitations of partners authority is instead decided in accordance with the partnership agreement.

Limited partnership (Sw. kommanditbolag, KB)

In general, management of a KB is less regulated than a limited company. Authority and limitations of partners authority is instead decided in accordance with the partnership agreement.

Branch office (Sw. filial, Branch)

A managing director is appointed by a foreign company to manage all business operations of a branch. Managing director is always authorized to represent the branch and sign on its behalf in all matters.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS**Limited company (Sw. aktiebolag, AB)**

Identity of directors and managing director is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly registered. ABs that are not CSD-registered are however required to disclose the share ledger (which contains identity of shareholders) to anyone upon request. Also, beneficial owner information must be registered with the SCRO and be disclosed in a public register. Beneficial owners are individuals who ultimately own or control a company. An individual can control a company in various ways, such as by holding more than 25% of the votes through shares in a company.

Trading partnership (Sw. handelsbolag, HB)

Identity of partners is publicly disclosed. In addition all HBs must register information regarding beneficial owner with the SCRO. Information about beneficial owner is also publicly disclosed. Beneficial owners are individuals who ultimately own or control an entity. An individual can control an entity in various ways, such as holding more than 25% of votes through shares, voting rights or ownership interest.

Limited partnership (Sw. kommanditbolag, KB)

Identity of partners is publicly disclosed. In addition all KBs must register information regarding beneficial owner with the SCRO. Information about beneficial owner is also publicly disclosed. Beneficial owners are individuals who ultimately own or control an entity. An individual can control an entity in various ways, such as holding more than 25% of votes through shares, voting rights or ownership interest.

Branch office (Sw. filial, Branch)

Identity of a managing director is publicly disclosed. Since a branch is not a legal entity it is not required to register beneficial ownership information with the SCRO. However, a foreign-based company which owns the branch may need to register if it can be classified as a foreign legal entity with activities in Sweden.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS**Limited company (Sw. aktiebolag, AB)**

There must be a minimum of one shareholder. Minimum director requirements private AB: One director and one deputy director Minimum director requirements public AB: Three directors and Managing director (may, but is not required to, be a director of the board of directors) Where the board consists of one or two directors, at least one deputy director shall be appointed. There is no maximum number of directors on the board of directors

. Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED**Limited company (Sw. aktiebolag, AB)**

One shareholder is sufficient.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS**Limited company (Sw. aktiebolag, AB)**

The shareholders' meeting resolves upon removal of directors. Removal of managing director requires a board resolution. Directors and managing director may furthermore resign by notifying the SCRO.

Trading partnership (Sw. handelsbolag, HB)

In accordance with the partnership agreement or otherwise agreed upon among the partners.

Limited partnership (Sw. kommanditbolag, KB)

In accordance with the partnership agreement or otherwise agreed upon among the partners.

Branch office (Sw. filial, Branch)

A foreign company resolves upon removal of a managing director by notifying the SCRO. A document verifying the authorization to sign the power of attorney for the managing director and the deputy managing directors of the branch, eg, a registration certificate or certification from the notary public. The document must include information on the registered board of directors of the foreign-based company and their signatory power. A managing director may furthermore resign by notifying the SCRO.

REQUIRED AND OPTIONAL OFFICERS**Limited company (Sw. aktiebolag, AB)**

Where the board consists of two or more directors, a chairman shall be appointed by the board. Managing director is required in public ABs and is optional in private ABs. A person authorized to receive service of process shall be appointed by the board of directors, where none of the AB's authorized representatives is a resident in Sweden. Such person is not granted any other authority or decision-making powers. Board of directors may appoint one or more special company signatories with authority to represent and sign on behalf of a company (no decision-making powers).

Trading partnership (Sw. handelsbolag, HB)

HB must have two or more partners. Partners may appoint one or more special company signatories with authority to represent and sign on behalf of a company (no decision-making powers). Also a written procuration (Sw. Prokura) can be issued to give a natural person a right to represent an HB in all matters related to the business activities and before authorities and courts.

Limited partnership (Sw. kommanditbolag, KB)

A KB must have two or more partners. Partners may appoint one or more special company signatories with authority to represent and sign on behalf of a company (no decision-making powers). Also a written procuration (Sw. Prokura) can be issued to give a natural person the right to represent a KB in all matters related to the business activities and before authorities and courts.

Branch office (Sw. filial, Branch)

A foreign company may choose to appoint deputy managing director(s).

BOARD MEETING REQUIREMENTS**Limited company (Sw. aktiebolag, AB)**

No statutory minimum number requirement. In practice at least one inaugural meeting in connection with the annual meeting of shareholders. Can be held by telephone or completed via written consent by all directors.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited company (Sw. aktiebolag, AB)

No specific quorum requirements apply for a shareholders' meeting. Resolutions are passed with the simple majority of the votes cast, except for important decisions, eg, change of articles (two thirds of the votes cast is required). Shareholders' meetings may be held by written consent by all shareholders. For directors, typically a majority of directors must be participating during a board meeting; alternatively, all of directors must execute written resolutions.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited company (Sw. aktiebolag, AB)

Where the share capital shall be paid in cash, opening a bank account with a bank within the EEA is required.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited company (Sw. aktiebolag, AB)

An AB must have at least one auditor where the company fulfils more than one of the following conditions:

The average number of employees during each of the two most recent financial years has exceeded three

The company's reported balance sheet total for each of the two most recent financial years has exceeded SEK 1.5 million

The company's reported net turnover for each of the two most recent financial years has exceeded SEK 3 million

Only an authorized public accountant or approved public accountant. Such person has to be a resident of Sweden, the EEA or Switzerland.

Furthermore, a registered accounting firm may serve as auditor. Generally corporate books, such as the minute book,

should be kept with the company; however, the corporate books could also be kept with a third-party service provider upon instructions by the company.

Trading partnership (Sw. handelsbolag, HB)

An HB must have an authorized or approved auditor if at least one of the partners is a legal entity. The auditor must be reported for registration with the SCRO. If such an HB does not meet at least two of the following criteria in the last two financial years, it may choose not to have an auditor:

More than three employees (as an average)

A balance sheet total of more than SEK 1.5 million or A net turnover of more than SEK 3 million

Only an authorized public accountant or approved public accountant. Such person has to be a resident of Sweden, the EEA or Switzerland. Furthermore, a registered accounting firm may serve as auditor. Generally corporate books, such as the minute book, should be kept with the HB, however; the corporate books could also be kept with a third-party service provider upon instructions by the HB.

Limited partnership (Sw. kommanditbolag, KB)

A KB must have an authorized or approved auditor if at least one of the partners is a legal entity. The auditor must be reported for registration with the SCRO. However, if such a KB does not meet at least two of the following criteria in the last two financial years it may choose not to have an auditor: more than three employees (as an average) a balance sheet total of more than SEK 1.5 million or a net turnover of more than SEK 3 million Only an authorized public accountant or approved public accountant. Such person has to be a resident of Sweden, the EEA or Switzerland. Furthermore, a registered accounting firm may serve as auditor. Generally corporate books, such as the minute book, should be kept with the KB, however; the corporate books could also be kept with a third-party service provider upon instructions by the KB.

Branch office (Sw. filial, Branch)

If a branch has met at least two of the following criteria in the last two financial years, it must appoint an auditor: more than three employees (as an average) a balance sheet total of more than SEK 1.5 million a net turnover of more than SEK 3 million If the operations of a branch are subject to special banking or financial regulation, an auditor must be appointed to examine annual accounts and the managing director's administration regardless of the criteria above. In such cases the auditor must meet the qualifications as required by law, which apply to a Swedish company of the same description.

REQUIREMENT REGARDING PAR VALUE OF STOCK

None.

INCREASING OF CAPITALIZATION IF NEEDED

Limited company (Sw. aktiebolag, AB)

Effectuated by amending the articles of association, which requires authorization from both the board of directors and a qualified majority of the shareholders, and registration with the SCRO. Trading partnership (Sw. handelsbolag, HB) A partner is not obliged to increase his or her contribution to the HB unless otherwise agreed upon in the partnership agreement.

Limited partnership (Sw. kommanditbolag, KB)

A partner is not obliged to increase his or her contribution to the KB unless otherwise agreed upon in the partnership agreement. Branch office (Sw. filial, Branch) Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited company (Sw. aktiebolag, AB)

Funds can be repatriated abroad from Sweden via dividends or redemption.

Trading partnership (Sw. handelsbolag, HB)

During the year, partners can withdraw funds out of the business as own drawings. Such funds can be repatriated abroad from Sweden.

Limited partnership (Sw. kommanditbolag, KB)

During the year, partners can withdraw funds out of the business as own drawings. Such funds can be repatriated abroad from Sweden.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited company (Sw. aktiebolag, AB)

The general rule under Swedish law is that shares may be freely transferred and acquired. Transferability may in general be restricted by provisions in the articles of association such as pre-emption clause, consent clause or right of first refusal clause, or by provisions in a shareholders' agreement.

Trading partnership (Sw. handelsbolag, HB)

Not applicable for this jurisdiction.

Limited partnership (Sw. kommanditbolag, KB)

Not applicable for this jurisdiction.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited company (Sw. aktiebolag, AB)

Company name is indicated in the articles of association. The SCRO decides whether the name can be registered. The company name must include the word "aktiebolag" or "AB." Public companies are required to add the corporate ending "(publ)."

Trading partnership (Sw. handelsbolag, HB)

Name of an HB is registered with the SCRO. The SCRO decides whether the name can be registered. The name must include the word "Handelsbolag (HB)". Protection for the name is granted within the county (Sw. Län) where the HB has its registered address.

Limited partnership (Sw. kommanditbolag, KB)

Name of a KB is registered with the SCRO. The SCRO decides whether the name can be registered. The name must include the word "Kommanditbolag (KB)." Protection for the name is granted within the county (Sw. Län) where the KB has its registered address.

Branch office (Sw. filial, Branch)

A branch name must be approved by the SCRO. The SCRO assesses the suggested branch name and investigates if there are any registered trademarks which may prevent registration of a branch name. The business name of a branch must contain the word "filial."

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

In case the client plans to make transactions, investments or similar, certain KYC requirements apply.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited company (Sw. aktiebolag, AB)

Typically, a majority of two thirds of the votes cast as well as represented at the shareholders' meeting must formally approve any amendment of the articles of association. Some amendments require approval by all shareholders present

at the general meeting where they together represent not less than nine-tenths of all shares in the company.

Trading partnership (Sw. handelsbolag, HB)

Typically, all partners must agree to change the written agreement.

Limited partnership (Sw. kommanditbolag, KB)

Typically, all partners must agree to change the written agreement.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Typically none. Specific licenses may be required for certain types of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited company (Sw. aktiebolag, AB)

Shelf companies can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Trading partnership (Sw. handelsbolag, HB)

Pre-registered HBs can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Limited partnership (Sw. kommanditbolag, KB)

Pre-registered KBs can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Branch office (Sw. filial, Branch)

Not applicable for this jurisdiction.

SWITZERLAND



FORM OF ENTITY

Stock corporation

Legal form intended for large-sized companies with high capital requirements, but also popular among smaller companies. The identities of shareholders are not published in the commercial register. Managed by a board of directors, which is elected by the general meeting of shareholders. The articles of incorporation can limit the transferability of a company's shares.

ENTITY SET UP

This is an overview of certain aspects of Swiss corporate law as of the date hereof which does not purport to be comprehensive, and may not be relied upon as legal or other advice or in any other way.

Stock corporation (Aktiengesellschaft, AG / Société Anonyme, SA)

Unlimited number of shareholders allowed but at least one founder (individual or legal entity)

Shareholder's liability is limited to the amount subscribed

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Board of directors is the managing body and has the authority to represent the stock corporation with respect to third parties. The day-to-day management can be delegated to third persons by respective board resolution and enacting of organizational by-laws and

Annual audit report required (waiver possible for small companies)

Limited liability company (Gesellschaft mit beschränkter Haftung, GmbH / Société à Responsabilité Limitée, SARL)

Unlimited number of quota-holders allowed but at least one founder (individual or legal entity)

The limited liability company has sole liability of debts, although articles of incorporation can impose obligation to pay in additional capital

Taxed on its earnings at a corporate level and quota-holders are taxed on any distributed dividends In absence of any rules to the contrary, the management is delegated to all partners

Generally, annual audit report required (waiver possible for small companies) and Legal form intended for small and

medium-sized companies

MINIMUM CAPITAL REQUIREMENT

Stock corporation

Minimum stated capital of CHF100,000. When issuing registered shares, 20% of the share capital, but minimum of CHF50,000, has to be paid-in at the time of incorporation.

LEGAL LIABILITY

Stock corporation

Shareholders of a stock corporation are generally not liable for any debt or liability of a corporation, except for the payment of share price.

TAX PRESENCE

Stock corporation

A stock corporation is taxed at two levels (so-called economic double taxation). First the stock corporation pays a corporate tax on its corporate income; when the stock corporation distributes profits to shareholders, they pay income tax on those dividends. Capital tax is only levied on a cantonal and communal level.

INCORPORATION PROCESS

Stock corporation

Incorporation meeting with the notary public; filing of the incorporation documents with the commercial register; registration of the stock corporation in the commercial register.

BUSINESS RECOGNITION

Stock corporation

Well regarded and widely used; more than 45% of the companies in Switzerland are organized as stock corporations.

SHAREHOLDER MEETING REQUIREMENTS

Stock corporation

Required to hold annual general meeting of shareholders to vote on certain items, such as election of directors.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Stock corporation Annual meeting of the board of directors is required.

ANNUAL COMPANY TAX RETURNS

Stock corporation

Must annually file tax returns with federal and cantonal tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Stock corporation

Registration in commercial registry is required.

BUSINESS EXPANSION

Stock corporation

No need to change as business expands.

EXIT STRATEGY

Stock corporation Where the corporation is dissolved for reasons other than insolvency or a court judgment, the general meeting of shareholders passes a resolution; the board of directors subsequently notifies the dissolution for entry in the commercial register.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Stock corporation

Annual board of directors and general meeting of shareholders; annual report generally consisting of annual accounts and management report.

DIRECTOR / OFFICER REQUIREMENTS

Stock corporation

If there are several directors, one director has to be appointed as chairman. The board of directors appoints a secretary (responsible for protocol of board of directors meeting and other administrative duties; not required to be member of the board or management). No requirement to delegate day-to-day management to officers, but articles of incorporation may authorize the board of directors to do so.

LOCAL CORPORATE SECRETARY REQUIREMENT

Stock corporation

None required.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Stock corporation

At least one director or officer needs to have single signatory power and residence in Switzerland or two directors or officers need to have joint signatory power by two and Swiss residence.

LOCAL OFFICE LEASE REQUIREMENT

Stock corporation

None required, but in absence of local offices, a c/o address is required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Stock corporation

Requirement to choose a domicile.

SUFFICIENCY OF VIRTUAL OFFICE

Stock corporation

Sufficient for incorporation; however, a written declaration by the holder of the domicile needs to be supplied confirming that they allow the stock corporation to have its domicile at the address stated.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Stock corporation

Possible.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Stock corporation

No restrictions regarding the provision of local director or corporate secretary by law firm or third-party service provider.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Stock corporation

At least one director or officer with single signatory power or two directors or officers with joint signatory power by

two have to be resident in Switzerland.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Stock corporation

Generally, none for nominee directors. In contrast, the stock corporation may (in case of registered shares with restriction of transferability) refuse entry in the share register where the acquirer fails to declare expressly that they have acquired the shares in their own name and for their own account.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Stock corporation

The board of directors is elected by the general meeting of shareholders and is the managing body. It has the authority to represent the stock corporation with respect to third parties and has certain non-transferrable duties that cannot be delegated to officers (eg, overall management, determination of the organization, organization of the accounting, financial control and financial planning systems, appointment, supervision and dismissal of officers, and compilation of the annual report). Officers may be appointed by the board of directors to oversee day-to-day operations of the corporation.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Stock corporation

Identity of directors and officers is publicly disclosed; identity of shareholders is generally not publicly disclosed, except of disclosure obligations pursuant to the Financial Market Infrastructure Act (FMIA) with regard to shares listed on the stock exchange.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Stock corporation

There must be at least one shareholder. No maximum number exists.

For directors, the minimum number is one, while there is no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Stock corporation

One shareholder is sufficient.

REMOVAL OF DIRECTORS OR OFFICERS

Stock corporation

The general meeting of shareholders is entitled to dismiss the members of the board of directors.

REQUIRED AND OPTIONAL OFFICERS

Stock corporation

None required; any optional officer is allowed, if the board of directors is authorized to delegate powers in the articles of incorporation.

BOARD MEETING REQUIREMENTS

Stock corporation

At least one annual board of directors meeting is required; circular resolutions are possible. Minutes need to be kept of the board's discussions and resolutions and signed by the chairman and the secretary.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Stock corporation

For shareholders' meetings, subject to certain decisions that require a qualified majority of two-thirds of the

represented voting rights and an absolute majority of the nominal value of represented shares, no attendance quorum applies and resolutions may be taken with simple majority of represented shares. Further, a stock corporation's articles of incorporation may stipulate additional quorum requirements. For board meetings, subject to a stock corporation's articles of incorporation and/or organizational regulations, no attendance quorum applies and decisions may be taken by simple majority of the cast votes.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Stock corporation

In case of incorporation by cash, it is required to pay in the share capital in cash to a special blocked account to be opened with a Swiss bank before the incorporation meeting.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Stock corporation

Auditors have to audit the stock corporation's books annually and submit a report thereon to the board of directors and the shareholders. Waiver of audit is possible for small companies. Generally, the auditor must be located in Switzerland. The stock corporation's books must be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Stock corporation

The nominal value of a share must be at least CHF0.01.

INCREASING OF CAPITALIZATION IF NEEDED

Stock corporation

Effectuated by share capital increase (ordinary, authorized or conditional) to be reflected in articles of association, which requires a resolution or authorization from the general meeting of shareholders.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Stock corporation

Free equity can be repatriated abroad from Switzerland via dividend or redemption. Withholding tax (35%) may arise.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Stock corporation

Shares can generally be transferred freely. Board of director's consent is only needed in case of registered shares and a corresponding provision in the articles of incorporation.

OBTAINING A NAME AND NAMING REQUIREMENTS

Stock corporation

The business name must indicate the legal form and must be clearly distinct from every other business name of businesses already registered in Switzerland. A reservation of a business name is not possible.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Stock corporation

No general KYC requirements except for financial intermediaries and dealers, as defined in the Swiss Anti-Money Laundering Act. However, reporting requirements regarding the identity of the owner of bearer shares and regarding the ultimate beneficial owner of shareholders holding more than 25 percent of the voting rights or capital in a stock corporation may apply to unlisted stock corporations.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Stock corporation

Generally the shareholders' meeting must formally approve a resolution to any amendment to the articles of incorporation.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Stock corporation In general, no license requirements except for specific sectors, such as, for example, banking and insurance.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Stock corporation

Although not uncommon in practice, purchase of a shelf stock corporation and its subsequent reactivation may be held void and involves various and substantial legal and financial risks. It is therefore not advisable under Swiss law.

TAIWAN, CHINA



FORM OF ENTITY

Company limited by shares

A company limited by shares must carry on a profit-seeking business and is a separate and distinct legal entity whereby its capital is divided into shares. A foreign investor must file a foreign investment application (FIA) with the Investment Commission and upon approval incorporate an FIA company in Taiwan.

Closely-held company limited by shares

On June 15, 2015, a special section on "Closely-Held Company" (CHC) was added to Chapter 5 (Company Limited by Shares) as a result of the amendments to the Company Act. The purpose is to encourage the growth of startups and small and medium enterprises and to accommodate the unique needs of tech startups. The amendments aim to create more autonomy for those small or medium companies and to increase the flexibility in share ownership arrangement and business operations of CHC.

Limited company

A limited company is owned by members whose respective ownerships are stated in terms of the amount of the members' capital contributions. A foreign investor must file an FIA with the Investment Commission and upon approval incorporate a limited company in Taiwan. A limited company has less corporate formalities than a company limited by shares. For example, a limited company does not have shareholders' meetings.

