

## ***Legal Amendments in Kuwait Benefiting Limited Liability Companies***

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*The Kuwaiti government, following its formation in May, has launched commitments to improve the business environment and prepare it to attract foreign investments to the country to benefit from the numerous investment opportunities in various available fields.*

*After studying the legislative needs of the Kuwaiti business market, the government has begun implementing its pledges to review the existing economic laws package more than three months ago. Among the results of this review was the amendment of some provisions of the Companies Law by Amiri Decree No. 106 of 2024, representing a pivotal step to improve the business environment and enhance its attractiveness for investment, and the beginning of efforts to raise the level of transparency and achieve good governance.*

*The amendment included an important aspect that directly affects Limited Liability Companies, referred to in short as (LLC), especially regarding the quorum for holding general assemblies and the procedures for calling them.*

*This amendment has enhanced the flexibility of the legal system for Limited Liability Companies by equalizing the percentages for holding extraordinary general assemblies with those of extraordinary general assemblies in shareholding companies.*

*This amendment is considered one of the fundamental steps towards better regulation of the business environment in Kuwait, by unifying regulatory*

*procedures across different types of companies. It grants partners in Limited Liability Companies greater flexibility in making decisions that require partner approval, contributing to increased management efficiency, faster decision-making, and achieving stability for this type of company as an investment option.*

*From my legal perspective, I see that the amendment has solved many problems related to the quorum for holding extraordinary general assemblies in LLCs and making appropriate decisions. This amendment has resolved the issue of some partners sometimes insisting on preventing their convening, and it has added clarity to the legal mechanisms governing these meetings in a way that serves the interests of all partners.*

*According to the amended text, the extraordinary general assembly meeting of an LLC is not valid unless attended by partners owning three-quarters of the capital. If this quorum is not achieved, a second meeting is held with the attendance of those representing more than half of the capital, if decisions are issued in all cases by a majority exceeding half of the capital.*

*This part of the amendment provided a balance between ensuring sufficient quorum for the validity of these assemblies and ensuring that necessary company decisions, such as changing the contract or modifying the capital, are not obstructed, so decisions are made with the participation of a considerable percentage of partners.*

*The amendment granted a role to the Ministry of Commerce and Industry in calling the general assembly to meet if the company manager refrains from doing so, based on a reasoned request from partners who own at least half of the capital. This limits the possibilities of managers abusing their authority in managing this type of company, while encouraging partners to actively participate in directing the company's course. It also provides a legal mechanism enabling them to demand the convening of the general assembly to discuss any vital topics that may be subject to*

*dispute or require the approval of the ordinary or extraordinary general assembly.*

*I believe this amendment has a supportive economic impact on Kuwait's efforts to attract investments and provide greater opportunities to improve the business environment by enhancing confidence in the legal framework for Limited Liability Companies. This includes clear provisions and mechanisms that protect partners' rights, making it easier for investors to understand their rights and duties. Additionally, enabling the Ministry of Commerce and Industry to play a role in calling the general assembly gives the state a necessary supervisory role to ensure the smooth running of business and enhances Kuwait's reputation as an attractive center for business and investment.*

*As for the legal impact, it is summarized in that the step of equalizing the percentages for holding general assemblies for Limited Liability Companies with their shareholding counterparts reflects Kuwait's endeavor to unify the laws regulating companies, thereby reducing complexity and enhancing the ease of law application, leading to achieving the legislative stability required for investment areas within the country.*