

حكومة الشارقة  
دائرة التنمية الاقتصادية

Government of Sharjah  
Economic Development Department



# Guideline for Family Businesses Establishing & Registering Procedures in Sharjah



## Table of Content

1	Introduction
2	Legislative Reference
3	Definitions
4	Establishment Procedures
5	Elements of Family Business Charter
6	Registration Procedures in Family Business Registry
7	Depositing Family Business Charter in Registry
8	Purchasing Shares of Family Business
9	Incentives

## Introduction:

Family Business is a major driver of economic growth, leadership and competitiveness of the business environment in Sharjah. It is one of the areas of government interest due to its role in economic growth. Therefore, SEDD intends to issue this guide to be a reference for family businesses, that includes the establishment procedures, drafting of memorandum of associations, family charter, and registering these companies on the family businesses platform at the Ministry of Economy, with the aim of benefiting from the incentives provided by UAE to these companies to ensure their continuity thus leading them towards digital and technological transformation.

# -Legislative Reference

## -The most important legislations regulating family businesses:

- 1 Federal Law No. (28) of 2005 on Personal Status
- 2 Federal Decree Law No. (32) of 2021 on Commercial Companies
- 3 UAE Federal Decree Law No.37 of 2022 on Family Businesses
- 4 Executive Council Resolution No. 31 of 2024 on Regulating Family Business in the Emirate of Sharjah
- 5 Cabinet Decision No. 106 of 2023 on the Registration of Family Charter
- 6 Cabinet Decision No. 107 of 2021 Regarding the Family Companies Purchasing their Shares
- 7 Cabinet Decision No. 108 of 2023 on the Conditions and Terms related to the Multiple Categories of Shares of Family Companies
- 8 Cabinet Resolution No. 109 of 2023 on the Registration of Family Businesses
- 9 Executive Council Resolution No. 21 of 2017 regarding the Regulation of Economic Activities in the Emirate of Sharjah.

## - Definitions

In applying the provisions of this Decree by Law, the following words and expressions shall have the meanings assigned to each of them, unless the context stipulates otherwise:	
State:	United Arab Emirates
Emirate:	Emirate of Sharjah
Ministry:	Ministry of Economy
Register:	The unified register of Family Businesses at the Ministry
Competent Authority:	The Local Authority concerned with Corporate Affairs in the Emirate
Family:	Relatives by descent and marriage
Family Business:	Every company established in accordance with the provisions of the Companies Law. Most of its shares or stakes are owned by people belonging to a single family and it shall be registered in the register as a Family Business.
Articles of Association:	Articles of Association of the Family Business according to the provisions of Executive Council Resolution No. 31 of 2024 regarding the regulation of family businesses in the Emirate of Sharjah.
Family Charter:	Written document that regulates the governance of family affairs related to the Family Business, and the Family relationship with the Family Business
Partner/ Shareholder:	Every owner of shares or stakes in the Family Business
Share:	The Partner share or the shareholder shares in the Family Business
Unincorporated Partnership:	A relationship established by contract between two persons or more, such as a partnership or trust or any other similar association of Persons, in accordance with the applicable legislation of the State.

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- Establishment Procedures
- New Companies:

- Issuing Trade Name

- Providing Certified Memorandum of Association

- Determining Activity Location

- Issuing License

- Providing Certified Family Charter

- Registration of Family Companies at Ministry of Economy

- Registration of Family Charter

- Existing Companies

- Initial Amendment to Trade Name to Add (Family Business) Phrase

- Executive Council Resolution No. 31 of 2024 on Regulating Family Business in the Emirate of Sharjah

- Issuing Family Charter

- Registration of Family Companies and Charter at Ministry of Economy

## Elements of Family Business Charter

In addition to the elements in the articles of association

(Company Name – Activity – Legal Form – Management - General Assembly - Legal reserve – Auditor - Dissolution and liquidation of Company)

## Family Business Articles of Association is characterized by the following:

1. There is no maximum number of partners.
2. Special regulations preventing the transfer of shares except under limited conditions.
3. Equality or disparity in profits or taking decisions by the general assembly or management.
4. Company's right to purchase its shares.
5. Flexibility to leave the company.
6. A special mechanism for resolving disputes in the company (the mechanism is included in the Family Business Articles of Association).

## Mos Important Elements of Family Business Charter

1. Organizing the mechanism for family members to join Family Business.
2. Setting family's rules, goals and values.
3. Mechanisms for evaluating partners' shares.
4. Methods of distributing profits.
5. Qualifying family members to work in family businesses.
6. Family Business management mechanisms.
7. Providing a system to resolve disputes between family members related to Family Business.

## Registration Procedures in Family Business Registry

- An application submitted to the competent authority (Sharjah Economic Development Department) by the majority of the owners of the family business to register it in the registry.
- The competent authority is responsible for sharing the data with the Ministry.
- After receiving the required data, the Ministry is responsible for registering the company in the registry and issuing a certificate of registration. This certificate remains valid as long as there is no change in the company.
- Registry data is kept confidential.

## Depositing Family Business Charter in Registry

The person who has the capacity in the family business shall deposit the charter electronically via Ministry's website, attaching the following to it:

- Identity and title of the Director.
- Approval of the majority of partners to deposit the Charter.
- The Ministry shall issue an electronic notification of receipt of the Charter and notify the competent authority thereof.
- The Ministry shall sign the Charter with the same identification number of the Family Business.
- The Charter is considered a confidential document.

# Purchasing Shares of Family Business

Referring to Article (2) in the Cabinet Decision No. 107 of 2021 Regarding the Family Companies Purchasing their Shares, the Family Company may purchase its shares according to the following:

- The decision of the company's general assembly to purchase shares and authorize the board to submit the request to the competent authority.
- A pledge from the company to the competent authority to fulfill all obligations specified by the competent authority.
- Approval of the competent authorities for the company's purchasing activity.

## Incentives

A number of federal and local incentives will be announced later.

- Tel.: +97165122222
- Call Center: 80080000
- E-mail: [sedd@sedd.gov.ae](mailto:sedd@sedd.gov.ae)
- Social Media: SharjahEconomic   
- Website: [www.sedd.ae](http://www.sedd.ae)
- SEDD Sharjah Economic Dept App

