

Oman

Chamber of commerce:

Oman Chamber of Commerce and Industry

PO Box 1400

112 Muscat RUW1

Oman

Tel: +968 707 674

Fax: +968 707 497

Email: info@omanchamber.com

Website: www.chamberoman.com

Imtiaz Shah

Denton Wilde Sapte

Muscat

The main laws on which the Omani corporate finance legal regime are based are the Law of Commercial Companies, promulgated by Sultani Decree 4/74 (the CCL) and the Capital Market Law, promulgated by Sultani Decree 80/98 (the CML). In addition to these laws, the Law of Commerce, promulgated by Sultani Decree 55/90 contains provisions dealing with aspects of corporate finance transactions. More detail is added through a plethora of secondary legislation, in the form of Ministerial Decisions (such as the Capital Market Executive Regulations) and a considerable number of circulars, regulations and codes issued by the Capital Market Authority (the CMA).

Types of corporate entity

In common with other Gulf jurisdictions, Omani corporate law follows the civil law Franco/Egyptian model, and provides for pseudo-partnership limited liability companies, partnerships and joint-stock companies, which are divided into those that offer shares for public subscription (open) or those that are closely held (closed). Each form of company has its own capital, shareholding and governance requirements.

Supervisory bodies

The CML created a supervisory body – the CMA – to regulate joint-stock companies, and also created the Muscat Depository and Securities Registration Company SAOC (the MDSRC) to register share transfers and to maintain share registers for listed companies, in addition to the Muscat Securities Market (the MSM) on which shares are listed. The Ministry of Commerce & Industry (the MOCI) maintains the commercial register in which all companies are listed on incorporation, and maintains corporate records of companies. The Minister of Commerce & Industry also serves as the president of the CMA.

Mergers and acquisitions

M&A activity is conducted pursuant to the CCL. Mergers are governed by Article 13 of the CCL, which provides for two types of merger: by absorption, where one of the merging enti-

ties acquires the assets and liabilities of the other and issues shares in consideration; and a merger by incorporation, where a new, third company is created into which the assets and liabilities of the merging companies are transferred in exchange for shares in the new company. In summary, a merger is effected by extraordinary resolutions of the merging companies, and includes statutory wait periods during which creditors may object to the transaction. All mergers also need MOCI approval and, if listed companies are involved, that of the CMA. Further regulatory approval might be required, for example from the Central Bank of Oman if the merger involves banks or financial institutions. Rules exist for the valuation of the assets and liabilities on a merger.

Sales and acquisitions of businesses or shares might need extraordinary general meeting approval (if comprising a substantial part of the assets of the seller), and sales of businesses must be registered at the MOCI. If the transaction involves a listed company, an announcement might need to be made through the CMA.

Issue and listing of securities

This is governed both by the CML and the CCL. In general terms, extraordinary general meeting and CMA approval is required and a prospectus, approved by the CMA, must be issued to potential investors. The CML and the relevant secondary legislation contains details of the information to be contained in the prospectus, and the rules for the issue and listing of securities.

Both debt and equity instruments can be issued and listed on the MSM, and are registered with the MDSRC. It is possible to issue securities both by a public offer or by way of a private placement.

Corporate governance

The CMA has issued a series of circulars and regulations dealing with corporate governance, which arguably comprise the most comprehensive corporate governance regime in the Gulf. The primary regulation is the CMA's Code of Corporate Governance, adherence to which must be reported at annual general meetings and which is audited by the CMA.

In addition, rules exist in relation to prior shareholder authorization of related-party transactions, company announcements,

eligibility for directorships, the composition of board committees and the adoption of detailed internal regulations delineating the role of directors and management in the company. From time to time, additions and supplements are issued by the CMA. The CMA has also issued model forms of articles of association for listed companies, and it is compulsory for CMA representatives to attend the annual and each extraordinary general meeting of listed companies.

Initial public offerings

Only open joint-stock companies can be listed on the main market of the MSM. The requirements for setting up this type of company are contained in the CCL, and the CML adds provisions in relation to the listing of shares. Broadly, the founders must issue a CMA-approved prospectus, and must obtain MOCI approval for the creation of the company, in addition to other regulatory approval depending on the nature of the business of the new company. At least 40% of the shares must be offered for public subscription through nominated banks, following certain notice periods and advertising requirements.

It is possible for non-Omani companies to obtain a listing on the MSM, if the requirements in the regulations are met, in particular that the company concerned has a listing on a recognized exchange. Moves are under way for mutual recognition/listing between the MSM and certain other Gulf exchanges.

Corporate and commercial

Recommended firms

Tier 1

Al Alawi Mansoor Jamal & Co

Trowers & Hamblins

Tier 2

Denton Wilde Sapte

Said Al-Shahry Law Office in association with Richards Butler

Al Alawi Mansoor Jamal & Co

Described by one peer as a “good competitor and operator,” Al Alawi Mansoor Jamal & Co is “very active, and usually on the other side of big projects”. The firm maintains strong links with many international law firms, including Clifford Chance, Linklaters, Freshfields and White & Case. With 27 lawyers and expanding, the firm is the biggest law firm in Oman. Among the firm’s fine lawyers, peers and clients alike reserve much praise for Mansoor Jamal Malik, describing him as “a nice guy with the strongest profile in the firm,” “technically the best,” and “a serious practitioner.” The market also mentioned Ardeshir Patel as a competent up-and-coming lawyer.

