# JOINT STOCK/ BUSINESS CORPORATIONS IN ALGERIAN LAW

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Algerian trade law permits individuals and legal entities, domestic and foreign, to establish themselves and have merchant status in Algeria. Service firms must either register with the Register of Commerce or open a representative office. Service companies must notarize their articles of incorporation before a notary and publish them in the Official Bulletin of Legal Announcements (BOAL) and two national newspapers. Notary fees are based on the company's capital invested, and publication fees are fixed.

The legal forms that professional services firms may take in Algeria are very similar to those in Western countries

## Joint Stock Company (SPA):

A joint stock company (JSC) is a company whose capital is divided into shares between shareholders who are limited in liability in proportion to their contribution. They can be formed by a private company or through a public offering.



#### Key aspects of a JSC include:

- •Must have at least 7 shareholders, except in the case of State-owned corporations
- •Minimum paid in capital for a private JSC is DZD 1 million, minimum paid in capital for a public JSC is DZD 5 million
- •Required to designate a statutory auditor
- •May establish their system of management in the form of a board of directors and a chairman, or in the form of a supervisory board and a managing board

### **General Partnership Company (SNC):**

In an SNC, each partner must be actively involved in the business, and the partners are jointly and severally liable for partnership debts. The shares are registered and can be transferred only with the unanimous consent of all partners.



#### Joint Venture

Joint ventures are not actually a company form, but rather a structure provided for under Algerian law for the collaboration of multiple entities. The structure is often used by foreign companies conducting business in Algeria with domestic partners, especially in areas where foreign participation limitations may exist, such as oil and other energy industries.



#### Key aspects of a JV include:

•A JV can be formed by two or more legal entities to implement shared means and resources to facilitate the economic activities of its members for a particular period of time

•Companies taking part in the JV structure maintain legal independence



### Start-up:

As for the term <u>"start-up"</u>, it stands for an enterprise that is:

- Newly created
- Innovative

- Characterized by the potential for growth: since the innovative nature of the startup does not allow it to provide a business model from the outset, but allows it to grow significantly.

- and needs for funding: in order to expand and achieve a profitable business model.



At the legislative level, the Algerian legislator has not given a definition to startup, but has laid down the criteria that allow the company to obtain the label of startup, which are according to Article 11 of Executive Decree No. 20-25421:

- the company must not have been in existence for more than four (4) years;
- the company's business model must be based on products, services, business model or any other innovative concept;
- the annual turnover must not exceed the amount set by the national committee;
- at least 50% of the share capital must be held by individuals, or by other enterprises with the "Start-up" label
- the company's growth potential must be sufficiently high;
- the company must not have more than 250 employees.

Additionally, there are four objective criteria to prove the innovative character of the start-up activity:

- To allocate 15% of the company's turnover for research and development,

- Half of the company's founding members must have a PhD or higher degree, in order to encourage researchers to create start-ups and build bridges between university and business,

- The opportunity to present a mock-up of the submitted innovation, whether it is a complete or experimental electronic platform (demo), or a product prototype in industry, or the latest experimental video,

- To obtain a patent or patented program, whether at national or international level. It should be noted that it is enough for the enterprise to meet one of these objective criteria to obtain the "Startup" label.



In addition to the above, service companies may also choose to establish a representative office (a.k.a. liaison bureau). Several foreign companies opened representative offices because this legal structure allows for limited investment while ensuring a direct presence in Algeria. In this structure, the parent firm controls the representative office for market exploration, promotion, business development, and customer relationship management.



The financing of a representative is exclusively in foreign currency since the office is not permitted to generate revenues or enter commercial contracts. Liaison bureaus are not required to register at the Register of Commerce and submit applications to the Ministry of Commerce instead. Representative offices must keep a reserve account with 100,000 dinars in a local bank.



## **Homework:**

Search for a LLC/ SPA/ SNC/ Start-up in Algeria, and

present it according to what you learnt