Branch office of a foreign company

A foreign company may register a branch office to carry on profit-seeking activities in Taiwan. A branch office is exempt from almost all of the corporate formality requirements of a company limited by shares.

ENTITY SET UP

Company limited by shares

Closely-held company limited by shares

Limited company

Branch office of a foreign company

MINIMUM CAPITAL REQUIREMENT

Company limited by shares

None, unless the company is engaged in a business/industry that is required by the competent authority to have a minimum amount of capital or if it employs a foreigner to work in Taiwan.

Closely-held company limited by shares

None, unless the CHC is engaged in a business/industry that is required by the competent authority to have a minimum amount of capital or if it employs a foreigner to work in Taiwan.

Limited company

None, unless the company is engaged in a business/industry that is required by the competent authority to have a minimum amount of capital or if it employs a foreigner to work in Taiwan.

Branch office of a foreign company

None, unless the branch office is engaged in a business/industry that is required by the competent authority to have a minimum amount of working capital or if it employs a foreigner to work in Taiwan.

LEGAL LIABILITY

Company limited by shares

Shareholders are not liable for the debts of the company aside from their financial contribution to the company.

Closely-held company limited by shares

Shareholders are not liable for the debts of a company aside from their financial contribution to the CHC.

Limited company

Members are not liable for the debts of the company aside from their capital contributions to the company.

Branch office of a foreign company

A branch office is considered as a part of its foreign company, which will be liable for any activities or debts of the branch office.

TAX PRESENCE

Company limited by shares

A company (including an FIA company) is taxed on its worldwide net income.

Closely-held company limited by shares

A CHC (including an FIA company) is taxed on its worldwide net income.

Limited company

A company (including an FIA company) is taxed on its worldwide net income.

Branch office of a foreign company

The net profit of a branch office is subject to corporate income tax, but after-tax profits can be repatriated to its foreign company free from additional tax.

INCORPORATION PROCESS

Company limited by shares

File for company registration (and FIA if any shareholder is a foreign national) with the Ministry of Economic Affairs (MOEA).

Closely-held company limited by shares

File for company registration (and FIA if any shareholder is a foreign national) with the MOEA.

Limited company

File for company registration with the MOEA.

Branch office of a foreign company

File for registration of the branch office with the MOEA.

BUSINESS RECOGNITION

Company limited by shares

Well regarded and widely used.

Closely-held company limited by shares

Well regarded.

Limited company

Typically an individual or family-owned company.

Branch office of a foreign company

Widely used by foreign companies because of certain tax advantages.

SHAREHOLDER MEETING REQUIREMENTS

Company limited by shares

If there is more than one shareholder, shareholders' meetings must be held physically to approve certain important corporate matters, such as the company's annual financial statements. For a non-public status company, its shareholders' meeting may be conducted through video conferencing if its articles of incorporation so permit. Where there is only one shareholder, then all functions of the shareholders' meeting are exercised by the board meetings.

Closely-held company limited by shares

If there is more than one shareholder, shareholders' meetings must be held to approve certain important corporate matters, such as the CHC's annual financial statements. If there is only one shareholder, then all functions of the shareholders meeting are exercised by the board meetings. The shareholders' meeting of a CHC may be conducted through video conferencing and, if agreed by all of its shareholders, a resolution can be approved by the shareholders in writing without convening a meeting

Limited company

Not applicable for this jurisdiction. Members are not required to meet annually.

Branch office of a foreign company

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Company limited by shares

An annual board meeting is required to convene the annual shareholders' meeting.

Closely-held company limited by shares

An annual board meeting is required.

Limited company

Not applicable for this jurisdiction.

Branch office of a foreign company

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Company limited by shares

The company must file annual tax returns.

Closely-held company limited by shares

The CHC must file annual tax returns.

Limited company

The company must file annual tax returns.

Branch office of a foreign company

The branch office must file annual tax returns.

BUSINESS REGISTRATION FILING REQUIREMENTS

Company limited by shares

The company must apply for business registration with the tax authority after incorporation.

Closely-held company limited by shares

The CHC must apply for business registration with the tax authority after incorporation.

Limited company

The company must apply for business registration with the tax authority upon establishment.

Branch office of a foreign company

The branch office must apply for business registration with the tax authority after it is registered with the MOEA.

BUSINESS EXPANSION

Company limited by shares

Generally, an application to the MOEA for amending its company registration to expand its scope of business is required.

Closely-held company limited by shares

Generally, an application to the MOEA for amending its company registration to expand its scope of business is required.

Limited company

Generally, an application to the MOEA for amending its company registration to expand its scope of business is required.

Branch office of a foreign company

Generally, an application to the MOEA for amending the branch registration to expand its scope of business is required.

EXIT STRATEGY

File dissolution documents with the MOEA and complete the liquidation process.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Company limited by shares

Annual board meeting and shareholders' meeting.

Closely-held company limited by shares

Annual board meeting and shareholders' meeting.

Limited company

None.

Branch office of a foreign company

None.

DIRECTOR / OFFICER REQUIREMENTS**Company limited by shares**

At least three directors, one supervisor and a chairman of the board are required. If its articles of incorporation so permit, a non-public status company may have only one director acting as the chairman of the company and exercising all functions of the board of directors. Furthermore, if there is only one corporate shareholder and its articles of incorporation so permit, then the company is exempt from the requirement to appoint a supervisor.

Closely-held company limited by shares

At least three directors, one supervisor and a chairman of the board are required. If its articles of incorporation so permit, a CHC may have only one director acting as the chairman of the company and exercising all functions of the board of directors. Furthermore, if there is only one corporate shareholder and its articles of incorporation so permit, then the CHC is exempt from the requirement to appoint a supervisor.

Limited company

The company must have at least one director, who must be a member or a representative designated by a corporate member.

Branch office of a foreign company

Not applicable for this jurisdiction.

LOCAL CORPORATE SECRETARY REQUIREMENT

None.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT**Company limited by shares**

Not applicable for this jurisdiction.

Closely-held company limited by shares

Not applicable for this jurisdiction.

Limited company

Not applicable for this jurisdiction.

Branch office of a foreign company

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

A local registered office address is required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

None for incorporation.

SUFFICIENCY OF VIRTUAL OFFICE

Sufficient to meet the requirement of having a local registered office address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Permitted but subject to certain restrictions.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Permitted but seldom used (there is no need to have a corporate secretary).

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Company limited by shares

The nationality and residency requirements are exempt, provided that a Mainland Chinese (PRC) national is not permitted to act as the director or supervisor.

Closely-held company limited by shares

The nationality and residency requirements are exempt, provided that a PRC national is not permitted to act as the director or supervisor.

Limited company

The nationality and residency requirements are exempt, provided that a PRC national is not permitted to act as the director.

Branch office of a foreign company

The nationality and residency requirements are exempt, provided that a PRC national is not permitted to act as the designated agent or branch manager.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Company limited by shares

None, except that for FIA purposes, it is necessary to disclose the ultimate beneficiaries of a foreign corporate shareholder.

Closely-held company limited by shares

None, except that for FIA purposes, it is necessary to disclose the ultimate beneficiaries of a foreign corporate shareholder.

Limited company

None, except that for FIA purposes, it is necessary to disclose the ultimate beneficiaries of a foreign corporate shareholder.

Branch office of a foreign company

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Company limited by shares

The chairman, directors and supervisor are the "responsible persons" of the company and required to conduct the business of the company in good faith and exercise the due care of a good administrator. Officers are appointed by the board to oversee the day-to-day operations of the company.

Closely-held company limited by shares

The chairman, directors and supervisor are the "responsible persons" of the CHC and required to conduct the business of the CHC in good faith and exercise the due care of a good administrator. Officers are appointed by the board to oversee the day-to-day operations of the company.

Limited company

The director(s) is the "responsible person" of the company and required to conduct the business of the company in good faith and exercise the due care of a good administrator.

Branch office of a foreign company

The branch manager is the "responsible person" of the branch office and required to conduct the business of the branch office in good faith and exercise the due care of a good administrator.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Company limited by shares

The identities of the directors and supervisor are publicly disclosed; the identities of the shareholders are not publicly disclosed, except that the public would know the identity of a shareholder who acts as a director or supervisor or of a corporate shareholder who appoints a director or supervisor.

Closely-held company limited by shares

The identities of the directors and supervisor of the CHC are publicly disclosed; the identities of the shareholders are not publicly disclosed, except that the public would know the identity of a shareholder who acts as a director or supervisor or of a corporate shareholder who appoints a director or supervisor.

Limited company

The identity(ies) of the director(s) is publicly disclosed. The identity(ies) of the member(s) is not publicly disclosed, except that the public would know the identity of a member who acts as the director or of a corporate member who appoints the director.

Branch office of a foreign company

The identity of the branch manager is publicly disclosed. The name of the foreign company is also publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Company limited by shares

Must have at least three directors; provided that a non-public status company may have only one director if its articles of incorporation so permit. There is no maximum number of directors.

Closely-held company limited by shares

Must have at least three directors; provided that a CHC may have only one director if its articles of incorporation so permit. There is no maximum number of directors.

Limited company

Must have at least one, but not more than three directors.

Branch office of a foreign company

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Company limited by shares

Must have at least two shareholders but may have a sole shareholder if such sole shareholder is a company. There is no maximum number of shareholders.

Closely-held company limited by shares

One shareholder is sufficient. The maximum number of shareholders is 50.

Limited company

One member is sufficient.

Branch office of a foreign company

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Company limited by shares

Removal of directors can be effectuated by the shareholders' meeting or the shareholder designating such director (without a shareholders' meeting). Officers can be removed by the board.

Closely-held company limited by shares

Removal of directors can be effectuated by the shareholders' meeting or the shareholder designating such director (without a shareholders' meeting). Officers can be removed by the board.

Limited company

All members must consent to remove or replace the director(s). Branch office of a foreign company Manager of the branch office can be removed by the board of the foreign company.

REQUIRED AND OPTIONAL OFFICERS

No required officers.

BOARD MEETING REQUIREMENTS

Company limited by shares

Generally, one regular board meeting is required, which can either be a physical meeting or held through video conferencing. For a non-public status company, a unanimous written resolution in lieu of a board meeting is allowed if its articles of incorporation so permit. A board meeting held by telephone conference is not permitted.

Closely-held company limited by shares

Generally, one regular board meeting is required, which can either be a physical meeting or held through video conferencing. A unanimous written resolution in lieu of a board meeting is allowed if the articles of incorporation of the CHC so permit. A board meeting held by telephone conference is not permitted.

Limited company

Not applicable for this jurisdiction.

Branch office of a foreign company

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Company limited by shares

Other than for certain important matters stated in the Company Act and/or its articles of incorporation, a simple majority must be present for both board (directors) and shareholders' (voting shares) meetings.

Closely-held company limited by shares

Other than for certain important matters stated in the Company Act and/or its articles of incorporation, a simple majority must be present for both board (directors) and shareholders' (voting shares) meetings.

Limited company

Not applicable for this jurisdiction.

Branch office of a foreign company

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Before incorporation of the entity, a preparatory bank account must be opened at a local bank to receive the paid-in

capital/working capital of such entity. After the company/branch office registration and business registration are completed, the entity may opt to open a permanent account at a local bank.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Company limited by shares

A company with capital over NTD30 million (approximately US\$1 million) or a company with capital less than NTD30 million but with (1) annual sales revenue exceeding NTD100 million (approximately US\$3.3 million), or (2) more than 100 local employees, must have its annual financial statements audited by a local CPA. Except for the annual financial statements approved by the board/shareholders' meeting (in respect of which the company must keep at least a copy thereof at the company's place of business), other company's books and records need not be kept locally.

Closely-held company limited by shares

A CHC with capital over NTD30 million (approximately US\$1 million) or a company with capital less than NTD30 million but with annual sales revenue exceeding NTD100 million (approximately US\$3.3 million), or more than 100 local employees, must have its annual financial statements audited by a local CPA. Except for the annual financial statements approved by the board/shareholders' meeting (in respect of which the CHC must keep at least a copy thereof at the CHC's place of business), other CHC's books and records need not be kept locally.

Limited company

A company with capital contributions over NTD30 million (approximately US\$1 million) must have its annual financial statements audited by a local CPA. The company's books and records must be kept at the company's place of business.

Branch office of a foreign company

A branch office must keep separate accounting books. A branch office with working capital over NTD30 million (approximately US\$1 million) or a branch office with working capital less than NTD30 million but with annual sales revenue exceeding NTD100 million (approximately US\$3.3 million), or more than 100 local employees, must have its annual financial statements audited by a local CPA. The branch office's books and records need not be kept locally.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Company limited by shares

A company may issue either par value shares or no-par value shares.

Closely-held company limited by shares

A CHC may issue either par value shares or no-par value shares.

Limited company

Not applicable for this jurisdiction.

Branch office of a foreign company

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Company limited by shares

An increase in the company's authorized capital will result in a Capital Tax of NTD 1 for every NTD4,000 increase.

Closely-held company limited by shares

An increase in the company's authorized capital will result in a Capital Tax of NTD 1 for every NTD4,000 increase.

Limited company

An increase in the company's capital contributions will result in a Capital Tax of NTD1 for every NTD4,000 increase.

Branch office of a foreign company

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Company limited by shares

The company may repatriate all its after-tax profits as dividends after the annual shareholders' meeting has accepted the annual financial statements. In addition, the company may distribute dividends after the end of each quarter or half fiscal year after its board meeting has accepted the quarterly/semi-annual financial statements if its articles of incorporation so permit. In order to repatriate the company's invested capital, the company would have to either reduce its capital or liquidate.

Closely-held company limited by shares

A CHC may repatriate all its after-tax profits as dividends after the annual shareholders' meeting has accepted the annual financial statements and, if its articles of incorporation so permit, may also distribute dividends after the end of each quarter or half fiscal year after its board meeting has accepted the quarterly/semi-annual financial statements. In order to repatriate the CHC's invested capital, the CHC would have to either reduce its capital or liquidate.

Limited company

The company may repatriate all its after-tax profits after the members have accepted the annual financial statements and, if its articles of incorporation so permit, may also distribute profits after the end of each quarter or half fiscal year after its members have accepted the quarterly/semi-annual financial statements. In order to repatriate the company's capital contributions, the company would have to either reduce its capital or liquidate.

Branch office of a foreign company

After-tax profits of a branch office can be repatriated to its foreign company free from dividend tax. In order to repatriate the branch office's working capital, the foreign company would have to pass resolutions to reduce the branch office's working capital or liquidate the branch office.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Company limited by shares

Except to the extent the articles of incorporation of the company prohibit or restrict the transfer of preferred shares, the transfer of shares may not be prohibited or restricted by a company's articles of incorporations. Transfers by or to foreign investors require FIA approval.

Closely-held company limited by shares

In order to maintain the "closely-held" feature of a CHC, restrictions on share transfer shall be specified in the articles of incorporation and the share certificates of the CHC (and, if the CHC does not issue share certificates, the private agreements among the shareholders).

Limited company

Transfer of a member's capital contribution requires the approval of 51% of the other members. Transfer of a director's capital contribution requires the consent of all other members.

Branch office of a foreign company

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

A Chinese name reservation must be made before filing for incorporation.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Generally not required. Entities in the financial sector will typically impose their own KYC requirements in accordance with Taiwan Anti-Money Laundering Act (AMLA).

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Company limited by shares

Any amendment to the company's articles of incorporation generally requires shareholders' meeting approvals.

Closely-held company limited by shares

Any amendment to the CHC's articles of incorporation generally requires shareholders' meeting approvals.

Limited company

Any amendment to the company's articles of incorporation requires approval of all members.

Branch office of a foreign company

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Company limited by shares

Special licenses/permits are required for certain business activities (eg, banking, securities, telecommunications and manufacturing). Aside from this, the company may carry on its business after completion of the incorporation process and business registration.

Closely-held company limited by shares

Special licenses/permits are required for certain business activities.

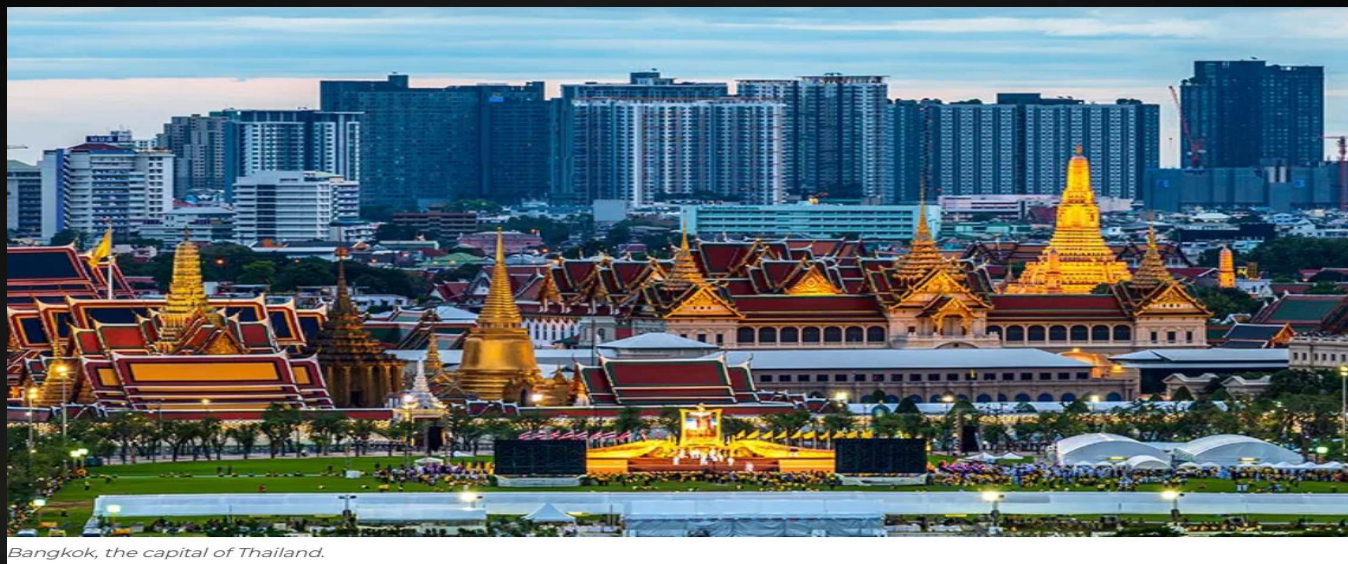
Limited company

Special licenses/permits are required for certain business activities. Branch office of a foreign company Special licenses/permits are required for certain business activities.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies are not available in Taiwan.

THAILAND



Bangkok, the capital of Thailand.

FORM OF ENTITY

Private limited company

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of a company. Directors are elected by the shareholders of a company.

Public limited company

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of a company. Directors are elected by the shareholders of a company. Public limited company can be newly incorporated or converted from, or amalgamated with, an existing private limited company. Usually a purpose of using a public limited company is to obtain investment from the public at large, for example, by making a public offering of its shares.

Partnerships

There are three types of partnerships:

Unregistered ordinary partnership (all partners are jointly and severally liable)

Registered ordinary partnership (a partnership becomes a legal entity, separate and distinct from individual partners; all partners are jointly and severally liable for all obligations of a partnership)

Limited partnership (partnership becomes a legal entity, separate and distinct from individual partners). Limited partnerships are comprised of two types of partners:

Partner(s) whose liability is limited to the amount of their capital contribution and

Partners who are jointly and unlimitedly liable for all obligations of a partnership

ENTITY SET UP

Private limited company

At least three shareholders are required

Unlimited number of shareholders

No personal liability of shareholders

Taxed on its earnings at a corporate level, and shareholders are taxed on any distributed dividends

Typical charter documents include:

Certificate of incorporation

Memorandum of association and articles of association

Company's affidavit List of shareholders and share certificates

Share register book Board of directors has overall management responsibility

No invitation to subscribe for shares can be made to the public

Two classes of shares may be issued concurrently (ie, common shares and preference shares)

Private limited company may not own its own shares (ie, treasury shares are not allowed) A share is indivisible, but a share par value could be amended A shareholder cannot avail himself or herself of a set-off against the company as to payments on shares (ie, debt to equity conversions are generally not permissible)

Public limited company

At least 15 shareholders are required

Unlimited number of shareholders

No personal liability of shareholders

Taxed on its earnings at a corporate level, and shareholders are taxed on any distributed dividends

Typical charter documents include:

Certificate of incorporation

Memorandum of associations and articles of association

Company's affidavit

List of shareholders and share certificates

Share register book

Board of directors has overall management responsibility

Stock offerings can be categorized into two types: public offering and private placement.

