

**Republic of Lebanon**

**Parliament**

**Law n° 75 dated October 27, 2016**

**Cancelling bearer shares and promissory notes**

**Unique article:**

**First:** Notwithstanding any other text, joint stock companies (including companies limited by shares) are prohibited to issue bearer shares and promissory notes after the entry into force of the present law.

Moreover, companies with shares that include bearer shares or promissory notes are obliged to exchange the bearer shares and promissory notes issued before the release date of the present law into registered shares, and that in compliance with the provisions of the third clause and within a period of one year as of the law enforcement date of the present law. Also, companies must amend their bylaws according to the above mentioned provisions, within a maximum period ending at the first meeting of the shareholders' general assembly.

**Second:**

- 1- Joint stock companies that previously issued bearer shares or promissory notes must inform holders of such shares, through publication in the Official Gazette and 3 daily newspapers, and on the company's internet site in case any, of the obligations stipulated under clause 1. These companies must also obtain from the owner of such shares the name of the person under which these exchanged shares must be registered as per the provisions of clause 1.
- 2- Companies not abiding by such notification obligations towards owners of bearer shares or promissory notes, as appearing under paragraph 1, shall be imposed a fine amounting to 50% of its capital.

**Third:**

- 1- Owners of bearer shares or promissory notes who did not exchange their shares within the period of 1 year as of the law enforcement, are prohibited to exercise all their rights related to these shares and cannot be appointed as members of the Board of these companies, until these shares are substituted by registered shares.
- 2- After the one-year period as of law enforcement, as stipulated under paragraph 1 of the present clause of this article, the following provisions shall be applied:
  - The company shall be imposed to pay a fine amounting to 20% of its capital in case it settled dividends to any holder of such shares, and that for every violation committed and every settlement separately.

- Decisions adopted in general assemblies are considered illegal if companies allowed owner of such shares to attend meetings or to be appointed as members of its Board or authorized them to participate in its liquidation process.
- 3- Transfer of ownership of bearer shares or promissory notes that have not been replaced by registered shares after two years of the enforcement of the present law, shall be assigned in the name of the Lebanese state.

**Forth:** Provisions of articles 90 and 91 of Income Tax Law shall be applied on dividends of bearer shares or promissory notes whose owners fail to show up for collection within the legal period stipulated under the two specified articles.

**Fifth:** Minutes of law enforcement of the present law shall be set out whenever deemed necessary, by virtue of a decree adopted by the Cabinet in compliance with the proposal of the Ministers of Justice, Labor, Economy and Trade.

**Sixth:** This Law is effective upon its publication in the Official Gazette.

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