

Law No. 17-95 on Public Limited Companies

Reference: Dahir No. 1-96-124 of 14 Rabii II 1417 (30 August 1996) promulgating Law No. 17-95, as amended by Laws No. 20-05, 78-12, 20-19 and 19-20

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Practice areas: Corporate law, Business law

Law 17-95 governs the public limited company (société anonyme, SA): incorporation, share capital, shares, management bodies (board of directors, or management board and supervisory board), shareholders' meetings, audit by statutory auditors, changes in capital, dissolution and directors' liability. Law 19-20 (2021) created the simplified joint-stock company (SAS) as a stand-alone form.

Incorporation

- Minimum share capital of 3,000,000 dirhams for companies making a public offering and 300,000 dirhams for other companies (Art. 6).
- Shares have a freely set nominal value; at least one quarter must be paid up on subscription, the balance within three years (Art. 21).
- The company acquires legal personality from its registration in the trade register (Art. 7).

Governance

- Board of directors of three to twelve members (Art. 39); the offices of chairman and chief executive officer may be separated (Art. 67).
- Alternative structure: management board and supervisory board (Art. 77 et seq.).
- Related-party agreements between the company and its directors require prior authorisation by the board (Arts. 56 to 61).
- Since Law 19-20, balanced representation of women and men on boards according to a phased timetable.

Liability and sanctions

- Civil liability of directors for breaches of the law, breaches of the articles of association and management misconduct (Art. 352).
- Criminal offences: misuse of company assets or credit (Art. 384), distribution of fictitious dividends, presentation of inaccurate accounts.

Key articles

ART. 1

A public limited company is a commercial company by virtue of its form, whatever its purpose. Its capital is divided into negotiable shares representing contributions in cash or in kind. It must have a sufficient number of shareholders to enable it to fulfil its purpose and ensure its management and supervision, which number may not be fewer than five.

ART. 6

The minimum share capital of a public limited company is three million dirhams if the company makes a public offering and three hundred thousand dirhams otherwise.

ART. 352

The directors, the chief executive officer, the deputy chief executive officer or the members of the management board are liable, individually or jointly as the case may be, to the company or to third parties, for breaches of the legislative or regulatory provisions applicable to public limited companies, for breaches of the articles of association, or for faults in their management.

Points to watch

- The SA remains suited to structured projects; for an SME, the SARL or the SAS (Law 19-20) offer more flexible governance.
- Unauthorised related-party agreements give rise to the personal liability of directors.
- Keep the share register and minutes up to date: they are required for any transfer, financing or audit.

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