Public limited company may make a private placement of its shares without prior approval. If a public limited company intends to make a public offering, it must obtain prior approval from the Securities and Exchange Commission of Thailand.

Shares of public limited company may or may not be traded on the Stock Exchange of Thailand

Unregistered ordinary partnership Two or more partners join together for a common undertaking to share profits by virtue of a contractual relationship between member partners

Not legally recognized as a legal person which exists separately from the partners

All partners are jointly and unlimitedly liable for acts made by any partner in the ordinary course of business of a partnership. Even if partners agree to restrict the powers of certain partners, such restriction will not have effect on third persons. Creditors can directly seek performance from any individual partner without first claiming against the assets of a partnership

Registered ordinary partnership

Two or more partners join together for a common undertaking to share profits by virtue of a contractual relationship between member partners

A legal entity separate from the partners themselves. Personal liabilities of each partner are generally unlimited. Creditors may demand performance under an obligation from the partnership itself or any of its partners

Limited partnership

Two or more partners join together for a common undertaking to share profits by virtue of a contractual relationship between member partners A legal entity separate from the partners themselves

There are one or more partners who are limited in their liability to the extent of their contributions; there must be at least one partner who is unlimitedly liable for all obligations of a partnership and eligible to act as Managing Partner

MINIMUM CAPITAL REQUIREMENT

Private limited company

As the amount of a share must not be less than THB5 and the minimum number of shareholders is three, theoretically, a minimum registered capital amount required to incorporate a private limited company is THB15. However, this is generally not the case in practice, as private limited companies usually have a minimum registered capital in the amount sufficient to operate its business (ie, more than THB15).

Public limited company

No minimum capital requirement.

Partnerships

No minimum capital requirement.

LEGAL LIABILITY

Private limited company

Risk borne by shareholders is generally limited to shares they subscribed to or acquired. In other words, liability of shareholders is limited to unpaid amount (if any) on the shares respectively held by them.

Public limited company

Risk borne by shareholders is generally limited to shares they subscribed to or acquired. In other words, liability of shareholders is limited to unpaid amount (if any) on the shares respectively held by them.

Partnerships

Unregistered ordinary partnership

The personal liabilities of each partner are generally unlimited.

Registered ordinary partnership

The personal liabilities of each partner are generally unlimited.

Limited partnership

A limited partner is liable in the amount of his or her own contribution to the capital; an unlimited partner is liable for all obligations of a partnership.

TAX PRESENCE

Private limited company

A private limited company is subject to corporate income tax. The shareholders are subject to income tax on the dividends paid to them.

Public limited company

A public limited company is subject to corporate income tax. The shareholders are subject to income tax on the dividends paid to them.

Partnerships

Unregistered ordinary partnership Partners of an unregistered ordinary partnership must pay personal income tax at a progressive rate.

Registered ordinary partnership

A registered ordinary partnership is subject to corporate income tax. The partners are subject to income tax on the profit distributions from the registered ordinary partnership.

Limited partnership

A limited partnership is subject to corporate income tax. The partners are subject to income tax on the profit distributions from the registered limited partnership.

INCORPORATION PROCESS

Private limited company

Reserve the company's name and file the application form with its supporting documents to the Department of Business Development (DBD).

Public limited company

Reserve the company's name and file the application form with its supporting documents to the DBD.

Partnerships

Unregistered ordinary partnership

No registration is required.

Registered ordinary partnership

Reserve the name and file the application form with its supporting documents to the DBD.

Limited partnership

Reserve the name and file the application form with its supporting documents to the DBD.

BUSINESS RECOGNITION

Private limited company

Well regarded and widely used.

Public limited company

Well regarded and widely used.

Partnerships

Unregistered ordinary partnership

Well regarded and widely used, in particular for local business operators.

Registered ordinary partnership

Well regarded, but not widely used.

Limited partnership

Well regarded and widely used, in particular for local business operators.

SHAREHOLDER MEETING REQUIREMENTS

Private limited company

At least once a year to vote on certain matters such as approval of financial statements, election of directors in place of those retired by rotation, etc.

Public limited company

At least once a year to vote on certain matters such as approval of financial statements, election of directors in place of those retired by rotation, etc.

Partnerships

Annual meeting of partners is not required.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private limited company

No requirements for board of directors meetings. However, the board of directors must at least hold a meeting to call an annual general meeting of shareholders.

Public limited company

Board of directors must hold a meeting at least once every three months.

Partnerships

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

An entity, ie, a registered ordinary partnership, a limited partnership, a private limited company and a public limited company, is obliged to file corporate income tax returns twice a year: Mid-year tax return – calculated from an estimated income and expense of the full year but the tax is paid at 50% of estimated tax Year-end tax return Entities must file mid-year tax return within two months after the end of the first six months of any accounting year and file year-end tax return within 150 days after the end of accounting period.

BUSINESS REGISTRATION FILING REQUIREMENTS

Any registration related to an entity must be filed with the DBD. Financial statements must also be filed annually.

BUSINESS EXPANSION

Not applicable for this jurisdiction.

EXIT STRATEGY

File dissolution documents with the DBD.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Not applicable for this jurisdiction.

DIRECTOR / OFFICER REQUIREMENTS

Private limited company

No minimum number requirement; therefore, a sole director is allowed.

Public limited company

A board of directors must consist of at least five directors of which not less than one-half shall reside in Thailand.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

According to interpretation of relevant law by the companies registrar, circular resolutions and proxies/powers of attorney are not acceptable for board meetings, and directors must physically attend the meetings. Telephone conference or video call is acceptable, provided that one-third of the quorum is in the same place, all attendees are in Thailand and the arrangement is in line with related notifications issued by DBD and Ministry of Economy and Society. In addition, in case of a public limited company, this method of meetings must be prescribed by the company's articles of association.

SUFFICIENCY OF VIRTUAL OFFICE

Applicable to certain extent, ie, not applicable for the entity's Value Added Tax registration.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Applicable subject to internal policy of such law firm or third-party service provider.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Director

Applicable subject to internal policy of such law firm or third-party service provider.

Corporate secretary

Applicable and widely used.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private limited company

Unless the company's business is subject to certain specific laws, no nationality or residency requirements for shareholders or directors of the company.

Public limited company

Unless the company's business is subject to certain specific laws, no nationality or residency requirements for shareholders of the company. Board of directors must consist of at least five directors to conduct business of a company, not less than half of directors must reside within Thailand.

Partnerships

No nationality or residency requirements for shareholders or directors of the partnership.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction. Nominee arrangement for avoiding the requirements under the Foreign Business Act is prohibited.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Not applicable for this jurisdiction.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private limited company

No minimum and maximum number of directors is required. Maximum number of shareholders is unlimited, but minimum number of shareholders required by law is three.

Public limited company

Minimum number of directors required by law is five. Maximum number of shareholders is unlimited, but minimum number required by law is 15.

Partnerships

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private limited company

Minimum number of shareholders required by law is three.

Public limited company

Minimum number of shareholders required by law is 15.

Partnerships

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Private limited company

A resolution of shareholders' meeting for the removal of a director, and the change of authorized signatory power, if any, as well as the registration with the DBD for change of directors and the authorized signatory power is required. Public limited company A resolution of shareholders' meeting for the removal of a director, and the change of authorized signatory power, if any, as well as the registration with the DBD for change of directors and the authorized signatory power is required.

Partnerships

Not applicable for this jurisdiction.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Private limited company

No requirements for board of directors meetings under the law. A board of directors must at least hold a meeting to call an annual general meeting of shareholders.

Public limited company

Board of directors must hold a meeting at least once every three months.

Partnerships

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private limited company

Subject to company's articles of association, quorum for a board of directors' meeting is three members (when total number of directors exceeds three). A quorum for a shareholders' meeting is at least one-fourth of the company's capital.

Public limited company

For a board of directors' meeting, at least half of total number of directors is required to constitute a quorum. For a shareholders' meeting, amount of shareholders and proxies (if any) attending the meeting must be not less than 25 persons or not less than one half of the total number of shareholders and, in either case, such shareholders must hold shares in the amount not less than one-third of the total number of shares needed to constitute a quorum.

Partnerships

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private limited company

If a registered capital of a company exceeds THB5 million, a bank certificate issued under the company's name showing the amount not less than the amount of capital to be registered from a bank is required to be filed with the DBD within 15 days after the incorporation date of the company. A local bank account can be opened after an incorporation of a company.

Public limited company

Not applicable for this jurisdiction.

Partnerships

If a registered capital of a registered ordinary partnership or limited partnership exceeds THB5 million, a bank certificate issued under the name of the registered ordinary partnership or limited partnership showing the amount not less than the amount of capital to be registered from a bank is required to be filed with the DBD within 15 days after the incorporation date of the registered ordinary partnership or the limited partnership. A local bank account can be opened after an incorporation of a registered ordinary partnership or limited partnership.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Financial statements must be audited by qualified Certified Public Accountants of Thailand. Generally, company's account must be kept at the place of business.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private limited company

Minimum par value of each share is THB 5. Public limited company Minimum par value of each share is not specified. However, each share must be equal in value.

INCREASING OF CAPITALIZATION IF NEEDED

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Dividends or capital returns can be repatriated from Thailand via wire transfer through a commercial bank.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private limited company

Transfer of shares under a name certificate is void unless made in writing and signed by the transferor and the transferee whose signatures shall be certified by at least by one witness or specified otherwise in the company's articles of association. Such transfer is invalid as against the company and third persons until the name and address of the transferee are recorded in the share register book.

Public limited company

Promoters cannot transfer shares purchased during the incorporation process prior to two years from the date of incorporation, unless approval is obtained at the meeting of shareholders. A transfer of shares is only valid upon the transferor's endorsement of the share certificate by way of indicating the name of the transferee and having it signed by both the transferor and the transferee upon delivery of share certificates to the transferee. The transfer of shares will be set up against the company only when the company has received a request to register the transfer of the shares, but it may be set up against a third person only after the company has recorded the transfer of the shares in the share register book.

Partnerships

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

Entity's name must comply with regulation of, and be approved by, the DBD.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private limited company

A shareholders' resolution to amend the charter document and filing of application with supporting documents for such amendment to the DBD are required.

Public limited company

A shareholders' resolution to amend the charter document and filing of application with supporting documents for such amendment to the DBD are required.

Partnerships

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

May be required if the entity is wholly/majority owned by foreigners or its business is restricted and governed by certain specific laws. Unless a foreign business license or a foreign business certificate is obtained, a foreigner is prohibited from conducting restricted businesses prescribed under the Foreign Business Act.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

TURKEY



FORM OF ENTITY

Joint-stock company (JSC)

Capital company with a legal personality.

General assembly of shareholders is the highest decision-making body in a JSC.

Power to manage business and affairs of a JSC is vested in its board members.

Board members act as a corporate body and may have one or more members.

Board members are not required to have a share in the company.

Board members can transfer their duties and authorities to one or more director or a third party.

Limited liability company (LLC)

Capital company with a legal personality.

General assembly of partners is the ultimate decision-making body in LLC.

Management rights and duties of LLC are conferred to the managers.

At least one partner must have management rights and representation power of an LLC as a manager.

It is also possible to appoint third-party individuals, who are not partners of the LLC, as managers.

Other business forms

Branch offices (BO)

BOs may carry out the business their principal company is conducting and freely enjoy the right to pursue commercial activities. A foreign principal company remains liable for all debts of the BO. BOs have autonomous capital and accounting to carry out commercial transactions with third parties, although they are closely associated with the principal company in respect of internal management. This means that rights, debts, profits and losses of the BOs are assumed by the principal company. A BO can only engage in activities of its principal company. Although there is no legal capital requirement for BOs, it is required that the principal company maintains capital that is sufficient to run the BO in practice.

Liaison Offices (LO)

LO can only provide "representation" and "relationship management" with respect to the overseas principal company's Turkish customers and suppliers, but it cannot engage in any commercial or trading activity.

ENTITY SET UP

Incorporation procedures for a JSC and an LLC are very similar and include:

Preparation of a company's articles of association

Registration of a company with the relevant Trade Registry

Announcement of a company in the Trade Register Registration with the relevant tax office

MINIMUM CAPITAL REQUIREMENT

Joint-stock company (JSC)

Minimum capital requirement is TL 50,000; while this amount is TL 100,000 for the non-public JSCs, which accept the registered capital system.

Limited liability company (LLC)

Minimum capital requirement is TL 10,000.

LEGAL LIABILITY

Joint-stock company (JSC)

Shareholders of a JSC are generally not liable for the debts of a company aside from their financial contribution to the company. Board members are jointly and severally liable for public debts which cannot be paid by the company. Liability is joint and several, with a right to recourse against other board members.

Limited liability company (LLC)

Partners of an LLC are generally not liable for the debts of an LLC aside from their contribution to an LLC. Managers are jointly and severally liable for public debts which cannot be paid by a company. Liability is joint and several, with a right to recourse against other managers.

TAX PRESENCE

Joint-stock company (JSC)

A JSC's profit is subject to 22% corporation income tax.

Limited liability company (LLC)

An LLC's profit is subject to 22% corporation income tax.

INCORPORATION PROCESS

Articles of association and other necessary documentation must be submitted to register with the relevant Trade Registry. Following the establishment, the company must also register with the relevant tax office where the company's headquarters is located in order to be able to operate.

BUSINESS RECOGNITION

Well regarded, but not widely used.

SHAREHOLDER MEETING REQUIREMENTS

It is mandatory to hold ordinary general assembly meetings with a certain agenda within three months from the end of the accounting period. Additionally, when necessary, general assembly is called for extraordinary meeting.

BOARD OF DIRECTOR MEETING REQUIREMENTS

As often as internal operations of the company require.

ANNUAL COMPANY TAX RETURNS

Must file tax returns annually, quarterly and monthly with relevant tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

Initial registration and annual filings are required as well as certain actions such as amendment of articles of association.

BUSINESS EXPANSION

Joint-stock company (JSC)

No need to change as business expands.

Limited liability company (LLC)

If the number of shareholders exceeds 50, either the shareholder number must be decreased back 50 or the company must be converted to a JSC. EXIT STRATEGY Must start a liquidation process and register it with the relevant Trade Registry.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Company books such as share ledger, minutes book for resolutions of board members, minutes book for general assembly meetings must be maintained.

DIRECTOR / OFFICER REQUIREMENTS

No specific requirements, apart from the sector-specific requirements in the relevant sector-specific laws.

LOCAL CORPORATE SECRETARY REQUIREMENT

Not mandatory.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Not mandatory.

LOCAL OFFICE LEASE REQUIREMENT

If the company is not the owner of real estate in Turkey to be used for registered address, the company's office must be leased for registration purposes.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Under Turkish Law, a company needs a physical office in Turkey in order to exist and operate.

SUFFICIENCY OF VIRTUAL OFFICE

Not applicable for this jurisdiction.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

The company must have a registered address in Turkey which will be registered with the relevant Trade Registry and tax office. The law firms cannot provide a registered address due to their code of conduct.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Not applicable, apart from the sector-specific requirements.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable, except for the BOs and sector-specific requirements.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Authority of directors

The non-delegable and indispensable duties and powers of the board members are as follows:

Top-level management of the company and giving instructions in this regard

Determination of company's management organization

Establishment of a necessary system for financial planning to the extent required, and for accounting and finance audits

Appointment and dismissal of managers and persons performing same function and authorized signatories

High-level supervision of whether the persons in charge of management act in accordance with the law, articles of association, internal regulations and written instructions of the board of directors

Keeping the share book, resolution book of the board and the general assembly meeting and discussion register, preparation of the annual report and corporate governance disclosure and submission thereof to the general assembly, organization of general assembly meetings and enforcement of General assembly resolutions

Notifying the court regarding the company's state of excess of liabilities over assets Authority of shareholders

The non-delegable and indispensable duties and powers of the general assembly of shareholders are as follows:

Amendment of articles of association

Nomination, duty period, powers, salaries and attendance fee, premium and bonus, acquittal and dismissal of board of directors

Nomination and dismissal of auditor with the excluding situations mentioned in the Turkish Commercial Code

Obtaining resolutions regarding financial statements, annual report of board of directors, how to use annual profit, determination of profit and earning shares, reserve funds to be added to capital or profit to be distributed, and usage

Termination of company in the situations mentioned in the Turkish Commercial Code Wholesale of company assets Authority of managers

The non-delegable and indispensable duties and powers of the managers are as follows:

To execute ultimate direction and management and to give necessary instructions

To determine partnership management organization in accordance with law and articles of association

To develop accounting, financial auditing and financial planning if necessary for the management of a partnership

To supervise whether persons to whom one or more divisions of partnership management have been entrusted, are acting in accordance with law, articles of association, internal regulations and instructions

To establish a committee for early risk detection and management, except for small sized partnerships with limited liabilities

To prepare partnership's financial statements, annual report and, where necessary, group of companies' financial statements and annual report To organize general assembly meeting and to execute general assembly resolutions

To notify the court that partnership's liabilities exceed its assets Authority of partners

The non-delegable and indispensable duties and powers of the general assembly of partners are as follows:

Amendment of articles of association

Nomination and dismissal of managers

Nomination and dismissal of the community auditor and auditors

Approval of community annual financial statements and annual activity report

Approval of year-end financial statements and annual activity report, determination of profit and earning shares

Determination of principals' salaries and their discharge

Approval of transfer of principal capital shares

Requesting court to remove a partner from a company

Authorization of a manager to acquire the company's own shares or approval of such acquisition

Termination of a company

Passing resolutions on issues that general assembly is authorized by law or articles of incorporation or that directors present to general assembly

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

The identity of directors, officers and shareholders are disclosed through registration with the Trade Registry and announcement at the Trade Registry Gazette.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Joint-stock company (JSC)

At least one shareholder is required, no limit for maximum number of shareholders At least one board member is required, no limit for maximum number of board members

Limited liability company (LLC)

At least one partner is required, maximum number of partners is 50 At least one partner must be appointed as a manager and must have representation and binding authority on behalf of the company. No limit for maximum number of managers

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private limited company

Not applicable for this jurisdiction.

Public limited company

Not applicable for this jurisdiction. Ordinary partnerships (adi ortaklık) Minimum number of partners required by law is two.

REMOVAL OF DIRECTORS OR OFFICERS

Joint-stock company (JSC)

Members of the board, whether elected or appointed by the articles of association, may be removed at any time by the decision of the general assembly. Limited liability company (LLC) Managers, whether elected or appointed by the articles of association, may be removed at any time by the decision of the general assembly.

REQUIRED AND OPTIONAL OFFICERS

Not applicable for this jurisdiction, apart from certain industries (banking, insurance, etc.).

BOARD MEETING REQUIREMENTS

Members of the board cannot vote on behalf of each other or participate in the meeting through proxy.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Joint-stock company (JSC)

Unless a higher quorum is required by law or by the articles of association, general assembly convenes with the presence of shareholders representing one-quarter of the share capital. This quorum must be preserved throughout the meeting. If this quorum is not met at a first meeting, the shareholders are called to a second meeting. At the second meeting, present shareholders can adopt resolutions on any matter, irrespective of share capital they represent. Resolutions are passed by a simple majority of votes.

However, Turkish Commercial Code introduces qualified meeting and resolution quorum requirements for certain issues such as change of nationality of the company, change of scope of activities and change of legal form. In JSCs,

unless a higher quorum is required by law and/or the articles of association, board of directors convenes with the majority of members and resolutions are passed by the vote of majority of members present at the meeting.

Limited liability company (LLC)

All general assembly decisions, including election decisions, require the vote of one-half of partners present at the meeting, unless otherwise provided in the articles of association. The Turkish Commercial Code introduces qualified meeting and resolution quorum requirements in LLCs for certain issues such as change of scope of activities, creating privileged shares and so on. Quorum and voting rights must be proportionate to shareholdings. However, different classes of shares with different voting rights can be issued.

It is possible for a company to issue privileged voting shares, although a privilege can only be granted to the share (or a class of shares) and not to the shareholder(s) per se. In LLCs, a quorum for managers' convening is not established by law, but the law merely states the quorum required to pass a resolution. If there is more than one manager, resolutions are passed by a simple majority of votes. Articles of incorporation may require a higher quorum to pass resolutions and a quorum for convening.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Opening a bank account in a local bank for the company is mandatory, as the company is obliged to deposit the minimum capital of the company to a bank account. Banks generally seek for the signature circular of the company, company registration certificate and tax number while opening an account.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

According to the Turkish Commercial Code, the Council of Ministers determines companies that are subject to independent audit. Such independent auditor can either be a certified accountant or an independent financial consultant located in Turkey. Legal books such as share-ledger, board of directors and general assembly resolutions' ledgers and some other financial ledgers of a company must be notarized by a Turkish public notary after registration certificate is obtained. Legal books must be kept in Turkish.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Joint-stock company (JSC)

Nominal value of minimum KR 1.

Limited liability company (LLC)

Value of any share cannot be less than TL 25.

INCREASING OF CAPITALIZATION IF NEEDED

Companies may decide to increase their capital by way of in cash or in kind contributions. The following is required to increase capital: In order to realize capital increase, current committed capital must be paid A report prepared by a certified public accountant stating the current committed capital is paid Company shareholders resolution for capital increase Registration of capital increase in the relevant Trade Registry

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Financial statements become final with the approval of the majority of shareholders or partners through a general assembly resolution. At the same meeting distribution of profits (as dividends) can also be approved.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Unrestricted, unless the articles of association restrict.

OBTAINING A NAME AND NAMING REQUIREMENTS

Each company form must have a business title that shows the companies type as JSC or LLC (in Turkish) and gives a hint on the business activities of the company (in Turkish), this must also be registered with the Trade Registry. Other than these two parts, there are language constraints.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Not applicable for this jurisdiction, apart from certain industries (banking, insurance, etc.).

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

No government authority approval requirement, apart from certain industries (banking, insurance, etc.).

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

All businesses, regardless of the industry, are required to obtain an Establishment and Operation of Workplace License before commencement of their operations. Additional licenses may be required for certain industries (banking, insurance, etc.).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

UKRAINE



FORM OF ENTITY

The below summary provides an overview of 2 corporate structures that are commonly used in Ukraine. Other alternatives provided by law, such as private enterprise, additional liability company, general partnership and limited partnership, may be used, but are less common due to their legal uncertainty and additional liability for their participants. It is also possible for a foreign company to establish a representative office which, however, is not a separate company, and the parent company remains liable for all obligations of such representative office.

Limited Liability Company (LLC)

Separate and distinct legal entity. Subject to certain exceptions, participants (shareholders) are not liable for debts and obligations of the company Taxed on its earnings at a corporate level and participants taxed on any distributed dividends

Management and organization governed by charter (articles of association) and internal regulations. Director (board of directors) has overall management responsibility

Must annually file information to the companies register regarding its ownership structure and ultimate beneficial owners and Event-driven filings must be made from time to time, such as in the case of changes of director(s), ultimate beneficial owners or other corporate details.

Joint-Stock Company (JSC)

Distinct legal entity separated from its shareholders. Subject to certain exceptions, shareholders are not liable for debts and obligations of the company The law provides for 2 types of JSCs: public and private. The main differences between the two types of JSCs are: Shares of public JSCs are publicly traded on stock exchanges, while shares of private JSCs are placed among a limited number of persons Shareholders of public JSCs do not have a preemptive right to purchase shares of a shareholder intending to alienate them to a third party.

Charter of a private JSC can provide for such right When convening the general shareholders' meeting, in addition to notifications to shareholders, on own website and in the public database of the National Securities and Stock Market Commission (the Securities Commission), public JSCs shall also notify the stock exchange where its shares are traded Establishment of a supervisory board in public JSCs is mandatory.

Members of the supervisory board of a public JSC are elected only through cumulative voting, and the minimum

number of members is 5 Mandatory establishment of an

(i) audit committee,

(ii) remuneration committee and

(iii) appointment committee in the supervisory board of a public JSC and When considering a prior approval for execution of a related party transaction, the supervisory board of a public JSC shall engage an independent auditor, and, if approved, publish the essential terms of such transaction. JSC is a less common form than LLC as it has more regulated corporate procedures and less flexibility in adopting corporate decisions.

In addition, the law provides for more strict and extensive reporting and notification procedures, including to the Securities Commission Taxed on its earnings at a corporate level and shareholders taxed on any distributed dividends Must annually file information to the companies register regarding its ownership structure and ultimate beneficial owners Must file annual report to the securities commission, which is publicly available, and Event-driven filings must be made from time to time, such as in the case changes of members of executive and supervisory bodies or other corporate details. The regulation of JSC activities is subject to change under the new law which is to be adopted in 2020.

ENTITY SET UP

Limited Liability Company

LLC is a legal entity managed by 1 or more directors who are responsible for making major decisions and overseeing the general affairs of the company. Subject to the charter of the company, participants have the power to appoint and remove directors.

Private Joint-Stock Company

PJSC is a legal entity managed by 1 or more directors who are responsible for making major decisions and overseeing the general affairs of the company. Subject to the charter (articles of association) of the company, the shareholders and the supervisory board generally have the power to appoint and remove executive bodies (ie, directors).

MINIMUM CAPITAL REQUIREMENT

Limited liability company (LLC)

None, although a low amount of charter capital may sometimes be a trigger for counterparties.

Private Joint-Stock Company

Minimum charter capital for a PJSC constitutes UAH1,250 of minimum wages as of the date of PJSC incorporation (the amount of minimum wage is stipulated by the law annually). For the year 2020, minimum charter capital of PJSC amounts to UAH5,903,750 (approximately EUR227,000). In case of an increase or decrease of charter capital, the changed amount of the charter capital should be no less than UAH1,250 of minimum wages as of the date of such increase or decrease.

LEGAL LIABILITY

Limited liability company (LLC) Participants are not liable for debts of the company. Those participants who did not pay their participation interest (share) in full remain liable under LLC obligations within the unpaid participation interest.

Private Joint-Stock Company

Shareholders are generally not liable for debts of the company. Those shareholders who did not pay their share in full remain liable for PJSC obligations within the unpaid share. PJSC founders are jointly liable for obligations related to PJSC incorporation. Such liabilities may be transferred to the PJSC once it is incorporated, and the shareholders resolve to accept such liabilities for the PJSC.

TAX PRESENCE

Limited liability company (LLC)

Company's profits are taxed at 2 levels: corporate profit tax is applied directly on the company's profits, and income

tax is imposed on dividends distributed to participants.

Private Joint-Stock Company

Company's profits taxed at 2 levels: corporate profit tax is applied directly on the company's profits, and income tax is imposed on any dividends distributed to shareholders.

INCORPORATION PROCESS

Limited Liability Company

The incorporation process takes 1 business day. The documents to be submitted to the state registrar include an application form signed by all founders (their authorized representatives), a charter and the minutes of the founders' meeting (in case of a sole founder, a sole founder's resolution). If the founder acts through a representative, a duly certified document confirming its powers should be provided. In case the founder is a foreign company, a duly legalized extract from the companies/trade/commercial register should be submitted. There is an option for online registration procedure under the model (standard) charter approved by the Ukrainian government. This option is available for founders with electronic signatures (not applicable for foreign corporate founders).

Private Joint-Stock Company

The incorporation process includes several stages, namely,

- (i) registration of shares issue and their private placement,
- (ii) approval of the placement results and PJSC charter,
- (iii) state registration of PJSC and
- (iv) obtaining a certificate for the registration of shares issue from the Securities Commission.

BUSINESS RECOGNITION

Limited Liability Company

Well-regarded and widely used.

Private Joint-Stock Company

Less common due to complexity of administration, but generally well regarded and widely used, as the title to shares is considered more heavily protected as compared to participation interest in LLCs.

SHAREHOLDER MEETING REQUIREMENTS

Limited Liability Company

An annual general meeting must be convened no later than 6 months after the preceding reporting year. Extraordinary meetings are convened under request of the executive body, supervisory body or participant(s) holding at least 10 percent of the paid-up charter capital of, and in certain cases provided by, the charter. Certain key decisions stipulated by law (eg, increase of charter capital, payment of dividends, corporate reorganizations) require prior participants' approval.

Private Joint-Stock Company

Annual general meeting must be held no later than April 30 after the preceding reporting year in order to

- (i) approve annual report,
- (ii) distribute profits and
- (iii) adopt decisions on the basis of review of reports of other PJSC bodies.

Extraordinary meetings are convened

- (i) at the supervisory board discretion,
- (ii) upon request of the executive body in a limited number of cases,
- (iii) upon request of the audit commission,

(iv) upon request of shareholders holding at least 10 percent of the voting shares or

(v) in other cases provided by the charter.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited Liability Company

No statutory requirement to hold board meetings. Articles may specify matters which require board approval. Best practice suggests that regular board meetings should be held.

Private Joint-Stock Company

No statutory requirement to hold board meetings. Best practice suggests that regular board meetings should be held.

ANNUAL COMPANY TAX RETURNS

Limited Liability Company

Must file annual corporate profit tax report with the tax authorities within 60 days after the end of reporting period. For companies whose annual income exceeds UAH20 million, such filings are made on a quarterly basis, and the respective tax report should be submitted within 40 days after the end of the respective quarter.

Private Joint-Stock Company

Must file annual corporate profit tax report with the tax authorities within 60 days after the end of reporting period. For some companies (eg, whose annual income exceeds UAH20 million), the reporting period is a quarter, and the respective tax report should be submitted within 40 days after the end of reporting period.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited Liability Company

No separate business registration requirement except for state registration of the company itself (as outlined in the Incorporation Process section). If the company is operating in a regulated sector, special licenses or permits may be required. In addition, if a joint venture is established in Ukraine, this may require an Antimonopoly Committee of Ukraine approval.

Private Joint-Stock Company

Registration of share issue is required to launch business activity. No separate business registration requirements except for state registration of the company itself (as outlined in the Incorporation Process section). If the company is operating in a regulated sector, special licenses or permits may be necessary. In addition, if a joint venture is established, this may require an Antimonopoly Committee of Ukraine approval.

BUSINESS EXPANSION

Limited Liability Company

No requirement to change the corporate structure or the company registration as the business expands.

Private Joint-Stock Company

No requirement to change the corporate structure or the company registration as the business expands.

EXIT STRATEGY

Limited Liability Company

Liquidation, share sale and withdrawal as the company's participant.

Private Joint-Stock Company

Liquidation and share sale.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited Liability Company

The company shall file annual confirmation statement on its ownership structure and ultimate beneficial owners to the companies register.

Private Joint-Stock Company

PJSCs shall submit reports to the securities commission until April 30 on an annual basis and disclose information as provided by law. Company shall also file an annual confirmation statement on its ownership structure and ultimate beneficial owners to the companies register. In addition, companies are required to make event driven filings (eg, to reflect changes in the share capital, registered office or directors of the company).

DIRECTOR / OFFICER REQUIREMENTS

Limited Liability Company

At least 1 director, or any greater number provided for by the charter. Directors should necessarily be natural persons.

Private Joint-Stock Company

At least 1 director, or any greater number provided for by the charter. Directors should necessarily be natural persons.

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited Liability Company

Secretarial position is not provided for LLCs.

Private Joint-Stock Company

Secretarial position is optional. Supervisory board is authorized to appoint the corporate secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

None.

LOCAL OFFICE LEASE REQUIREMENT

Limited Liability Company

The company shall have legal grounds for using its legal (registered) address reflected in the companies register – either on the basis of the lease or ownership title.

Private Joint-Stock Company

The company shall have legal grounds for using its legal address reflected in the companies register – either on the basis of the lease or ownership title.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited Liability Company

Incorporation is performed within the region of the registered address. When the newly registered address is in another region, all registration actions will be then performed in such other region. Company records, such as the statutory books, must also be available for inspection at the registered address.

Private Joint-Stock Company

Incorporation is performed within the region of the registered address. When the newly registered address is in another region, all registration actions will be then performed in such other region. Certain company records, such as the statutory books, must also be kept available for inspection at the registered address.

SUFFICIENCY OF VIRTUAL OFFICE

Limited Liability Company

Registered office must be a physical location within the territory of Ukraine.

Private Joint-Stock Company

Registered office must be a physical location within the territory of Ukraine.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

It is a common practice, which, however, is not specifically regulated by law.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited Liability Company

It is a common practice, which, however, is not specifically regulated by law.

Private Joint-Stock Company

Not common for JSCs, which usually are operating businesses. May be used by dormant JSCs or with minimal operations.

NATIONALITY OR RESIDENCY

REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited Liability Company

None. Work permit for foreign nationals must be obtained by the LLC. A person to be appointed as the director of the company should be a Ukrainian national at the stage of incorporation. Once the company is incorporated, the director who is a Ukrainian national can be replaced with a director who is a foreign national subject to prior obtaining of a work permit.

Foreign legal entities intending to become participants shall submit a legalized extract from the companies/trade/commercial register to the companies register and file it on an annual basis for the confirmation of its status as the participant.

Private Joint-Stock Company

None. Work permits for foreign nationals must be obtained by the JSC. A person to be appointed as the director of the company should be a Ukrainian national at the stage of incorporation.

Once the company is incorporated, the director who is a Ukrainian national can be replaced with the director who is a foreign national subject to prior obtaining of a work permit. Foreign legal entities intending to become shareholders shall submit a legalized extract from the companies/trade/commercial register to the companies register and file it on an annual basis for the confirmation of its status as the shareholder.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited Liability Company

The concept of nominal service is not available in Ukraine. However, in practice, such appointments are possible. Any member of the executive body, regardless of its nominee status, is fully liable for LLC activity.

Private Joint-Stock Company

The concept of nominal service is not available in Ukraine. However, in practice, such appointments are possible. Any member of the executive body, regardless of its nominee status, is fully liable for PJSC activity.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited Liability Company

Directors are responsible for the day-to-day management of the company. They owe fiduciary duties to the company, including a duty to promote the success of the company for the benefit of the participants as a whole. Their authorities are usually limited by company's charter. There are additionally several cases where director's powers are limited by law (eg, with regard to execution of material and related party transactions).

The charter may establish positions of other officials (eg, members of supervisory board), and their authorities and liabilities in this case will additionally be determined by the charter. The law establishes exclusive competence of the

general meeting of participants which cannot be delegated to other corporate bodies. At the same time, the general meeting of participants is entitled to resolve on any matters related to LLC business activity.

Participants generally exercise an indirect influence over the management of the company through their residual power to appoint and remove directors. Material decisions (such as amending the charter, approval of significant and related-party transactions, and declaration of dividends) require participants' approval. Level of shareholder approval (50 percent, 75 percent or unanimous voting) depends on the decision being made and is established by law and/or charter of the company.

Private Joint-Stock Company

Executive directors are responsible for the day-to-day management of the company. They owe fiduciary duties to the company, including a duty to promote the success of the company for the benefit of the shareholders as a whole. Directors' powers are limited statutory (eg, with regard to execution of material and related party transactions) and can be additionally limited by the charter. The law establishes exclusive competence of the general meeting of shareholders which cannot be delegated to other corporate bodies. At the same time, the general meeting of shareholders is entitled to resolve on any matters related to PJSC business activity, except for limited cases restricted by law. Shareholders generally exercise an indirect influence over the management of the company through their residual power to appoint and remove directors. Material decisions require shareholders or supervisory board approval. Level of shareholder approval (50 percent, 75 percent or 95 percent) varies based on the decision being made. Supervisory board and audit commission are mandatory for private JSCs in limited number of cases. For instance, establishment of the supervisory board is obligatory for banks and private JSCs with 10 and more shareholders. Supervisory board is mainly responsible for presenting and protecting shareholders' rights and supervising JSC activity. In addition, it is responsible for providing certain approvals for some types of transactions (eg, material and related party transactions up to certain thresholds). Exclusive competence of the supervisory board is provided by law. Audit commission, or a single auditor, is responsible for reviewing financial business activity of the company. Requirements to the members of the audit commission and their authorities are provided by company's charter. All PJSC officials bear responsibility for their actions (omission) that led to company's damages.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited Liability Company

Identities of directors and participants, together with the details of their respective participation interest, are publicly available. Public disclosure of identity of people with significant control Every company is required to submit to the companies register information about ultimate beneficial owners of the company (ie, about natural persons holding 25 or more percent in an LLC or otherwise controlling the LLC), particularly their

- (i) name,
- (ii) date of birth,
- (iii) nationality,
- (iv) residential address,
- (v) passport details,
- (vi) information about the company where the ultimate beneficial owner has direct shareholding and
- (vii) type and percentage of control over the LLC. Currently, only passport details are not publicly available in the companies register. If the participants of the company are public companies or none of the participants holds, directly or indirectly, 25 percent in the company, information about the reason of absence of ultimate beneficial owners shall be filed with the companies register.

Private Joint-Stock Company

Identities of directors are publicly available. Information about shareholders owning 5 percent of shares and more, together with details of their shareholding, is also publicly available. Information about other shareholders is available to the Securities Commission. Public disclosure of identity of people with significant control Every company is required to submit to the companies register information about ultimate beneficial owners of the company (ie, about natural persons holding 25 or more percent in an PJSC or otherwise controlling the PJSC), particularly their

- (i) name,
- (ii) date of birth,
- (iii) nationality,
- (iv) residential address,
- (v) passport details,
- (vi) information about the company where the ultimate beneficial owner has direct shareholding and
- (vii) type and percentage of control over the PJSC. Currently, only passport details are not publicly available in the companies register. If the participants of the company are public companies or none of the participants holds, directly or indirectly, 25 percent in the company, information about the reason of absence of ultimate beneficial owners shall be filed with the companies register.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

There is a statutory minimum requirement of 1 shareholder, and there is no maximum number. For directors, there is a statutory minimum requirement of 1, and there is no maximum number, all of which shall be natural persons.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

At least 1 participant is required.

REMOVAL OF DIRECTORS OR OFFICERS

Limited Liability Company

Participants always have the power, by a simple majority vote, to remove directors of a company. If the company has a supervisory board, this power may be delegated to supervisory board. The number of votes for the dismissal and appointment of the director in the company may be increased by the charter.

Private Joint-Stock Company

Supervisory board has the power, by a simple majority vote, to remove directors of a company, unless otherwise provided by the company's charter. If the PJSC has no supervisory board, the general shareholders' meeting is authorized to appoint and dismiss directors.

REQUIRED AND OPTIONAL OFFICERS

At least 1 director is required.

BOARD MEETING REQUIREMENTS

Limited Liability Company

There is no statutory requirement regarding board meetings. However, a company's charter usually provides a detailed procedure for convening of and voting at such meetings.

Private Joint-Stock Company

There is no statutory requirement regarding executive board meetings. However, a company's charter usually provides a detailed procedure for convening and voting at such meetings. Supervisory board meetings must be held at least once per quarter.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited Liability Company

In case of a participants' meeting, the minimum quorum is a simple majority of votes of all participants. There is no statutory requirement regarding quorum at board meetings, which is usually established by the charter, unless there is a sole director. There is a possibility for participants to adopt decisions for certain matters through absentee voting. In this case, the decision shall be taken unanimously.

Private Joint-Stock Company

Shareholders' meeting is eligible to adopt a decision if present shareholders hold more than 50 percent of voting shares. Simple majority of votes of shareholders present at the meeting is required for adopting decisions. There is a possibility for shareholders to adopt decisions for certain matters through absentee voting. In this case, the decision shall be taken unanimously. Supervisory board is eligible when more than a half of board members are present at the meeting. Simple majority of members present at the meeting is required for adopting decisions, unless otherwise is provided by the company's charter. There is no statutory requirement regarding quorum at executive board meetings, which is usually established by the charter, unless there is a sole director.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited Liability Company

No. However, from an operational perspective, it is necessary to open an account in a local bank (ie, registered in Ukraine) in order to make mandatory payments (eg, taxes, salaries).

