



# Sharjah Media City Free Zone Authority

## Liquidation Regulations 2018



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## Part 1- Definitions, application and interpretation

### 1 Short title and commencement

These Liquidation Regulations shall come into force on the date of their signature and are to be referred to as the Sharjah Media City Free Zone Authority (Shams) Liquidation Regulations 2018. These Liquidation Regulations may be amended or supplemented from time to time by the Authority.

### 2 Definitions and interpretation

#### 2.1 In these Regulations:

**Authority** means the Sharjah Media City Free Zone Authority as established in the Emirate of Sharjah pursuant to the Decree;

**Branch** means a place of business in the **City** established by a **Company** or a **Foreign Company** in accordance with **Companies Regulations**;

**City** means the Sharjah Media City Free Zone Authority established in the Emirate of Sharjah pursuant to the Decree;

**Companies Regulations** mean Sharjah Media City Free Zone Authority Companies and Licensing Regulations 2017 promulgated by the City in respect of the registration and licensing of Companies and Branches in the City, as may be amended from time to time;

**Companies Law** means the UAE Federal Law No. 2 of 2015, as amended;

**Company** means a limited liability company incorporated in the **City** in accordance with **Companies Regulations**;

**Director** means the director appointed for the **Company** in accordance with the **Memorandum**;



**Foreign Company** means a corporate or government entity established in any jurisdiction (whether within or outside the UAE) outside the **City**;

**Liquidator** means a **Person** or that is registered as a liquidator with the **Authority**;

**Manager** means the manager appointed of the **Company** in accordance with the **Memorandum**;

**Memorandum** means the memorandum of association of a **Company** setting out the internal rules of the **Company**;

**Person** means a natural person, legal person, any association or partnership and the person's legal personal representatives, successors and lawful assigns;

**Register** means the register of Licensees maintained by the **Authority** in electronic form or any other permanent manner which shall record details of **Companies** and **Branches** incorporated in the **City** as well as their licensed activities any restrictions or conditions imposed upon the Licence as the **Authority** may decide and any other information notified to the **Authority** or required to be notified to the **Authority** from time to time pursuant to **Companies Regulations** or any other applicable Regulatory Instrument;

**Resolution** means a resolution passed by holders of seventy-five percent (75%) of the issued share capital of the **Company** (or such other majority as may be specified in the **Memorandum**) of the votes of **Shareholders** present in person or by proxy at a general meeting and entitled to vote in accordance with **Companies Regulations**;

**Share** means a unit of ownership representing a part of the share capital of the **Company** in **UAE** Dirhams;

**Shareholder** means an individual or corporate entity entered in a **Company's** register of Shareholders as the owner of a **Share** or **Shares** in the **Company**;

**UAE** means the United Arab Emirates.



## Part 2- Liquidation of a Company

### 3 Methods of Winding – Up

3.1 The winding up of a company may either be:

- i. a **Shareholder's** voluntary liquidation, in accordance with clause 2 below;
- ii. a Creditors' voluntary liquidation, in accordance with clause 3 below; or
- iii. mandated by the competent courts of the **UAE** under the UAE Commercial Transactions Law No. 18 of 1993 and other applicable legislation.

### 4 Shareholders' voluntary liquidation

4.1 This article applies to the liquidation of a **Company** which has no liabilities, or which is able to discharge its liabilities in full within six months after the commencement of the winding up.

4.2 A **Company** shall commence a Shareholders' voluntary liquidation and cease to carry on its business by providing to the authority:

- i. A completed prescribed form; and
- ii. A **Shareholder's Resolution** not older than thirty (30) calendar days to commence the liquidation; and
- iii. A statement of solvency which must be signed by each of the **Directors** and **Managers**, stating that having made full inquiry into the **Company's** affairs, each of them is satisfied that:
  - a. The **Company** has no assets and no liabilities; or
  - b. The **Company** has assets and no liabilities; or
  - c. The **Company** will be able to discharge its liabilities in full within six (6) months after the commencement of the liquidation; and
  - d. There is currently no threatened or active litigation against the **Company**.



- iv. After the commencement of a Shareholders' voluntary liquidation of a **Company** which has assets the corporate capacity of the company continues until the **Company** is dissolved but, from the commencement of the winding up, its powers shall be exercised only so far as may be required for the realization of the assets of the **Company**, the discharge of any liabilities of the **Company** and the distribution of its assets in accordance.
- 4.3 A **Company** may after the commencement of a Shareholder's voluntary liquidation by **Resolution** appoint a person to be a **Liquidator** for the purposes of the winding up. All powers of the **Directors** shall cease upon the appointment of a **Liquidator** except so far as the **Resolution** appointing the **Liquidator** or any subsequent **Resolution** and the applicable laws of the **UAE**.
- 4.4 The **Authority** may, if satisfied with the required documents submitted pursuant to these regulations issue the **Company** a cancellation certificate showing that the **Company** has been cancelled.
- 5 Creditors' voluntary liquidation**
- 5.1 This article applies where the **Directors** (or **Liquidator**) form the opinion that the **Company** has liabilities which it will be unable to discharge in full within six months after the commencement of the winding up.
- 5.2 A **Company** shall commence a Creditors' voluntary liquidation and cease to carry on its business by providing to the authority:
- i. A Shareholder's **Resolution**
- ii. A statement of solvency which must be signed by each of the **Directors** and **Managers**, stating that having made full inquiry into the **Company's** affairs, each of them is satisfied that:
- a. The **Company** has no assets and liabilities it will be unable to discharge within six (6) months; or



