

KSA Companies Law

Date July 2022



In brief


On 28 June 2022 the Saudi Council of Ministers approved the new KSA Companies Law and the final approved version of the law was issued on 4 July 2022.

It is already clear that after two years of drafting, consultation and review the new law will usher in a number of significant changes and will also ensure that the legal position in relation to a number of key areas aligns with the approach that the Ministry of Commerce have adopted in practice in the past.

The detail

Key amendments and new provisions look set to include:

- More detailed provisions specific to limited liability companies - providing a similar level of detail as those previously included for joint stock companies (“JSC”).
- Introducing and regulating non profit professional companies.
- Allowing the introduction of a family charter in the articles of association to regulate ownership, governance, management, work policy, relatives employment, and dividends distribution in family owned companies.
- Introducing and regulating a new type of company - a simple JSC.
- Removing restrictions on company names, and share lock in periods.
- Allowing LLCs to issue tradable debt and financial instruments.
- An overhaul of the conversion and merger processes, and allowing companies to be split into two or more companies.
- Exempting small companies from the requirement to appoint an external auditor.

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- facilitating the split of shares into shares with a lower nominal value, or merging them to result in shares with a higher nominal value.
 - Arrangements to help companies attract high caliber talent by allowing the issue of shares to be dedicated to employees, and/or options to acquire such shares after a specific period.
 - Allowing the distribution of interim/annual dividends to the partners/shareholders.
 - Enhancing the automation of the process for various tasks including establishment requests, general assembly meetings attendance, and virtual voting using technology tools.
 - Introducing alternative methods for the resolution of disputes.
 - Simplifying the liquidation procedures in line with the KSA Bankruptcy Law.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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Let's continue the conversation. We'll keep you up to date on these changes and help you up to speed on the latest developments.

