

Limited Liability Company

a- Incorporation

A limited liability company (“LLC”) is a commercial company that consists of a minimum of three and a maximum of twenty partners. The articles of incorporation of the LLC should be notarized and registered with the Register of Commerce. All future amendments to the articles of incorporation should also be registered with the register of commerce.

The LLC can usually engage in any commercial activity with the exception of those excluded by law. Some of the activities in which the LLC cannot engage in are: insurance, savings, regular and air transport, banking or investment operations. In general, there is no requirement for local equity participation. The LLC can be formed with 100% foreign ownership. However, certain businesses such as commercial agency activity require a majority of Lebanese capital and shareholders.

The LLC cannot:

- make a call or invitation to the public to subscribe to its capital,
- issue shares, debentures or bonds.

The resolutions of the shareholders meetings must be adopted by a simple majority except if they concern modifications of the articles of association, such as the company` s object or its dissolution; in this case, a majority of two third of the capital is required. Concerning the auditors, the company is obliged to appoint auditors if:

- (1) The number of partners exceeds twenty;
- (2) The company`s registered capital amounts to 30,000,000 LBP or if
- (3) One or more partners owning at least 20% of the shares requests the appointment of an auditor.

b- Publication

The articles of incorporation of the LLC and any amendments thereof must be deposited with the relevant Register of Commerce. Also, the name of the shareholders and the manager(s) must be deposited with said Register of Commerce. The name of the company, followed by the phrase “Limited Liability Company” and the amount of its capital must be prominently placed on all printed documents issued by the company.

c- Capital

The minimum capital of the LLC is 5,000,000 LBP (US\$3,333). It should be deposited with a local bank during the incorporation process. The capital will remain blocked until the completion of the incorporation formalities. The capital should be paid in full upon the formation of the company.

If for any reason the capital of the company falls below 5,000,000 LBP (\$3,333), the company must raise the capital back to 5,000,000 LBP within one year or convert from a limited liability company to another form of business. Where a company fails either to maintain its minimum capital or convert to another form, any shareholder may request its judicial liquidation.

d- Shares

The minimum value of an LLC shares is 1,000 LBP (\$0.667). The LLC cannot issue certificates for the shares. The partners are legally liable only up to the value of their shares in the company.

e- Bonds/Debentures

The LLC cannot issue bonds or debentures.

f- Management

The LLC is managed by one or more managers. It cannot have a Board of Directors. The appointment of the manager(s) and their powers must be registered with the Register of Commerce. A manager can be a foreign national, provided that he/she obtains a work and residence permits.

g- Financial reporting

The LLC must keep all accounting books required by law such as the journal book, the general ledger, a liabilities book, an inventory and balance sheet book, and a salaries and wages register.