



## Highlights of the New Company Law Series

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### Removing restrictions related to the number of board members and their remuneration



The previous Companies Law stipulated a limited number of board members in joint-stock companies, which was (11) members and set an upper limit for the remuneration of board members. However, the New Companies Law has lifted these restrictions by not imposing a maximum limit on the number of board members or their remuneration. This is more suitable for joint-stock companies, considering they are financial entities based on financial consideration rather than personal consideration of the shareholders, and having an independent legal personality.

Therefore, lifting the restrictions on the number of board members will allow for the participation of a larger pool of competencies on the board, and consequently, better-performing members will receive higher remuneration. This allows companies to create competition among members and attract, retain the best leadership talents.

This series discusses the key updates issued in the new Companies Law issued by Royal Decree No. (M/132) dated 1443/12/01H, which came into effect on 1444/06/07H, approximately six years after the issuance of the previous law in 1437H.



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Disclaimer: This mat does not constitute legal advice; neither does it contain the entire legal procedures stipulated in the law. Also, the purpose of this mat is to draw attention to the significance of the law and its main provisions, however, it does not offer a substitute to careful and detailed legal advice