Private Joint-Stock Company

No. However, from an operational perspective, an account in a local bank (ie, registered in Ukraine) should be opened in order to make mandatory payments (eg, taxes and salaries).

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited Liability Company

Audit is generally not mandatory. The law requires

- (i) companies of public interest (ie, banks, insurance companies, medium and large financial institutions, private pension funds),
- (ii) companies that are natural monopolists,
- (iii) companies operating in the mining industry,
- (iv) financial institutions and
- (v) large (ie, falling under any 2 of the following criteria: book value exceeding EUR20 million, net income exceeding EUR40 million or number of employees exceeding 250 individuals) and
- (vi) medium size (ie, falling under any 2 of the following criteria: a book value of EUR4 million to 20 million, net income of EUR8 million to 40 million or number of employees 50 to 250 individuals) companies to have their financial statements audited on a regular basis. Foreign auditors or audit companies may conduct audit of Ukrainian companies if they comply with the auditor's requirements of Ukrainian law and if they are allowed to perform such activities in Ukraine under the law of the state of their registration. It is common practice to keep a company's books at the registered address of the LLC.

Private Joint-Stock Company

For PJSCs, audit is not mandatory per se. It must be conducted, though, upon request of the shareholders holding at least 10 percent of shares. Such audit can be performed up to 2 times per year. The law requires

- (i) public JSCs,
- (ii) companies of public interest,
- (iii) companies that are natural monopolists,
- (iv) companies operating in the mining industry,
- (v) financial institutions and
- (vi) large and medium-sized companies to have their financial statements audited on a regular basis. In addition, internal audit committees shall be established within large PJSCs and PJSCs of public interest.

Certified auditor is required to not be

(i) affiliated with the company and/or its officials and

(ii) dependent in any manner on the company. Foreign auditors or audit companies can conduct audit of Ukrainian companies if they comply with the auditor's requirements of Ukrainian law and if they are allowed to perform such activities in Ukraine under the law of the state of their registration. Audit report shall contain confirmation of accuracy and integrity of data in financial statements, and breaches of law in the course of financial business activity, including breach of accounting and reporting requirements. Company's books must be kept locally at the registered address of the PJSC.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited Liability Company

The participation interest must have a fixed par value. Participation interest must not be allotted at less than par value. There is no statutory established minimum par value.

Private Joint-Stock Company

All shares must have a fixed par value. Shares must not be allotted at less than par value. The minimum par value of the share is UAH0.01.

INCREASING OF CAPITALIZATION IF NEEDED

Limited Liability Company

Generally permitted. Charter capital can be increased in case the current charter capital is paid in full. Increase is possible in 2 ways: By means of additional contributions of participants or Without additional contributions by means of undistributed profit of the company. Additional contribution can be either in monetary or non-monetary form. It is not allowed to increase charter capital if a company owns its own participation interest. Charter capital may be increased by way of adopting a respective decision by participants holding at least 75 percent of the voting rights in the company, unless a different threshold is established by the charter itself, but no less than majority of votes.

Private Joint-Stock Company

Generally permitted. Charter capital can be increased in case all existing shares are paid in full. Increase is possible as follows: By means of additional issue of shares of the same par value or By means of increasing of par value of the existing shares. Additional contribution can be either in monetary or non-monetary form. It is not allowed to increase charter capital if company owns its own shares. Charter capital may be increased with the approval of shareholders holding at least 75 percent of the voting rights of the company.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited Liability Company

Funds can be repatriated via dividends. Ukraine has recently abolished restrictions regarding a maximum amount of dividends allowed for monthly repatriation of dividends abroad. Decrease of share capital of an LLC provides for a possibility to the participant to repatriate funds from the LLC. This requires 75 percent of all participants to vote for such decision. In this case, all unsecured creditors of the LLC shall be notified of such decrease and, unless such creditors claim for either (i) securitization of LLC obligations, (ii) early termination or early fulfilment of LLC obligations or (iii) execution of another agreement with the LLC within 30 days, the LLC can thereafter decrease its charter capital and pay the participants the respective amounts. Another way to repatriate funds from an LLC is redemption by such LLC of its participatory shares which requires unanimous decision of all participants. As a result of redemption, the LLC shall either reduce its charter capital or alienate such participatory share on a paid basis within 1 year after the redemption.

Private Joint-Stock Company

Funds can be repatriated via dividends. Ukraine has recently abolished restrictions regarding a maximum amount of dividends allowed for repatriation per month.

Decrease of share capital of a PJSC provides for a possibility to the shareholder to repatriate the funds from the PJSC. This requires 75 percent of shareholders registered at the meeting to vote for such decision (the quorum for the

general meeting of shareholders to be valid is 50 percent plus 1 share). In this case, all unsecured creditors of the PJSC shall be notified of such decrease and, unless such creditors claim for either

- (i) securitization of PJSC obligations,
- (ii) early termination or early fulfilment of PJSC obligations, or
- (iii) execution of another agreement with the PJSC within 45 days, the PJSC can thereafter decrease its charter capital and pay the shareholders the respective amounts.

Redemption by PJSC of its own shares can be conducted in 2 cases: Voluntary redemption, when a general meeting of shareholders resolved for such redemption (such decision requires majority of votes of shareholders registered at the meeting) and if shareholders whose shares are being redeemed consented to this, and Mandatory redemption, when shareholders voted against 1 of the following decisions:

Reorganization of PJSC (for holders of ordinary shares)

Providing consent to executing a material and/or related party transaction by PJSC (for holders of ordinary shares)

Change of the amount of PJSC charter capital (for holders of ordinary shares)

Changes to the charter which provide for the placing of privileged shares of a new class in which holders will have priority regarding obtaining of dividends or payments within the liquidation procedure (for holders of privileged shares)

Providing more rights to privileged shareholders with the priority regarding obtaining of dividends or payments within the liquidation procedure (for holders of privileged shares) and Refusal to use the preemptive right of shareholders for acquisition of shares of additional issue within the process of their placement (for holders of both ordinary and privileged shares). As a result of redemption, the PJSC shall either annul the redeemed shares and reduce its charter capital respectively or sell such shares within 1 year after the redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited Liability Company

Participation interest is usually freely transferred but may be subject to the preemption right of other participants, which can be, however, directly excluded by the charter. In addition, the charter may contain a requirement to obtain consent from other participants for the transfer of participation interest to a third party. Additionally, pledged participation interest cannot be alienated by their owner without prior consent of the pledgor. Unpaid participation interest is not allowed to be transferred. The transfer of participation interest shall be evidenced by the transfer act certified by a notary. The above does not apply to transfer of participation interest under inheritance or legal succession procedures.

Private Joint-Stock Company

Shares are usually freely transferred. Charter of PJSC with the number of shareholders not exceeding 100 may provide for the preemptive right to purchase shares of other shareholders. In addition, pledged shares cannot be alienated by the shareholder without prior consent of the pledgor. The above does not apply to transfer of shares under inheritance/ legal succession procedures.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited Liability Company

Companies must have a name in Ukrainian and may optionally have a name in English. Any name can be used in the Ukrainian version as long as it:

- (i) Contains the words "Limited Liability Company" in the expanded version and "LLC" in short version
- (ii) Is not equal to a name of another LLC already registered in the companies register
- (iii) Does not contain certain words that can be used only by some entities (such as "insurance," "bank," or "corporate investment fund") and
- (iv) Contains only those letters, digits and symbols prescribed by law (ie, Cyrillic letters for a Ukrainian name, Latin

letters for an English name, Arabic and Roman figures). There are no specific requirements for the name of the company in English.

Private Joint-Stock Company Companies must have a name in Ukrainian and may optionally have a name in English. Any name can be used as long as it: (i) Contains the words "Joint-Stock Company" in the expanded version and "JSC" in short version

(ii) Is not equal to a name of another PJSC already registered in the companies register

(iii) Does not contain certain words that can be used only by some entities (such as "insurance," "bank," or "corporate investment fund"); and

(iv) Contains only those letters, digits and symbols prescribed by law (ie, Cyrillic letters for a Ukrainian name, Latin letters for an English name, Arabic and Roman figures).

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited Liability Company

Although the law generally imposes such an obligation only for certain types of entities (eg, banks, insurance companies, exchanges, legal services providers), it is a common approach to perform a limited KYC procedure in order to protect the company from potential risks.

Private Joint-Stock Company

Although the law generally imposes such an obligation only for certain types of entities (eg, banks, insurance companies, exchanges and legal services providers), it is a common approach to perform a KYC procedure in order to protect the company from potential risks.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited Liability Company

Charter may be amended with the approval of shareholders holding at least 75 percent of the voting rights of the company, unless a different threshold is established by the charter itself, but no less than majority of votes.

Private Joint-Stock Company

Charter may be amended with the approval of shareholders holding at least 75 percent of the voting rights of shareholders present at the meeting.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited Liability Company

Generally, business activity does not require additional authorizations. Certain activities, however, may be performed only after obtaining respective licenses or permits (eg, provision of financial services, mining activity and alcohol and tobacco sales).

Private Joint-Stock Company

Generally, business activity does not require additional authorizations. Certain activities, however, may be performed only after obtaining respective licenses or permits (eg, provision of financial services, mining).

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Not applicable for this jurisdiction.

UNITED ARAB EMIRATES



FORM OF ENTITY

The most commonly adopted legal structures in mainland UAE is a limited liability company (LLC) and a branch office (Branch). In addition, it is also possible to establish a representative office (also known as a liaison office) which is a legal structure identical to that of a Branch, however its activities are limited to serving as an administrative and marketing center for the parent company (Rep Office).

It is also possible to establish an entity in one of the free zones in the UAE. Entities registered in a free zone can be wholly foreign owned and no UAE participation is required. The free zone entity can take the form of a free zone limited liability company (FZ-LLC) or a free zone branch office (FZ-Branch).

LLC

Separate and distinct legal entity with limited liability. Requires 51% of the total shareholding to be owned by a UAE national or a company wholly owned by UAE nationals (subject to limited scenarios where all the shareholders are nationals of the Gulf Cooperative Council countries).

The UAE government has recently introduced the Foreign Direct Investment law (FDI), which can ease the requirement for a 51% shareholding held by a UAE national or company. It will be possible for foreign ownership to therefore exceed 49% contingent upon which economic sector the company will be operating in. The minimum percentage of UAE ownership will vary from one economic sector to another and the requirement as a whole may even be waived. The economic sectors will be categorized into two lists, the negative list and the positive list.

The positive list (yet to be issued) will set out the economic sectors which will permit increased foreign ownership and is still under development by the UAE government. Early indications point to space, technology and sustainability being included in the positive list.

Conversely, the negative list is included in the FDI and sets out the economic sectors which will not allow increased foreign investment.

The said list includes sectors pertaining to:

Petroleum related exploration and production

Investigation, security, military

Banking and finance Insurance

Pilgrimage and umrah services

Recruitment activities

Provision of water and electricity

Fishing and related services

Post, telecommunication and other visual services

Road and air transport

Printing and publishing

Commercial agency

Medical retail (including pharmacies) and Blood banks, quarantines and venom/poison banks

Given that the FDI is still untested and largely under development, it is yet to be seen to what extent foreign ownership will be increased and which sectors may permit 100% foreign ownership.

Branch

A branch is not regarded as a separate entity but treated as an extension of its parent company. Requires a UAE national or a company wholly owned by UAE nationals to act as the national agent (colloquially known as a "sponsor" and is not to be confused with a commercial agent). The national agent provides licensing and other governmental services for the Branch for a fixed fee to be paid at the date of the licence issuance but would not have any rights or entitlements to the Entity's business.

FZ-LLC

Separate and distinct legal entity with limited liability. No restriction on the nationality of shareholders. Activities restricted to the free zone in which the company is incorporated and those the company is licensed to carry out. FZ-Branch A branch is not regarded as a separate entity but treated as an extension of its parent company. No requirement to appoint a national agent as in the case of a Branch.

Dual Licence Branch

A Dual Licence Branch is a branch of an FZ-LLC established in mainland UAE. It is not treated as a separate entity but treated as an extension of its parent company. Establishing a dual licence branch is possible in certain free zones only. It may operate from the same office as its parent company.

ENTITY SET UP

LLC

Number of shareholders must not exceed fifty and must not be less than two (please note however that UAE ownership may fall below 51% where there is 100% GCC ownership)

Shareholders' liability limited to their share in the capital A UAE national or a company wholly owned by UAE nationals must hold at least 51% of the shares, but for circumstances where FDI mitigates this requirement

Maximum ratio of profit and loss shared is 80% to the non-UAE shareholder and 20% to the UAE shareholder

May not engage in the business of insurance, banking or investment on behalf of other parties

Branch office

Used by foreign companies wishing to establish a business presence in the UAE

Permitted to perform contracts or conduct activities as specified in its license but is prohibited from conducting activities relating to trading in tangible goods

Legally regarded as part of its parent company (no separate legal identity). Activities limited to those of its parents, as stated in its parent's objects articles of association/bylaws

Required by law to appoint a national agent, who must be a UAE national or a company wholly owned by a UAE national and who has no entitlement to the business or the management of the branch office

Managed by a sole manager who will operate pursuant to a power of attorney issued by the parent company

Required to be registered with the UAE Ministry of Economy (MOE) and to provide a bank guarantee in the amount of AED 50,000 that is payable in favour of the MOE and to provide a bank guarantee in the amount of AED 50,000 that is payable in favour of the MOE

Representative office

Used by foreign companies wishing to establish a business presence in the UAE

Activities limited to gathering information and soliciting orders and projects to be performed by the parent company's head office

Serves as an administrative and marketing center for the parent company

Required by law to appoint a national agent, who must be a UAE national or a company wholly owned by UAE national Identical in all respects to a branch office except that it is not permitted to perform contracts or any other activities other than marketing of the parent company's products and services and not allowed to issue invoices in its name Required to be registered with the MOE and to provide a bank guarantee in the amount of AED 50,000 that is payable in favour of the MOE

FZ-LLC

Can be owned by one or more foreign shareholders (individuals or corporate bodies)

No foreign ownership restrictions

Used by foreign companies wishing to establish a business presence in the UAE

As the free zone is deemed to be offshore, it allows for 100% foreign ownership Shareholders' liability limited to their share in the capital

No corporate or income tax for a guaranteed 50-year period; 100% repatriation of capital possible

Activities cannot be carried out directly in mainland UAE

An FZ-LLC wishing to carry out business in mainland UAE should appoint a mainland UAE registered company to act as its distributor. Alternatively, it may set up a branch office in the respective Emirate

Exemption from customs duty for goods entering the free zone. Customs duties will apply to goods leaving the free zone into the mainland UAE market

FZ-Branch

Used by foreign companies wishing to establish a business presence in the UAE

Legally regarded as part of its parent company

No share capital requirements as it is not a separate legal entity, and

Can conduct all or some of the operations inherent in the parent company's business

Dual Licence Branch

Used by foreign companies wishing to establish a business presence in the UAE and to operate onshore

It is only an option in certain free zones (such as Dubai International Financial Centre, Dubai Airport Free Zone and in all of the Abu Dhabi free zones)

Permitted to perform contracts or conduct activities as specified in its licence but is prohibited from conducting activities relating to trading in tangible goods

Legally regarded as part of its parent company (no separate legal identity). Activities limited to those of its parents, as stated in its parent's articles of association/bylaws

Managed by a sole manager who will operate pursuant to a power of attorney issued by the parent company

Can operate out of the same office as its parent company located in the free zone

The parent company must not have any other branches in the UAE and cannot itself be a branch

MINIMUM CAPITAL REQUIREMENT

LLC

The UAE Companies Law does not prescribe any minimum share capital but the entity should have adequate capital to achieve the purposes of its incorporation and the capital shall consist of shares equal in value. Until recently, the generally accepted minimum share capital for an LLC registered in Dubai was AED 100,000 but we have now seen lower capitalization. Presently, there is no requirement to deposit the share capital in a UAE registered bank. It will suffice to include details of its share capital in the LLC's memorandum of association and to have the same duly notarized by the UAE notary public.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Varies depending on which free zone the company will be registered with and sometimes the proposed activity. For example, the business park and business activity chosen in the Dubai Creative Clusters (DCC). For example, in Dubai Media City, the minimum paid up capital of AED 50,000 aside from activities within Broadcasting TV Segment and Radio Segment, which has a minimum capital requirement of AED 2.5 million.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

LEGAL LIABILITY

LLC

The shareholders are generally not liable for the debts of the LLC aside from their contribution to the LLC.

Branch

A branch office is legally regarded as part of its parent company and does not have a separate corporate personality or legal identity from that of its parent company. Consequently, the parent company of the branch office is fully responsible for any liability of the branch.

FZ-LLC

Same as LLC.

FZ-Branch

Same as Branch.

Dual Licence Branch

Same as Branch.

TAX PRESENCE

LLC

No personal income tax or corporate taxes payable, save for companies engaged in oil, gas, hospitality and petrochemical activities, etc. There are some municipality taxes paid on rent and certain land transfer charges paid when transferring real estate. Effective January 1, 2018, the UAE has implemented a value added tax (VAT) at a rate of 5%, as recommended by the World Bank and the International Monetary Fund.

Branch

Same as LLC.

FZ-LLC

No personal income tax or corporate taxes payable. Certain designated free zones in the UAE have been exempt from payment of VAT but in all other non-designated free zones, VAT is applicable. The designated free zones which are exempt from VAT are set out below:

Abu Dhabi

1. Free Trade Zone of Khalifa Port
2. Abu Dhabi Airport Free Zone
3. Khalifa Industrial Zone

Dubai

1. Jebel Ali Free Zone (North-South)
2. Dubai Cars and Automotive Zone (DUCAMZ)
3. Dubai Textile City
4. Free Zone Area in Al Quoz
5. Free Zone Area in Al Qusais
6. Dubai Aviation City
7. Dubai Airport Free Zone

Sharjah

1. Hamriyah Free Zone
2. Sharjah Airport International Free Zone

Ajman

1. Ajman Free Zone

Umm

1. Al Quwain Umm Al Quwain Free Trade Zone in Ahmed Bin Rashid Port
2. Umm Al Quwain Free Trade Zone on Sheikh Monhammed Bin Zayed Road

Ras Al Khaimah

1. RAK Economic Zone (RAKEZ)
2. RAK Maritime City Free Zone
3. RAK Airport Free Zone

Fujairah

1. Fujairah Free Zone
2. Fujairah Oil Industry Zone (FOIZ)

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Same as Branch

INCORPORATION PROCESS

LLC

The licensing procedure involves the following steps:

Reservation with the licensing authority of the trade name of the entity

Obtaining initial approval from the licensing authority

In the case of an entity that will be conducting industrial or contracting activities, it will be necessary to obtain special approvals from the relevant Municipality, the MOE and possibly other competent authorities

Execution of the memorandum of association of the entity before a notary public in the UAE

Signing of office lease agreement and its registration with the relevant authority

Final registration with the licensing authority and issuance of licence

Additional approvals may be required by other government departments depending on the nature of the LLC's activities.

Branch

The licensing procedure involves the following steps:

Reservation with the licensing authority of the trade name of the branch

Obtaining initial approval from the licensing authority

Execution of the national agent agreement of the branch before a notary public in the UAE

Obtaining initial approval from the MOE

Signing of office lease agreement and its registration with the relevant authority

Final registration with the licensing authority and issuance of licence

Submission of bank guarantee to the MOE and issuance of the final commercial registration certificate

Additional approvals may be required by other government departments depending on the nature of the LLC's activities.

FZ-LLC

The licensing procedure involves the following steps:

Submission of initial application to the relevant free zone and obtaining its initial approval

Execution of the memorandum and articles of association of the entity before the concerned free zone official Signing of office lease agreement and its registration with the relevant free zone

Opening of bank account and depositing relevant share capital (varies from one free zone to another)

Final registration with the registration and licensing authority of the free zone and issuance of licence

Additional approvals may be required by other government departments depending on the nature of the FZ-LLC's activities.

Branch

The licensing procedure involves the following steps:

Submission of initial application to the relevant free zone and obtaining its initial approval

Signing of office lease agreement and its registration with the relevant free zone and

Final registration with the registration and licensing authority of the free zone and issuance of licence.

Additional approvals may be required by other government departments depending on the nature of the FZ-Branch's activities.

Dual Licence Branch

The licensing procedure involves the following macro steps:

Obtaining a no-objection letter from the free zone in which the parent company is registered

Submission of initial application to the licensing authority

Signing of office lease agreement and its registration with the relevant authority (optional)

Final registration with the licensing authority and issuance of licence

Additional approvals may be required by other government departments depending on the nature of the FZ-LLC's activities.

BUSINESS RECOGNITION LLC

Well-regarded and widely used.

Branch

Well-regarded and widely used.

FZ-LLC

Well-regarded and widely used.

FZ-Branch

Well-regarded and widely used.

Dual Licence Branch

Relatively new development and gaining popularity.

SHAREHOLDER MEETING REQUIREMENTS LLC

General Assembly composed of all partners convened once a year during the four months following the end of the financial year. Decisions of the general assembly shall not be valid unless passed by the majority of the shareholders present in person and those represented at the meeting (unless the company memorandum states a larger majority).

Branch

Not applicable for this jurisdiction.

FZ-LLC

General meeting shall be convened at least once in every calendar year (unless the company only has one shareholder). Resolutions require simple majority of votes (or by such majority as prescribed in the memorandum and articles of association of the company).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS LLC

If there is a board of directors/managers appointed, then the meeting requirements should be in accordance with that stated in the company's memorandum of association.

Branch

Not applicable for this jurisdiction.

FZ-LLC

With the exception of a sole director appointed, the meeting of the board of directors should be in accordance with that stated in the company's articles of association.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

LLC

No taxes payable, so no filing of tax returns (except for VAT).

Branch

Same as LLC.

FZ-LLC

No taxes payable, so no filing of tax returns (except for VAT, if applicable).

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Same as Branch.

BUSINESS REGISTRATION FILING REQUIREMENTS

LLC

Various documents required to be submitted to the DED, including the application form for reservation of the trade name of the company and the application form for initial license approval, the board resolutions and corporate documents of the corporate shareholder, passport copies of the individual shareholders and the officers (directors/manager and general manager).

Branch

Various documents required to be submitted to the DED, including the application form for reservation of the trade name of the branch and the application form for initial license approval, the board resolutions and corporate documents of the parent company, and the passport copies of the general manager together with a copy of his/her last UAE visa and the passport copy and Emirates ID card of the National Agent.

FZ-LLC

Various documents required to be submitted to the relevant free zone authority, including a business plan, applications for registration and licence, the board resolutions and corporate documents of the corporate shareholder, passport copies of the individual shareholders and the officers (directors and manager) and the specimen signatures of the officers.

FZ-Branch

Various documents required to be submitted to the relevant free zone authority, including a business plan, applications for registration and licence, the board resolutions and corporate documents of the parent company, passport copies of the individual shareholders and the general manager, and the specimen signatures of the general manager.

Dual Licence Branch

Various documents required to be submitted to the DED, including the no-objection letter obtained from the relevant free zone, the application form for initial licence approval, the board resolutions and corporate documents of the parent company, and a passport copy of the general manager together with a copy of his/her last UAE visa.

BUSINESS EXPANSION

LLC

License and memorandum of association are required to be updated. For this purpose approval from the DED and

possibly other competent authorities will be necessary.

Branch

License is required to be updated. For this purpose, approval from the DED is necessary.

FZ-LLC

License required to be updated. For this purpose approval from the DCC is necessary.

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Licence is required to be updated. For this purpose, approval from the DED and relevant free zone authority will be necessary and also from the relevant free zone authority.

EXIT STRATEGY

LLC

Internal procedures to be followed such as shareholder approvals and undertakings that the company has met its debts and obligations. The dissolution must be registered with the commercial register and published in two local daily newspapers in the Arabic language. An auditing firm registered in the UAE should be appointed to act as the liquidator of the company and instructed to prepare the liquidation report.

Branch

Internal procedures to be followed such as passing board resolutions of the parent company and undertakings that the branch has met its debts and obligations. The dissolution must be registered with the commercial register and published in two local daily newspapers in the Arabic language.

FZ-LLC

Same as LLC.

FZ-Branch

Same as Branch.

Dual Licence Branch

Same as Branch.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS UAE

LLC

Annual general assembly.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Annual general meeting.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

DIRECTOR / OFFICER REQUIREMENTS LLC

At least one director/manager to be appointed by the shareholders. Branch One general manager to be appointed by

the parent company.

FZ-LLC

At least one manager, director and secretary to be appointed (one individual may, in certain free zones, hold the office of a manager, director and secretary).

FZ-Branch

Same as branch.

Dual Licence Branch

Same as branch.

LOCAL CORPORATE SECRETARY REQUIREMENT

LLC

Not required.

Branch

Not required.

FZ-LLC

Required, must be an individual secretary and not a body corporate.

FZ-Branch

Not required.

Dual Licence Branch

Not required.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

LLC

None beyond the required director/officer requirements.

Branch

None beyond the required general manager requirement.

FZ-LLC

None beyond the required director/officer requirements.

FZ-Branch

None beyond the required general manager requirement.

Dual Licence Branch

None beyond the general manager requirement.

LOCAL OFFICE LEASE REQUIREMENT

LLC

Yes, an owned or rented physical office space is required.

Branch

Same as LLC.

FZ-LLC

Generally, a rented physical office (rented/owned) is required in the relevant free zone (possibly including offices

from private landlords in the free zone area as approved by the relevant free zone – this depends on the concerned free zone).

FZ-LLC

Same as FZ-LLC

Dual Licence Branch

There is no requirement to lease a separate office and it will be permitted to operate out of the same office space as the parent company. A separate office space is optional.

OTHER PHYSICAL PRESENCE REQUIREMENTS UAE

LLC

No other express provisions.

Branch

Same as LLC.

FZ-LLC

No other express provisions.

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Same as LLC.

SUFFICIENCY OF VIRTUAL OFFICE

LLC

Not sufficient. An owned or rented physical office space is required.

Branch

Same as LLC.

FZ-LLC

Not possible in some free zones but possible in other free zones.

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

LLC

Not sufficient.

Branch

Same as LLC.

FZ-LLC

Not sufficient.

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Same as Branch.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

LLC

No express provision.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

LLC

A UAE national or a company wholly owned by UAE nationals must hold at least 51% of the shares (with the exception of single shareholder companies with GCC ownership and exemptions under FDI). No nationality restrictions when appointing a manager/director/officer.

Branch

Not applicable. No nationality restrictions when appointing a general manager.

FZ-LLC

No nationality restrictions. In most free zones, at least the manager (who is named on the licence of the company) should have a UAE visa issued through the company (although it is not mandatory that he should reside in the UAE but he will need to visit at least once in 6 months to maintain the validity of his visa).

FZ-Branch

Not applicable.

In most free zones, the general manager (who is named on the licence of the company) should have a UAE visa issued through the branch (although it is not mandatory that he should reside in the UAE but he will need to visit at least once in 6 months to maintain the validity of his visa).

Dual Licence Branch

Same as Branch.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

LLC

No express provision.

The concepts of "trust" and "beneficial owner" are not recognized as a matter of law under the UAE law. The UAE Concealment Law makes "side" arrangements illegal and imposes penalties that range from jail sentences on the parties involved. Although the said law is in force, the ministerial implementing regulations were not issued as yet. Therefore, the enforcement of such law remains uncertain.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Same as branch.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

LLC

The directors/managers have full authority to manage the business of the LLC and their actions are binding. Note that this does not cover all activities, such as opening bank accounts, signing checks etc, which require explicit mention in any appointment mandate. It is possible to limit the authorities of the general manager by including limited authorities in the memorandum of association or by issuing a limited power of attorney in his/her favor.

Branch

The general manager has authority to manage the business of the branch and his actions are binding. Note that this does not cover all activities, such as opening bank accounts, signing checks etc., which require explicit mention in any appointment mandate. The parent company can however limit the authorities of the general manager by issuing a limited power of attorney in his/her favor.

FZ-LLC

The directors have the full authority to manage the business of the company and their actions are binding. It is possible to limit the authorities of the manager by issuing a limited power of attorney in his/her favor.

FZ-Branch

The general manager has the authority to manage the business of the company and his actions are binding. It is possible to limit the authorities of the general manager by issuing a limited power of attorney in his/her favor.

Dual Licence Branch

The general manager has authority to manage the business of the branch and his/her actions are binding. Note that this does not cover all activities, such as opening bank accounts, signing checks etc., which require explicit mention in any appointment mandate. The parent company can, however, limit the authorities of the general manager by issuing a limited power of attorney in his/her favor.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

LLC

No.

Branch

No.

FZ-LLC

No.

FZ-Branch

No.

Dual Licence Branch

No.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

LLC

Minimum number of directors/managers is one. No maximum number.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Minimum one director is required. In most free zones, maximum is generally seven but this depends on the free zone.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

LLC

Maximum 50. Minimum two. Exception is to single shareholder companies with GCC ownership.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Minimum is one. In most free zones, the maximum is 5, but this depends on the free zone.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

LLC

If appointed for a limited term in office, the director/manager shall remain for the duration unless the memorandum provides that they may be dismissed, and such dismissal must be by the same majority required for amendment of the company memorandum (unless stated differently in the memorandum). If the memorandum is silent, a unanimous vote of the partners, or a court order where serious causes so justify, can lead to dismissal.

Branch

The parent company can at any time remove the general manager of the branch pursuant to the board resolution.

FZ-LLC

The shareholders of a company can remove a director, at a special general meeting called for such purpose, by ordinary resolution, provided the notice requirements are complied with or a written unanimous resolution of the shareholders.

FZ-Branch

Same as branch.

Dual Licence Branch

Same as branch.

REQUIRED AND OPTIONAL OFFICERS

LLC

No other officers strictly required.

Branch

Same as LLC.

FZ-LLC

No other officers strictly required.

FZ-Branch

Same as FZ-LLC.

Dual Licence Branch

Same as branch.

BOARD MEETING REQUIREMENTS

LLC

As stated in the company memorandum. The UAE Companies Law stipulates the holding of board meetings.

Branch

Not applicable for this jurisdiction.

FZ-LLC

As stated in the company's articles of association.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

LLC

The quorum for the general assembly shall not be valid unless one or more partners holding at least 75% of share capital are present. If the said quorum is not present at the first general assembly, the partners shall be invited to another meeting to be held within 14 days from the date of the first meeting, provided that partners holding at least 50% of the share capital are present. If the required quorum is not present at the second meeting, then the partners shall be invited to a third meeting to be held upon the expiry of 30 days from the date of the second meeting. The quorum at the third meeting shall be valid irrespective of the partners present at the meeting.

Branch

Not applicable for this jurisdiction.

FZ-LLC

As set out in the memorandum and articles of association of the company (aside from the first shareholders' meeting to confirm election of directors, which shall be a majority of the shareholders of the company, present in person or by proxy).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

LLC

No. A bank account is not required to be opened prior to incorporation but only after the LLC is established it becomes a requirement to open a local bank account with a bank registered in the UAE (international or local bank). There is no need to deposit the share capital in the bank account. The UAE's Wage Protection System (WPS) requires salaries of employees to be paid into their bank accounts in the UAE, so in order to comply with the WPS requirements, the company should have a bank account.

Branch

Yes. As part of the incorporation process, it is necessary to submit a bank guarantee to the MOE which should be issued by a local bank. For this purpose, it is necessary to open a bank account in the name of the branch. It is also necessary to have a bank account to comply with WPS.

FZ-LLC

Yes, in most free zones, it is a requirement to open a bank account as part of the formation process of the FZ-LLC. This is because an amount representing the minimum share capital must be deposited for the benefit of the company in a bank account held with a bank in the UAE. WPS is applicable in some free zones and is not applicable in others.

Dual Licence Branch

No, it is not a requirement to open a bank account as part of the formation process of a dual licence branch. It may however be required to open a bank account in the event that approval is required by the MOE for conducting the branch's activities.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

LLC

Auditor(s) selected by the general assembly. Must be accredited in the UAE. Financial statements shall be audited and laid before the general meeting along with the auditor's report. There is no filing requirement with the DED, but the license of the UAE LLC must be renewed on an annual basis. Company's books must be kept in the UAE LLC's office.

Branch

Auditors to be selected to audit the financial statements of the branch. It is mandatory to submit audited financial statements and auditor's report to the MOE for the purposes of renewal of the commercial registration certificate.

FZ-LLC

Yes, auditor (accredited in the UAE) shall be appointed by the general meeting. Financial statements shall be audited and laid before the general meeting along with the auditor's report. In some free zones, audited accounts are required to be submitted for the purpose of renewing the license of the company but this is not a requirement in other free zones. Company's books must be kept in the FZ-LLC's office.

FZ-Branch

In some free zones, audited accounts prepared by an auditor (accredited in the UAE) is required to be submitted for the purpose of renewing the license of the branch but this is not a requirement in other free zones. A branch office may choose to submit the consolidated audited financial accounts of its parent, or a stand-alone extract of the financials of the branch office operation.

Dual Licence Branch

There is no requirement to submit audited financial statements for the dual licence branch. If the dual licence branch is registered with the MOE then it may be required to provide financial statements and an auditor's report to the MOE.

REQUIREMENT REGARDING PAR VALUE OF STOCK

LLC

No express provision.

Branch

Not applicable for this jurisdiction.

FZ-LLC

No express provision.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

LLC

Approval of partners representing three quarters of the capital required, unless the company memorandum provides for an additional numerical majority of partners. In practice, unanimous approval of LLC's partners is required by the DED.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Authorization by an ordinary resolution and by the company's memorandum and articles of association required.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

LLC

No restrictions. Funds can be repatriated freely subject to complying with the applicable legal reserve (10% of the LLC's net profits). Branch Not applicable for this jurisdiction.

FZ-LLC

No restrictions. Funds can be repatriated freely.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

LLC

Must at all times comply with the foreign ownership restrictions. Approval is required from the DED and share

transfer documents must be signed before a UAE notary and filed with the authorities to obtain an amended license reflecting the revised shareholding pattern. Additional approvals from other regulators/competent authorities may be required depending on the nature of activities of the LLC.

Branch

Not applicable for this jurisdiction.

FZ-LLC

Subject to the provisions and restrictions contained in the memorandum and articles of association of the company. Proper instrument of transfer required to be delivered to the company and share transfer must be accepted for registration by the relevant free zone. There is a share transfer restriction applicable in some free zones that will not allow more than one share transfer in a year (this may not be applicable in all the free zones).

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

LLC

The trade name reservation is done online, and the relevant payment is made for the DED to issue the Trade Name Reservation certificate. Certain restrictions apply when obtaining a name; for example, a name may not contain the word "Dubai," "UAE" or the names of countries or offensive or religious words.

Branch

Same as LLC. Please note that the branch should have the same name as its parent, followed by the name of the Emirate in which the branch is established – for example, a branch in Dubai will have the suffix "Dubai Branch." FZ-LLC Certain restrictions apply when obtaining a name, for example, a name may not contain the word "Dubai" and must contain the word FZ-LLC (or other suffixes as may be applicable in the relevant free zones).

FZ-Branch

An FZ-Branch should have the same name as its parent.

Dual Licence Branch

A Dual Licence Branch must have the same name as its parent.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

LLC

Strict requirements for banks, money exchange houses, finance companies and financial institutions operating in the UAE to follow Know Your Customer guidelines to prevent money laundering. In accordance with the UAE Central Bank regulations, the banks are required to trace the details of the ultimate beneficial shareholder owning 5% or more of the shares in the company. The DED only requires details of the immediate shareholders of the company and will not request for details of the ultimate beneficial shareholders.

Branch

Same as the LLC.

FZ-LLC

Strict requirements for banks, money exchange houses, finance companies and financial institutions operating in the UAE to follow Know Your Customer guidelines to prevent money laundering. Most free zones require compliance with this requirement and want to trace details of the ultimate beneficial shareholder owning 5% or more of the shares in the company. FZ-Branch Same as FZ-LLC. Dual Licence

Branch

Same as branch.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

LLC

Approval of partners representing three quarters of the capital required to amend the company memorandum, unless the company memorandum provides for an additional numerical majority of partners. In practice, unanimous approval of the partners is required by the DED. Branch Not applicable for this jurisdiction.

FZ-LLC

Special resolution (majority of not less than three-fourths of the shareholders entitled to vote) required to amend the provisions of the memorandum and articles of association of the FZ-LLC of the company but such amendment shall only take effect when accepted for registration by the relevant free zone.

FZ-Branch

Not applicable for this jurisdiction.

Dual Licence Branch

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

LLC

License required from the DED. Additional approvals may be required from other competent authorities depending on the nature of activities.

Branch

Same as LLC.

FZ-LLC License required to carry on a business in the relevant free zone. Additional approvals may be required from other competent authorities depending on the nature of activities. FZ-Branch Same as LLC.

Dual Licence Branch

Same as Branch.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY LLC

The concept of a shelf company is not recognized in the UAE.

Branch

Not applicable for this jurisdiction.

FZ-LLC

The concept of a shelf company is not recognized in the free zones.

FZ-Branch

Not applicable for this jurisdiction.

Dual License Branch

Not applicable for this jurisdiction.

UNITED KINGDOM



FORM OF ENTITY

Private limited company

Separate and distinct legal entity. Managed by directors who are responsible for making major decisions and overseeing the general affairs of the company. Subject to the articles of the company, the shareholders and the board of directors generally have the power to appoint and remove directors.

Public limited company

A further alternative, being a public limited company, which is a company limited by shares or guarantee. This form of entity could be useful in some instances (as, unlike a private limited company, it enables capital to be raised from the public), but as it is a less commonly used type of company it is not covered in this guide.

Limited liability partnership

Distinct legal entity separate from its members. Subject to certain exceptions (such as fraud), members are not liable for debts and obligations of the company. Flexibility in management and organization. Management and organization are governed by a confidential LLP agreement. Designated members are responsible for certain statutory requirements (such as signing annual accounts). An LLP must have two designated members carrying on lawful business with a view of profit.

Registered UK establishment

A registered UK establishment is a UK registration of an overseas company. It has no separate legal personality to the overseas company. The overseas company continues to be managed by the directors and shareholders of the overseas company. A number of responses in this checklist are "not applicable" on the basis that the UK establishment is merely a registration of an overseas company and therefore any rules, regulations or other requirements are primarily governed by the laws of the country of incorporation.

ENTITY SET UP

The below summary provides an overview of three corporate structures that can be used in the UK. A further alternative, being a public limited company, could be useful in some instances (as it enables capital to be raised from the public), but is less commonly used.

Private limited company

- Separate and distinct legal entity. Subject to certain exceptions (such as fraud), shareholders are not liable for debts and obligations of the company
- Taxed on its earnings at a corporate level and shareholders taxed on any distributed dividends
- Management and organization governed by articles of association. Board of directors have overall management responsibility
- Must file a confirmation statement at least every 12 months confirming there have been no changes since the last filing, or otherwise setting out (amongst other things) details of any changes to the company's share capital, people with significant control and directors
- Must maintain a register of individuals or legal entities that have control over them (people with significant control) and maintain the public register with details of such individuals or legal entities (as applicable)
- Must file annual accounts (subject to certain exceptions for small and dormant companies). Accounts are publicly available
- Event driven filings need to be made from time to time (such as changes to the directors or other corporate details)

Limited liability partnership (LLP)

- Distinct legal entity separate from its members
- Must file a confirmation statement at least every 12 months setting out (amongst other things) details of LLP's membership
- Must maintain a register of individuals or legal entities that have control over them (people with significant control) and maintain the public register with details of such individuals or legal entities (as applicable)
- Must file annual accounts (subject to certain exceptions for small and dormant LLPs). Accounts are publicly available
- Event driven filings need to be made from time to time (such as changes to the members of the LLP)

Registered UK establishment

- Alternative to establishing a separate UK private limited company. Not a separate legal entity. Represents a local registration of the overseas company
- Registration mandatory if operating an establishment in the UK. Registration must be effected within one month of opening the UK establishment. Cost of registration subject to the country of incorporation of the overseas company
- Generally subject to UK corporation tax on any profits attributable to the establishment
- Generally subject to similar reporting requirements as a UK private limited company. Requires a UK registered address
- If the overseas company is required (by the laws of its country of incorporation) to prepare annual accounts, such accounts must also be filed in the UK within a specified timeframe. The accounts must relate to the overseas company as a whole, not just the UK establishment. Other event driven filings (such as changes to the registered office of the establishment) are required from time to time (in respect of both the establishment and the overseas company)

MINIMUM CAPITAL REQUIREMENT

Private limited company

Companies must have a share capital, which can be any value above zero.

Limited Liability Partnership (LLP)

There is no concept of share capital and no minimum capital requirement. Registered UK establishment Not applicable for this jurisdiction.

LEGAL LIABILITY

Private limited company

Shareholders not liable for debts of the company. Limited liability partnership (LLP) Subject to certain exceptions (such as fraud), members are not liable for debts and obligations of the company.

Registered UK establishment

Subject to the requirements of the overseas company.

TAX PRESENCE

Private limited company

Company's profits taxed at 2 levels: Corporation tax is applied directly on the company's profits. In addition, income tax is imposed on any dividends distributed to shareholders. Company may be under a duty to withhold tax (eg, when paying interest).

Limited liability partnership (LLP)

Generally taxed as a partnership. Individual members liable for income and capital gains tax on their share of LLP's profits/gains.

Registered UK establishment

An overseas company is subject to corporation tax on its profits only to the extent that those profits are attributable to the UK establishment.

INCORPORATION PROCESS

Private limited company

Delivery of Form IN01 (containing details of company name, registered office, articles of association, directors, people with significant control, share capital and initial shareholdings) and a memorandum of association to the Registrar of Companies.

Limited liability partnership (LLP)

Formed under the Limited Liability Partnerships Act 2000 by two or more designated members. Delivery of LL IN01 (containing details of LLP name, registered office, designated members, people with significant control).

Registered UK establishment

Delivery of Form OS IN01 containing details in respect of the overseas company and the UK registered establishment, including, but not limited to:

- Overseas company
- The name of the overseas company Its legal form, country of incorporation, identity of register in which it is registered and registered number in that register
- Its governing law and accounting requirements
- Details of its accounts and constitutional documents
- Address of principal place of business or registered office of the overseas company
- Objects of the overseas company
- Amount of issued share capital of the overseas company

- Full details of the officers of the overseas company (including their service address) UK establishment
- Name of UK establishment
- Registered office address of the UK establishment
- Date UK establishment opened and type of business carried on UK establishment
- Permanent representative of the UK establishment (including their service address)
- Full details of any person authorized to accept service on behalf of the UK establishment

BUSINESS RECOGNITION

Private limited company

Well-regarded and widely used.

Limited liability partnership (LLP)

Not as widely used as a private limited company.

Registered UK establishment

Not as well-regarded and widely used as a private limited company

SHAREHOLDER MEETING REQUIREMENTS

Private limited company

General meeting must be called upon the request of shareholders representing at least 5% of the paid-up share capital of the company (carry voting rights). Certain key decisions, such as the issuance of shares or the payment of final dividends, require shareholder approval. Otherwise, no statutory requirement to hold shareholder meetings (subject to any express provision in the company's articles).

Limited liability partnership (LLP)

No shareholders. Members meeting requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Private limited company

No statutory requirement to hold board meetings. Articles may specify matters which require board approval. Best practice suggests that regular board meetings should be held.

Limited liability partnership (LLP)

No directors. Members meeting requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Private limited company

Must file annual corporation tax return with HMRC within 12 months of the end of company's financial year.

Limited liability partnership (LLP)

Generally taxed as a partnership. Individual members liable for income and capital gains tax on their share of LLP's profits/gains.

Registered UK establishment

May be required to file annual corporation tax return with HMRC within 12 months of the end of the UK

establishment's financial year.

BUSINESS REGISTRATION FILING REQUIREMENTS

Private limited company

No separate business registration requirements. This may vary if the company is operating in a regulated sector.

Limited liability partnership (LLP)

No separate business registration requirements. This may vary if operating in a regulated sector.

Registered UK establishment

No separate business registration requirements.

BUSINESS EXPANSION

Private limited company

No requirement to change the corporate structure or the company registration as the business expands unless it wants to raise finance from the public, in which case it can re-register as a public limited company.

Limited liability partnership (LLP)

Requirements governed by LLP Agreement.

Registered UK establishment

No requirement to change as business expands.

EXIT STRATEGY

Private limited company

Voluntary strike-off (commonly used where assets and liabilities are negligible) or liquidation.

Limited liability partnership (LLP)

Requirements governed by LLP Agreement.

Registered UK establishment

A UK establishment can be closed by giving notice to Companies House.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Private limited company

Must file a confirmation statement at least every 12 months confirming there have been no changes since the last filing, or otherwise setting out (amongst other things) details of any changes to the company's share capital, people with significant control and directors.

Must maintain a register of individuals or legal entities that have control over them (people with significant control) and maintain the public register with details of such individuals or legal entities (as applicable). Requirement to make event driven filings (eg, to reflect changes in the share capital, registered office or directors of the company).

Limited liability partnership (LLP)

Must file a confirmation statement at least every 12 months setting out (amongst other things) details of LLP's membership.

Must maintain a register of individuals or legal entities that have control over them (people with significant control) and maintain the public register with details of such individuals or legal entities (as applicable).

Must file annual accounts (subject to certain exceptions for small and dormant LLPs). Accounts are publicly available.

Registered UK establishment

If the overseas company prepares and files annual accounts in its country of incorporation, a full copy of the accounts

may need to be filed at Companies House. A fee will also be payable.

DIRECTOR / OFFICER REQUIREMENTS

Private limited company

Minimum of at least one director (or any greater number provided for by articles), at least one of whom is a natural person.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

LOCAL CORPORATE SECRETARY REQUIREMENT

Private limited company

Optional (unless required by company's articles). If no company secretary is appointed, duties must be filled by a director or a person appointed by the director(s). Limited liability partnership (LLP) No statutory requirement. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Private limited company

Not applicable for this jurisdiction.

Limited liability partnership (LLP)

No statutory requirement. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Private limited company

Not applicable for this jurisdiction.

Limited liability partnership (LLP)

No statutory requirement. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Private limited company

Must nominate a registered office in the UK to which all communications and notices may be addressed. Certain company records (such as the statutory books) must also be kept available for inspection there. Registered office services can be provided by a third party provider.

Limited liability partnership (LLP)

No statutory requirement. Requirements governed by LLP Agreement.

Registered UK establishment

Must nominate a service address in the UK to which all communications and notices in respect of the UK establishment must be addressed.

SUFFICIENCY OF VIRTUAL OFFICE

Private limited company

Registered office must be a physical location within the UK.

Limited liability partnership (LLP)

Registered office must be a physical location within the UK.

Registered UK establishment

Service address must be a physical location within the UK.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited company

Permitted.

Limited liability partnership (LLP)

Permitted.

Registered UK establishment

Permitted.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Private limited company

Permitted. Requirement that at least one director is a natural person.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Permitted.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Private limited company

None. Requirement that at least one director is a natural person.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Private limited company

None, provided that at least one director is a natural person.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Private limited company

Directors are responsible for the day-to-day management of the company. They owe fiduciary duties to the company, as well as statutory duties as outlined in the Companies Act 2006 including a duty to promote the success of the company for the benefit of the shareholders as a whole. Shareholders generally exercise only an indirect influence over the management of the company through their residual power to appoint and remove directors. Material decisions (such as a change to the articles of association, the issuance of shares or the declaration of dividends require shareholder approval). Level of shareholder approval (50% or 75%) dependent on the decision being made.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Private limited company

Identities of directors, company secretary (if required) and shareholders (together with details of their respective shareholdings) are publicly available. Public disclosure of identity of people with significant control Every company is required to produce, keep and maintain a dedicated register of people with significant control over that company (a PSC register).

Limited liability partnership (LLP)

Produce, keep and maintain a dedicated register of people with significant control over that company (a PSC register).

Registered UK establishment

Identities of directors (and other authorized representatives) are publicly available.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Private limited company

There is a statutory minimum requirement of one shareholder, and no maximum number. For directors, there is a statutory minimum requirement of one (who must be a natural person) and no maximum number. The company's articles may contain additional stipulations.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Private limited company

At least one shareholder is required.

Limited liability partnership (LLP)

No shareholders. Must have at least two members.

Registered UK establishment

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Private limited company

Shareholders always have the power, by a majority vote, to remove directors of a company. The articles of association often gives authority to the board of directors to remove and appoint directors.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

REQUIRED AND OPTIONAL OFFICERS

Private limited company

At least one director is required. Appointment of secretary optional.

Limited liability partnership (LLP)

Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

BOARD MEETING REQUIREMENTS

Private limited company No statutory requirement as to the conduct of board meetings. However, company's articles will commonly make provision for quorum and voting requirements.

Limited liability partnership (LLP)

No directors. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Private limited company

In the case of a shareholders' meeting, the minimum quorum is 2 (or one in the case of a company with a single member). There is no statutory requirement concerning quorum at board meetings. However, a company's articles will normally stipulate a quorum of 2 (unless there is a sole director). Written resolutions of the shareholders can be used. Written resolutions of the directors can be used and require the unanimous consent of all directors.

Limited liability partnership (LLP)

No shareholders/directors. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Private limited company

No.

Limited liability partnership (LLP)

No.

Registered UK establishment

No.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Private limited company

Most companies are required to appoint an independent auditor who is a member of a recognized supervisory body in the UK. There are audit exemptions for dormant and small companies. Adequate accounting records must be kept at the company's registered office (or other place in the UK designated by the directors) for 3 years. A copy of the accounts and auditor's report must be delivered to the Registrar of Companies House within 9 months of the end of the financial year, upon which they will become publicly available.

Registered UK establishment

Not applicable for this jurisdiction.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Private limited company

All allotted shares must have a fixed par value. Shares must not be allotted at less than par value but may be issued at a premium. There is no statutory minimum par value.

Limited liability partnership (LLP)

No statutory requirements. Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

INCREASING OF CAPITALIZATION IF NEEDED

Private limited company

Generally permitted. For companies with only one class of share, further shares may be allotted by the board of directors (if permitted by the articles). Alternatively, and in any other case, allotment of further shares requires the approval of a majority of the shareholders. Capital contributions are not formally recognized under UK law. Raising capital from the public is prohibited.

Limited liability partnership (LLP)

Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Private limited company

Funds can be repatriated via dividends or redemption of shares. The UK's capital maintenance rules can restrict a company's ability to repatriate funds. Limited liability partnership (LLP) Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Private limited company

Shares are generally capable of being freely transferred subject to any restrictions contained in the company's articles. Such restrictions commonly take the form of pre-emption rights for existing shareholders, a right of the directors to refuse registration and outright prohibitions. There are statutory pre-emption rights as per the Companies Act 2006,

these can be disapplied by a company's articles of association.

Limited liability partnership (LLP)

Requirements governed by LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

Private limited company

Companies may generally select any name as long as:

It ends with the word "Limited" or "Ltd" It is not the same as or too similar to a name already on the index maintained by Companies House

It does not contain certain restricted or sensitive words, symbols or expressions (such as "authority," "agency" and "court") and It does not give the impression of being connected with the British Government or with a local authority

Limited liability partnership (LLP)

LLPs may generally select any name as long as:

It is not the same as or too similar to a name already on the index maintained by Companies House

It does not contain certain restricted or sensitive words, symbols or expressions (such as "authority," "agency" and "court") and It does not give the impression of being connected with the British Government or with a local authority

Registered UK establishment

An overseas company can be registered using its corporate name (its name under the law of the country of incorporation), or an alternative name under which it proposes to carry on business in the UK as long as: It is not the same as or too similar to a name already on the index maintained by Companies House It does not contain certain restricted or sensitive words, symbols or expressions (such as "authority," "agency" and "court") and It does not give the impression of being connected with the British Government or with a local authority

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Private limited company

Generally not required. Firms in the financial or legal sector will typically impose their own KYC procedures.

Limited liability partnership (LLP)

Generally not required. Firms in the financial or legal sector will typically impose their own KYC procedures.

Registered UK establishment

Generally not required. Firms in the financial or legal sector will typically impose their own KYC procedures.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Private limited company

Articles of association may be amended with the approval of shareholders holding at least 75% of the voting rights of the company.

Limited liability partnership (LLP)

Requirements as per LLP Agreement.

Registered UK establishment

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Private limited company

No general business license required. Particular licenses or permits may be necessary to conduct certain activities in specific industries.

Limited liability partnership (LLP)

No general business license required. Particular licenses or permits may be necessary to conduct certain activities in specific industries.

Registered UK establishment

Not applicable for this jurisdiction.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Private limited company

Shelf companies are no longer widely available. Companies can be incorporated within a few hours and electronically, so shelf companies are no longer commonly used.

Limited liability partnership (LLP)

Not applicable for this jurisdiction.

Registered UK establishment

Not applicable for this jurisdiction.

UNITED STATES



FORM OF ENTITY

C corporation

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the stockholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors.

S corporation

Separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. Directors are elected by the stockholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors.

Limited liability company (LLC)

Separate and distinct legal entity. Managed by either the members of the LLC or a manager appointed by the members. Members of the LLC have flexibility in structuring the company, including the ability to divide ownership and voting rights in multiple ways.

Note: Additional forms of entity structures also exist and could be useful in some instances but are not covered in this guide either because they are less commonly used types of entity structures or not as likely to be relevant to the reader.

ENTITY SET UP

C corporation

Unlimited number of shareholders Generally no personal liability of the shareholders

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends

Typical charter documents include: articles of incorporation; bylaws; organizational board resolutions; stock certificates; and stock ledger

Board of directors has overall management responsibility; officers have day-to-day responsibility

Shareholders typically purchase stock in the corporation, either common or preferred, and

Most states require an annual report to be filed with the Secretary of State, typically reporting the officers and directors of the corporation

S corporation

Up to 100 shareholders; only one class of stock allowed

Generally no personal liability of the shareholders

With the filing of a IRS Form 2553, a C corporation becomes a S corporation, whereby the profits and losses are passed through to the shareholders

Typical charter documents include: articles of incorporation; bylaws; organizational board resolutions; stock certificates; stock ledger; IRS and state S corporation election form

Board of directors has overall management responsibility; officers have day-to-day responsibility and

Shareholders typically purchase stock in the corporation, but only one class of stock is allowed

Limited liability company (LLC)

Unlimited number of members allowed

Generally no personal liability of the members

Not taxed (unless chosen to be taxed); profits and losses are passed through to the members

Typical charter documents include: articles of organization or certificate of formation; operating agreement

Operating Agreement sets forth how the business is to be managed; a member (owner) or Manager can be designated to manage the business and

Members typically contribute money or services to the LLC and receive an interest in profits and losses

Note: The mechanics and operation of corporations are governed by individual state corporate laws.

MINIMUM CAPITAL REQUIREMENT

C corporation

No minimum capital requirement.

S corporation

No minimum capital requirement.

Limited liability company (LLC)

No minimum capital requirement.

LEGAL LIABILITY

C corporation

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

S corporation

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

Limited liability company (LLC)

Members are generally not liable for the debts of the LLC aside from their contribution to the LLC.

TAX PRESENCE

C corporation

A C corporation is taxed at two levels (commonly referred to as double taxation). First the C corporation pays a corporate tax on its corporate income; then the C corporation distributes profits to stockholders who then pay income tax on those dividends.

S corporation

Pass-through entity taxed like a partnership, as there is only one level of taxation. The corporate profits “pass through” to the owners, who pay taxes on the profits at their individual tax rates.

Limited liability company (LLC)

Unless the LLC elects to be treated as a corporation, it is a pass-through entity taxed like a partnership, as there is only one level of taxation. The corporate profits “pass through” to the owners, who pay taxes on the profits at their individual tax rates.

INCORPORATION PROCESS

C corporation

File Certificate of Incorporation or Articles of Incorporation with the appropriate Secretary of State.

S corporation

File Certificate of Incorporation or Articles of Incorporation with the appropriate Secretary of State, as well as the appropriate S corporation election documents.

Limited liability company (LLC)

File Articles of Organization or Certificate of Formation with the appropriate Secretary of State.

BUSINESS RECOGNITION

C corporation

Well regarded and widely used. S corporation Well regarded and widely used. Many institutional investors will require an S corp to convert to a C corp before investing, though conversion is simply with a single tax form.

Limited liability company (LLC)

Well regarded and used regularly in particular industries, but otherwise not as widely used generally.

SHAREHOLDER MEETING REQUIREMENTS

C corporation

Required to hold annual meeting of shareholders to vote on certain items, such as election of directors.

S corporation

Required to hold annual meeting of shareholders to vote on certain items, such as election of directors.

Limited liability company (LLC)

Annual meetings of the members or managers are not required. The provisions of the operating agreement will determine any meeting requirements.

BOARD OF DIRECTOR MEETING REQUIREMENTS

C corporation

Annual meeting of the directors is required.

S corporation

Annual meeting of the directors is required.

Limited liability company (LLC)

Annual meeting of the members or managers is not required. Provisions of the operating agreement will determine any meeting requirements.

ANNUAL COMPANY TAX RETURNS

C corporation

Must annually file tax returns with federal and state tax authorities.

S corporation

Profits “pass through” to the shareholders who pay taxes at their individual tax rates.

Limited liability company (LLC)

Profits “pass through” to the shareholders who pay taxes at their individual tax rates, unless LLC elects to be treated as a corporation.

BUSINESS REGISTRATION FILING REQUIREMENTS

C corporation

Most states require initial registration, as well as annual filings.

S corporation

Most states require initial registration, as well as annual filings.

Limited liability company (LLC)

Most states require initial registration, as well as annual filings.

BUSINESS EXPANSION

C corporation

No need to change as business expands.

S corporation

If the number of shareholders exceeds 100, must convert to a C corporation. Many institutional investors will require that an S corporation convert into a C corporation before investing, though conversion is simply with a single tax form.

Limited liability company (LLC)

No need to change as business expands. However, many institutional investors will require an LLC to convert to a corporation before investing.

EXIT STRATEGY

C corporation

File dissolution documents with the appropriate Secretary of State.

S corporation

File dissolution documents with the appropriate Secretary of State.

Limited liability company (LLC)

File dissolution documents with the appropriate Secretary of State.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Corporations typically need to either convene an annual shareholder meeting or execute shareholder written resolutions, as well as the filing of an annual return with the applicable Secretary of State. For an LLC, typically the filing of an annual return with the applicable Secretary of State is needed.

DIRECTOR / OFFICER REQUIREMENTS

For corporations, at least one director is required. Certain states may require a Board chair position and, where the corporation is held by more than one shareholder, more than one director. Certain states may also require statutory officers such as President, Chief Financial Officer, Treasurer and Secretary. For an LLC, the entity must be managed by the members, or managed by a manager appointed in the operating agreement.

LOCAL CORPORATE SECRETARY REQUIREMENT

For corporations, some states require a corporate secretary (eg, California), while other states do not (eg, Delaware). An LLC does not need to have a corporate secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Corporations will generally need to have a registered agent in the state of incorporation. This does not require the corporation to maintain an office or employee in the state. Third party agents with offices in such state commonly can serve as a registered agent.

LOCAL OFFICE LEASE REQUIREMENT

Not applicable for this jurisdiction.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Not applicable for this jurisdiction.

SUFFICIENCY OF VIRTUAL OFFICE

Yes, sufficient.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Yes, this is allowed.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Yes, this is allowed.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Not applicable for this jurisdiction.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Directors are elected by the shareholders, are the highest authority in the management of the corporation and govern the organization by establishing broad policies and objectives. In contrast, officers are appointed by the directors to oversee day-to-day operations of the corporation. Shareholders may adopt restrictions on the powers of directors in the charter.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

For corporations and LLCs that are not publicly listed, identity of directors, officers and managers is not publicly disclosed in most jurisdictions but may be available through state filings, such as annual reports required to be filed with the state. Publicly listed companies are required to disclose the identity of their directors, officers and shareholders holding at least 5% of such company.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

There is no maximum number of shareholders for a corporation or for an LLC. For a corporation to be eligible for "S-corp" status, there is a maximum of 100 shareholders. Furthermore, there is no maximum number of directors for a corporation in most jurisdictions, though some states do have a maximum (eg, in California, the stated maximum can't be greater than two times the stated minimum minus one). There is no maximum number of managers for an LLC.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Minimum of one for each type of entity.

REMOVAL OF DIRECTORS OR OFFICERS

Removal of directors is generally allowed by a vote of shareholders; removal of officers is generally allowed by a vote of directors.

REQUIRED AND OPTIONAL OFFICERS

Typically a President or CEO and a Secretary is appointed; any other officer is allowed, but not required in most states; certain states may require statutory officers such as President, Chief Financial Officer, Treasurer and Secretary.

BOARD MEETING REQUIREMENTS

Typically at least one annual director meeting is required, which can be completed by written consent signed by all directors.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

For a shareholder meeting, the quorum set out in the corporate bylaws must be present during the shareholder meeting (typically a majority of those eligible to vote). For directors, typically a majority of directors must be present during a board meeting; alternatively, all of the directors may execute written resolutions.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

A bank account is not required for incorporation. If a bank account is opened, it can be located in or outside the US.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Not required.

REQUIREMENT REGARDING PAR VALUE OF STOCK

For corporations, this will vary depending on the jurisdiction in which your corporation is organized. Some states, such as Delaware, require a par value. Other states, such as California, do not require any par value. For an LLC, par value is not required.

INCREASING OF CAPITALIZATION IF NEEDED

An increase in authorized capital may be effectuated by amending the charter, which generally requires authorization from the Board and at least of a majority of the shareholders.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad from the United States by dividend, return of capital or redemption. These may have varying tax effects that should be considered.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Shares can generally be transferred between shareholders by written agreement. Company consent is not required unless restriction transfers have previously been agreed to, or in some cases, to confirm compliance with applicable securities laws.

OBTAINING A NAME AND NAMING REQUIREMENTS

Proposed name can be reserved. Certain name requirements apply. For example, corporations incorporated in the state of Delaware will require a "Corporation," "Corp.," "Incorporated," "Inc." or similar corporate indicator in the name.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

US law firms are subject to specific "know your client" requirements that require the firm to apply identity verification rules.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Generally, a majority of shareholders must approve any amendment to the charter at a meeting or in writing. The threshold for shareholder approval may be set at a higher percentage in the charter.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Typically a company will need to be registered to conduct business in each state with which it conduct business,

outside of the state in which the company is organized. Licenses might be required in certain specific regulated industries.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

It is possible, but not typical, to purchase a shelf company.

VIETNAM



FORM OF ENTITY

Vietnamese corporate laws introduce 5 entity types. However, only the first 3 types (ie, JSC, 2M-LLC and 1M-LLC) have their own legal status. 1M-LLC is the most popular and widely used type by foreign investors when they intend to set up a legal entity in Vietnam. The other 2 types (ie, Partnership and Private Enterprise) are more suitable for local investors. If we compare the legal framework of these 2 types with the legal framework of the first 3 types (ie, JSC, 2M-LLC and 1M-LLC), just a few provisions on their incorporation, organization and operations can be found under Vietnamese corporate laws. In addition, the form of Partnership may only be designed and appropriate for a very limited number of specific professional businesses, such as legal, auditing, etc. Therefore, we will only cover the first 3 entity types (ie, JSC, 2M-LLC and 1M-LLC).

Joint stock company (JSC)

At least 3 shareholders and no restriction to the maximum number

Generally no personal liability of shareholders as it is limited to their ownership in a JSC

Earnings of a company are subject to corporate income tax and shareholders (only individuals) are taxed on any distributed dividends

Typical corporate documents generally include charter (or articles of incorporation), organizational resolutions of General Shareholder Meeting (GSM) and Board of Directors (BOD), shareholder registration books and share certificates

GSM makes decisions on the most important affairs of the JSC, BOD has overall responsibility to implement GSM's decisions, General Director (or CEO) has day-to-day management responsibilities

Shareholders typically purchase shares in the JSC, either common or preferred

It is required to file tax returns annually with local tax authorities

Multi-member limited liability company (2M-LLC)

Must be at least 2 members and no more than 50, can be both individuals and legal entities

Generally no personal liability of members, as it is limited to their ownership in a 2M-LLC

Earnings of a company are subject to corporate income tax and members (only individuals) are taxed on any distributed profits

Typical corporate documents generally include:

Charter (or articles of incorporation)

Organizational resolutions of Members' Council (MC)

Member registration books and Capital contribution certificates

MC makes decisions on the most important affairs of the 2M-LLC and has overall management responsibility; General Director (or CEO) has day-to-day management responsibilities

Members contribute capital to the charter capital of 2M-LLC It is required to file tax returns annually with local tax authorities

Single-limited liability company (1M-LLC)

Only one member is required, either an individual or a legal entity

Generally no personal liability of a member, as it is limited to member's ownership in a 1M-LLC Company's earnings are subject to corporate income tax, but the sole member (either a corporate or an individual) is not taxed on any distributed profits

Typical corporate documents generally include:

Charter (or articles of incorporation) and

Decisions of the sole member, which may be made directly by a member or indirectly through either MC or company president

Either MC or company president has overall management responsibility; General Director (or CEO) has day-to-day management responsibility

Member contributes capital to the charter capital of 1M-LLC

It is required to file tax returns annually with local tax authorities

Partnership

At least 2 unlimited liability partners (only individuals) and no restriction to the maximum number; no restriction to the minimum and maximum number of limited liability partners

Generally, no personal liability of limited partners, but unlimited partners can be liable Earnings of a partnership are subject to corporate income tax and partners (only individuals) are taxed on any distributed profits

Typical corporate documents generally include charter (or articles of incorporation), decisions of the Partners' Council and capital contribution certificates

Partners' Council has overall management responsibilities; unlimited liability partners have day-to-day management responsibilities

Partners contribute capital to the charter capital of a Partnership

It is required to file tax returns annually with local tax authorities

Private enterprise

Only a sole individual owner

Generally an owner has personal liability

Earnings of an enterprise are subject to corporate income tax, but the sole individual owner is not taxed on any distributed profits

Typical corporate documents generally include internal rules issued by the owner

Owner has overall and day-to-day management responsibilities

Owner contributes capital to investment capital of a private enterprise

It is required to file tax returns annually with local tax authorities

ENTITY SET UP

Joint stock company (JSC)

JSC is a separate and distinct legal entity. Generally, it is managed by a GSM that makes decisions on the most important affairs of a JSC. The BOD is responsible for implementation of GSM's decisions and overseeing the general affairs of the JSC. Directors of the BOD are appointed by a GSM which consists of all shareholders with voting rights. General Director (or CEO), who runs the day-to-day operations of the JSC, is appointed by a BOD. When a JSC has 11 or more shareholders, a Board of Supervisors (BOS) appointed by the GSM assists GSM to supervise all operational affairs of a JSC.

Multi-member limited liability company (2M-LLC)

2M-LLC is a separate and distinct legal entity. Generally, it is managed by an MC that makes decisions on the most important affairs of the 2M-LLC and oversees general affairs. An MC consists of all company members that collectively contribute their parts to the charter capital of a 2M-LLC. General Director (or CEO), who is appointed by an MC, is responsible for running day-to-day operations of a 2M-LLC. In a 2M-LLC that has 11 or more shareholders, a BOS, whose supervisors are appointed by the MC, assists the MC to supervise operational activities of the 2M-LLC.

Single-limited liability company (1M-LLC)

1M-LLC is a separate and distinct legal entity. Company president or Members' Council (MC) (which consists of individuals appointed by the sole member of the 1M-LLC) makes decisions on the most important affairs and oversees the general affairs of the 1M-LLC. General Director (or CEO), who is appointed by MC or The company president is responsible for running day-to-day operations of 1M-LLC. If a sole member of a 1M-LLC is a legal entity, a supervisor appointed by a sole corporate member is required to assist the sole member in overseeing all operational matters of 1M-LLC.

Note: *In general, the term "director" under the foreign laws might be equivalent to the member of BOD (in case of JSC). Additionally, "officer" under foreign laws generally might be equivalent to the director (in JSC, 1M-LLC and 2M-LLC) under Vietnamese laws.*

For the purpose of this summary, we shall use "director" and "officer" with the general meaning implied by the Vietnamese laws as noted above.

MINIMUM CAPITAL REQUIREMENT

Generally, there are no minimum capital requirements, except for some strictly regulated businesses (eg, banking, insurance, securities, education, real estate development, etc.).

LEGAL LIABILITY

Generally, shareholders (in respect of JSC) and owner(s) (in respect of LLCs) are not personally liable for the debts of the company, aside from their obligation to make full payment for their shares in the charter capital of the company.

TAX PRESENCE

Joint stock company (JSC)

An entity is liable to pay corporate income tax levied on its earnings, and shareholders/members (only individuals) are taxed on any distributed dividends. Multi-member limited liability company (2M-LLC) An entity is liable to pay corporate income tax levied on its earnings, and shareholders/members (only individuals) are taxed on any distributed dividends. Single-limited liability company (1M-LLC) A 1M-LLC is liable to pay corporate income tax imposed on its earnings. However, the sole member (either a legal entity or an individual) is not taxed on its distributed profits.

INCORPORATION PROCESS

- Generally, the process consists of 3 steps:
- Applying for an Investment Registration Certificate (IRC) from the authority of investment registration
- Applying for an Enterprise Registration Certificate (ERC) from the authority of enterprise registration and
- Conducting some mandatory post-licensing works (such as making a public announcement of the entity establishment, making a corporate seal and publishing its sample to the national enterprise registration portal,

and obtaining a specific license (eg, general trading license, multi-level marketing (MLM) license, etc.) if an entity engages in conditional businesses (eg, general trading business, MLM business, etc.)

BUSINESS RECOGNITION

Joint stock company (JSC)

JSC is not widely used by foreign investors for investment in Vietnam, unless they intend to offer the JSC's shares to the public and trade their shares on a stock market.

Multi-member limited liability company (2M-LLC)

2M-LLC is not widely used by foreign investors, unless they engage in conditional businesses where foreign ownership is restricted. In this case, they have to set up joint ventures with local partners. 2M-LLC may also be chosen if there are more than one foreign investor that intend to do business together. Single-limited liability company (IM-LLC) 1M-LLC is widely used by foreign investors.

SHAREHOLDER MEETING REQUIREMENTS

Joint stock company (JSC)

A GSM meeting is required annually. Multi-member limited liability company (2M-LLC) An MC meeting is required annually. Single-limited liability company (IM-LLC) Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Joint stock company (JSC)

A BOD meeting is required quarterly. Multi-member limited liability company (2M-LLC) Not applicable for this jurisdiction. Single-limited liability company (IM-LLC) Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Tax returns must be filed annually with local tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

With respect to foreign investments, initial investment registration and post-business formation registration are required. Subsequently, any change to any content of the IRC or ERC must be registered with and/or notified to the local authorities.

BUSINESS EXPANSION

If business expansion results in changes to any content of the IRC or ERC, relevant registration with and/or notification to the local authorities must be made. In the case of the 1M-LLC, if more members are offered to make their contribution to the charter capital, it must then be converted into either a 2M-LLC or a JSC.

EXIT STRATEGY

With respect to foreign investment, application for termination of an investment project must first be made with the investment registration authority. Then, the dissolution of the company is conducted with the enterprise registration authority. It is noted that tax finalization is the key for obtaining the final decision of dissolution of any enterprise in Vietnam.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

With respect to keeping internal records, the company is required to maintain at its head office meeting minutes of the GSM and the BOD (in respect to JSCs) and the MC (in respect to LLCs) and other resolutions/ decisions of the company, accounting books, accounting records, annual financial statements, etc. With respect to filing annual reports, a foreign owned company will be required to submit: an annual report on status of investment project implementation, an annual report of evaluation and supervision of investment project, an audited annual financial statement, among other documents.

DIRECTOR / OFFICER REQUIREMENTS

Directors (ie, members of BOD) are only relevant and applicable to JSC (and not LLCs). Under Vietnamese law, a

director must satisfy the following conditions:

- Have full capacity for civil acts, and not fall into the category of persons not permitted to manage an enterprise as stipulated by law
- Have professional expertise and experience in business management of the company and not be a shareholder of the company, unless otherwise stipulated in the charter of the company
- Additionally, an independent director might be required to satisfy other special conditions relating to the independence feature

Regardless of whether a company is JSC, 2M-LLC or 1M-LLC, an officer (ie, general director/director under Vietnamese law) must satisfy the following requirements:

- Have full capacity for civil acts
- Do not fall into the category of entities not permitted to manage enterprises in accordance with the Law on Enterprises
- Have professional qualifications and experience in business administration of the company if the charter of the company does not stipulate otherwise

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Generally, the company is required to have at least one legal representative who is residing in Vietnam.

LOCAL OFFICE LEASE REQUIREMENT

Generally, the company is required to have its head office in Vietnam.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Except for what is provided herein, we have found no other physical presence requirements under Vietnamese law.

SUFFICIENCY OF VIRTUAL OFFICE

The use of a virtual office is not officially recognized by Vietnamese laws.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Such a service is not officially recognized by Vietnamese laws.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Such a service is not officially recognized by Vietnamese laws

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

In general, the company is required to have at least one legal representative residing in Vietnam. Further, if the company is conducting some conditional business lines (for example, aviation), the nationality or residence of shareholders, directors and officers might be required.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Nominee shareholders or directors are not officially recognized by Vietnamese laws.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Please see Entity set up.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Generally, the identity of directors (ie, members of BOD in case of JSC or members of MC in case of 1M-LLC), officers (ie, general director/director under Vietnamese law) and shareholders are not required to be public. During the establishment of the entity and in regard to certain changes, the information of the members, founding shareholders,

officers and legal representatives might be required to be public on the National Business Registration Portal.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

With respect to the number of shareholders of a JSC, please refer to Form of entity.

With respect to the directors (ie, members of BOD) in a JSC, the number of members ranges from 3 to 11.

With respect to the number of officers (ie, general director/director under Vietnamese laws) of a company regardless of whether it is a JSC, 2M-LLC or 1M-LLC, the number is at least 1.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Please refer to the Form of entity.

REMOVAL OF DIRECTORS OR OFFICERS

Generally, directors in the case of JSC and 1M-LLC shall be removed by the body having the right to appoint the director.

The officer shall be removed by the body having the right to appoint the officer. Additionally, the removal of directors and officers might require notification to the relevant authority.

REQUIRED AND OPTIONAL OFFICERS

Generally, the company is required to have at least one general director/director. Any other optional officer such as the deputy general director/deputy director is allowed.

BOARD MEETING REQUIREMENTS

Please refer to Shareholder meeting requirements and Board of directors meeting requirements.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Joint stock company (JSC)

Quorum for a meeting of GSM to be conducted

1. Where the number of attending shareholders represents at least 51% of the total number of shares entitled to vote (the charter might stipulate a higher percentage)
2. Where a meeting is not able to be conducted for the first time because the condition stipulated above is not satisfied, the meeting may be convened for a second time within 30 days from the date of the intended opening of the first meeting, unless otherwise stipulated in the charter of the company. A meeting of the GSM which is convened for a second time shall be conducted where the number of attending shareholders represents at least 33% of the total number of shares entitled to vote
3. Where a meeting convened for a second time is not able to be conducted because the condition stipulated above is not satisfied, it may be convened for a third time within 20 days from the date of the intended opening of the second meeting, unless otherwise stipulated in the charter of the company. In this case, a meeting of the GSM shall be convened irrespective of the total number of shares entitled to vote of shareholders attending the meeting

Quorum for passing a resolution of GSM

1. A resolution is approved by a number of shareholders representing at least 51% of the total number of shares entitled to vote of all attending shareholders, except for the cases as further in points 2 and 3 below (the charter might stipulate a higher percentage)
2. A resolution on some important matters shall be passed if it is agreed by a number of shareholders representing at least 65% of the total number of voting slips of all attending shareholders; the specific percentage shall be stipulated in the charter of the company
3. A resolution of the GSM will be passed by way of collection of written opinions if it is approved by members representing at least 51% of the total number of shares entitled to vote; the specific percentage will be stipulated in the charter of the JSC

Quorum for the meeting of BOD

A meeting of the BOD shall be conducted where 3/4 or more of the total members are in attendance. If this condition is not satisfied, it shall be convened for a second time within 7 days from the intended date of the first meeting, except where the charter stipulates some other shorter time-limit. In this case, the meeting shall be conducted if more than half of the number of members of the BOD attends the meeting.

Quorum for passing a resolution of BOD

Except where the charter of the company provides for any other higher percentage, a resolution of the BOD shall be passed when it is agreed by the majority of the members in attendance; in the case of a tied vote, the final decision shall be made in favor of the vote of the chairman of the BOD.

Multi-member limited liability company (2M-LLC)

Quorum for a meeting of MC to be conducted

Where the attending members represent at least 65% of the charter capital; the specific percentage will be stipulated in the charter of the 2M-LLC. Where a meeting does not take place because the condition stipulated above is not satisfied, the meeting may be convened for a second time within 15 days from the date on which the first meeting was intended to be opened. A meeting of the MC which is convened for a second time will be conducted where the attending members represent at least 50% of the charter capital. Where a meeting which has been convened for a second time does not take place because the condition stipulated above is not satisfied, it may be convened for a third time within 10 working days from the date on which the second meeting was intended to be opened. In this case, the meeting of the MC will be conducted irrespective of the number of attending members and of the amount of charter capital represented by attending members.

Quorum for passing a resolution of MC

Unless otherwise stipulated in the charter of the 2M-LLC, a resolution of the MC will be passed in a meeting in the following cases:

1. It is approved by the number of votes representing at least 65% of the aggregate capital of the attending members
2. In respect of some important decisions, the approval by the number of votes representing at least 75% of the capital of the attending members will be required
3. A resolution of the MC will be passed by way of collection of written opinions if it is approved by members representing at least 65% of the charter capital; the specific percentage will be stipulated in the charter of the 2M-LLC

Single-limited liability company (1M-LLC)

Quorum for a meeting of MC (if any) to be conducted

A meeting of the MC will be conducted where at least two thirds of the total number of members attend.

Quorum for passing a resolution of MC. A resolution of the MC will be passed when it is agreed by more than half of the attending members. However, important decisions must be agreed to by at least three quarters of the attending members.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

It is not a requirement to open a bank account prior to incorporation. However, after incorporation, the company must open at least a bank account at a local bank, especially for the purpose of the registered capital contribution.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Annual financial statements of a foreign owned company must be audited by an independent licensed auditor in Vietnam within 90 days from the end of the annual accounting period. The company must keep its book locally at its head office or other places stipulated by the charter.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Generally no requirement, except when listing a joint stock company where the par value of the stock offered for first-

time sale to the public is VND 10,000.

INCREASING OF CAPITALIZATION IF NEEDED

In order to increase the charter capital of a foreign owned company, the company is required to register the amending of its IRC and ERC to record the new amount of charter capital, together with the internal amending of the Charter of the company.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad via dividends or redemption.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Joint stock company (JSC)

Shares are freely transferable except for Transferring shares of founding shareholders within the first 3 years of existence and Restrictions stipulated by the charter

Multi-member limited liability company (2M-LLC)

Generally, capital contribution is freely transferable between the members. However, the contributed capital can only be transferred to a non-member party if the other members do not purchase such amount of contributed capital.

Single-limited liability company (1M-LLC)

Generally, contributed capital is freely transferable.

OBTAINING A NAME AND NAMING REQUIREMENTS

The company will register a name upon applying for incorporation. The company's name may not be the same as another company's name (which has been registered) or so similar to another company's name (which has been registered) as to cause confusion.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Generally no, except for some special business activities such as those taken up by banks.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Amendment of charter requires approval of GSM (in the case of JSC), or MC (in the case of 2M-LLC), or MC or owner (in the case of 1M-LLC).

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Specific licenses or registrations may be required to conduct business in particular business sectors. The types of business license or required registration will depend on the nature and actual features of the intended businesses.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

A shelf company is not common in Vietnam.

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