- b. The **Company** has assets but will not be able to discharge its liabilities in full within six (6) months after the commencement of the liquidation.
- c. An advertisement older than seven (7) calendar days in one Arabic Language national **UAE** newspaper and one English language national **UAE** newspaper; and;
- d. A notarized **Liquidator** declaration certifying that, having made a full inquiry into the affairs of the **Company**, they have formed the opinion that the **Company** is not able to discharge all of its liabilities and any interest within a maximum period of six (6) months from the date of the statement.

### 5.3 The Company shall

- i. Not less than 14 days before the **Resolution** referred to in clause 5.2 above send notice to its creditors calling a meeting of the creditors to be held on the same day as, and immediately following the execution of, the **Resolution**;
- ii. Give notice of the creditors' meeting by advertisement in one in one Arabic Language national **UAE** newspaper and one English language national **UAE** newspaper;
- iii. Furnish the creditors free of charge with any relevant information concerning the **Company's** financials as the creditors may reasonably require; and
- iv. Create a statement as to the affairs of the **Company** verified by the **Directors**.

5.4 The **Authority** reserves its right to impose any such fines as deemed reasonable in the event of the **Company's** failure to comply with clause 3.3.

5.5 The creditors may in the meeting referenced in clause 5.3 above appoint a **Liquidator** for the purpose of winding up the **Company** and preparing the report referenced in Clause 5.3(iv) above. In such circumstances, the **Liquidator** shall be deemed, for the purposes of this Liquidation Regulations, to have been nominated by the **Company**.



- 5.6 In the event that the creditors choose not to appoint a **Liquidator**, the **Company** shall appoint a **Liquidator**.
- 5.7 The **Liquidator** shall take steps to wind up the **Company** in accordance with the **Companies Law**, and have powers and obligations in respect of the **Company** as outlined therein.
- 5.8 Any failure of any officer of the **Company** to comply with these regulations shall constitute an offence and the offenders shall be liable to pay fines or face other penalties in line with the regulations of the **Authority** and other applicable regulations in the **UAE**.
- 5.9 The **Liquidator** shall apply the assets of the **Company** in the following order:
- expenses of the liquidation including the remuneration of the **Liquidator**;
  - secured creditors;
  - preferential unsecured creditors;
  - unsecured creditors; and
  - Shareholders**.
- 5.10 The **Liquidator** shall be entitled to receive from the **Company** such remuneration as is agreed between him and the creditors or by the court.
- 5.11 A **Liquidator** may be removed from office by the creditors and shall vacate office if he ceases to be qualified to hold that office.
- 5.12 After commencement of the creditors' voluntary liquidation in accordance with article 5:
- A transfer of **Shares** or any other alteration to the **Company's Shareholders** or share capital, unless approved by the **Liquidator**, shall be void;
  - no actions shall be commenced or continued against the **Company** unless approved by the relevant **Competent Authority**.



- 5.13 After the commencement of a Creditors' voluntary liquidation of a **Company** which has assets the corporate capacity of the company continues until the **Company** is dissolved but, from the commencement of the winding up, its powers shall be exercised only so far as may be required for the realization of the assets of the company, the discharge of any liabilities of the company and the distribution of its assets in accordance with this article 5. Any transfer of shares made other than to the **Liquidator** shall be considered void.
- 5.14 The **Authority** may, if satisfied with the required documents submitted pursuant to these regulations issue the **Company** a cancellation certificate showing that the **Company** has been cancelled. The **Authority** reserves its rights to request any such further documentation from the **Company** or the creditors before issuing the cancellation certificate.
- 5.15 The provisions of the **Companies Law** in respect of the duties of a **Liquidator** shall apply to this clause 5 in its entirety.

### Part 3- Closure of a Branch

#### 6 This article applies to the closure of a Branch;

- 6.1 A **Branch** shall commence a closure and cease to carry on its business by providing to the **Authority**;
- A completed prescribed form; and
  - A **Resolution** not older than thirty (30) calendar days to commence the closure; and
  - If required by the **Authority**, an advertisement older than seven (7) calendar days in one Arabic Language national **UAE** newspaper and one English language national **UAE** newspaper or one English language national **UAE** newspaper; and
  - If required by the **Authority**, providing evidence satisfactory to the **Authority** that the **Branch** or **Foreign Company** has settled all outstanding liabilities related to the activities of the **Branch**; and



v. Submitting all documentation and fees and meeting any other requirements as specified by the **Authority** from time to time.

6.2 The **Authority** may, if satisfied with the required documents submitted pursuant to article 6, send letter to the **Branch** or **Foreign Company** that the **Branch** has been closed and taken off the **Register** and the **Branch** closure shall be effective from the date of the letter.

Signature:

Date: