

Holding Companies

Holding companies are governed by Decree Law No. 45 dated June 24, 1983. Said Decree-Law authorizes the establishment of holding companies and grants them certain privileges.

A holding company must take the form of a joint stock company and is subject to the incorporation and operational requirements that apply to the joint stock company, with the following exceptions:

Holding Companies can only engage in the following activities:

- (a) acquiring shares in Lebanese or foreign joint stock and limited liability companies;
- (b) Managing companies in which it owns shares;
- (c) Granting credits to subsidiary companies;
- (d) Acquiring patents, trademarks and similar rights and licensing the use of same;
- (e) Acquiring fixed and moveable assets provided that such assets are reserved exclusively for the use of the holding company and subject to provisions of the with the law governing the acquisition of Lebanese land by foreigners.

An additional restriction imposed by the Decree states that holding companies may not directly acquire shareholdings of more than 40% in more than 2 companies operating in the same industrial, commercial or non-commercial field in Lebanon. The penalties for breach of this provision are those laid down in the law relating to monopolies.