

Transferring shares in Iraqi limited liability companies – what you need to know

December 12 2016 | Contributed by [Newton Law Group](#)

While shareholders in a limited liability company can transfer ownership of their shares to another shareholder or outsiders, they should bear in mind the following considerations.

The seller must notify the other shareholders through the managing director of his or her desire to sell his or her shares. He or she must mention:

- the number of shares;
- the number of their certificate; and
- the price he or she wants or that has been offered by a buyer, supported by evidence.

If, after 30 days since notification, none of the other shareholders have come forward to buy the shares or they have offered a price lower than the one requested, the seller is free to sell his or her shares to others at a price higher than the one offered by the shareholders. If he or she sells the shares at the lower price offered by the shareholders, the sale will be considered null and void. If several shareholders want to buy the shares at the same price, the shares will be divided among them according to their subscription ratio, to the nearest correct share.⁽¹⁾

The sale of shares will take place at a meeting between the seller and buyer, or their legal representatives, in the presence of the representative of the managing director. A contract will be drawn up and must include:

- the names of the seller and buyer and their addresses;
- the number of the certificate of the shares;
- the date of the transaction;
- the price of the shares;
- a statement from the seller that he or she received the price; and
- a pledge by the buyer that he or she approves of the company's contract.

The transaction contract must be recorded in the company's special register for transferred shares, along with the signatures of the contractors and the company's representative.⁽²⁾

On the transfer of shares, the company's register will issue a new administrative order and certify new constitutional documents reflecting this transfer of shares.⁽³⁾

If an Iraqi shareholder in a limited liability company dies, the ownership of the shares will be reverted to his or her heirs in accordance with the ratios specified under *Sharia* law. In cases in which the shareholder is a citizen of another country, the shares will be reverted to the shareholder's heirs in accordance with the applicable law of that country.⁽⁴⁾

For further information on this topic please contact [Halim Gebeili](#) or [Leo Bouma](#) at Newton Law Group by telephone (+964 750 649 5033) or email (halim.gebeili@newtonlawllp.com or leo.bouma@newtonlawllp.com). The Newton Law Group website can be accessed at www.newtonlawllp.com.

Endnotes

AUTHORS

[Halim Gebeili](#)



[Leo Bouma](#)



(1) Article 64 of Company Law 21/1997 (as amended in 2004).

(2) Any transaction that is concluded outside will be considered null and void and thus not recorded in the company's register. However, the parties may sign an additional share purchase agreement in order to contractually manage the transfer of shares leading to the sales agreement to be attested with the legal directorate of the company's registry.

(3) Any transfer of ownership of shares other than through the sale method must be recorded in the company's register on the basis of a decision issued by the competent court.

(4) Article 67 of Company Law 21/1997 (as amended in 2004).

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).