Al Alawi Mansoor Jamal recently won a role advising on the Sohar Independent Power & Water project, which closed in March 2005, acted for a consortium led by Qatar Telecom (Qtel) and Danish firm TDC Mobile International on their successful bid to set up and operate a second mobile network

in Oman, and provided legal counsel to a consortium of investors on the development of an aluminium smelter plant with an estimated value of OR700 million (\$1.82 billion). Other deals saw the firm act for Al Kamil Power Co on a public offering of 35% of its share capital, advise the lenders to AES Barka on its listing on the Muscat Securities Market, and represent Vision Investment Services in respect of the registration of the OR7 million to OR15 million Gulf Emerging Investment Fund.

The firm has an impressive list of clients that includes Barclays, Citibank, ABN Amro, Arab Banking Corporation (ABC), Habib Bank AG Zurich, Industrial Bank of Oman and Bank Muscat.

Leading lawyer

Mansoor Jamal Malik

Key contact partners

John Alasdair Jeffrey

Mansoor Jamal Malik

Trowers & Hamblins

2005 marks Trowers & Hamblins’ 25th anniversary in Oman, and its superb international credentials and local expertise continue to make it one of the best choices for financial law advice. One client cites the firm’s “understanding of the local customs and practices, contacts, customer service, quality and speed of work”. James Harbridge became the office’s fifth partner in April 2005, bringing the team’s numbers to five partners and nine associates. The market continues to recommend Sean Angle and Adrian Jones highly. Andrew Rae is also greatly respected by his peers, commentators describing him as a “hands-on, nice guy with common sense” who has a “technical background in projects.” The firm’s rising star is Brian Howard, who is, say clients, “very much an upcoming lawyer” for his “degree of commitment and skill.”

In the largest capital markets transaction to date in Oman, the firm represented the National Bank of Oman (the Sultanate’s oldest bank) on a \$138.16 million placement of 22 million shares, and acted for the Oryx Investment Fund on closing its \$90 million fund and replacing it with the Oryx 2004 successor fund. Other deals saw the firm advising AES Barka on the floatation of 35% of its equity on the Muscat Securities Market, assisting a Canadian oil exploration company, Encana, to establish a presence in Oman, and acting for the Gulf Investment Corporation on its acquisition of a 25% stake in Oman Fibre Optic Company.

Trowers & Hamblins has had a cracking year in project finance. Among many highlights, the firm acted as lead counsel to Bank Muscat in the first and largest issue of \$800 million euro medium-term notes, served as local law adviser to Suez-Tractebel in its successful tender of the Sohar Independent Power & Water project, acted for the Arabian Petroleum Investment Corporation in its capacity as lender on the \$300 million financing of its Oman Polypropylene Plant, and advised the lenders to the Al Kamil Power project in relation

to the conversion of the company to a public listed entity and the public offering of 35% of its shares.

Leading lawyers

Sean Angle
Andrian Jones
Andrew Rae

Key contact partners

Sean Angle
Andrew Rae

Denton Wilde Sapte

Denton Wilde Sapte has an excellent reputation for providing quality financial law advice in Oman. Heading a dedicated team of nine lawyers, managing partner Andrew Watson is described by one peer as the “main person getting most of the larger deals.” Imtiaz Shah is also highly recommended by his contemporaries as a “good solid chap who does a lot of banking work.”

Although Denton Wilde Sapte is smaller in size than its main competitors in Oman, the firm manages to be very active and maintain a strong client list, which includes Bank Muscat, Oman International Bank, Standard Chartered Bank, Shell International and the Omani government.

In the largest project financing transaction involving exclusively regional and local banks, the firm advised Bank Muscat on the \$110 million refinancing of the Salalah Port. The firm also acted for Oman International Bank on its \$55 million revolving credit facility, which closed in June 2004, advised Standard Chartered Bank on a \$40 million receivables-backed financing for Qalhat Real Estate Investment & Services, and represented Zubair Corporation on a \$105 million facility agreement for the development of the Barr Al Jissah Resort Company with the Omani government. Another deal saw the firm acting for the Omani government on the city of Muscat wastewater project.

At the time of writing, Denton Wilde Sapte is working on one of the largest property development and resort transactions in Oman, advising the Oman Tourism Development Company on the \$115 million Wave project. It is also providing legal counsel to the Ministry of National Economy on the \$780 million partial privatization of Omantel by way of an initial public offering.

Leading lawyers

Michael Earley
Imtiaz Shah
Andrew Watson

Key contact partners

Andrew Watson

Said Al-Shahry Law Office in association with Richards Butler

Said Al-Shahry Law Office boosted its numbers recently, hiring senior lawyer Stephen Sayer and two new associates, Akram Elhuda and Subha Mohan. The firm now comprises six partners and 11 associates. The respected Alistair Neale is described by one commentator as “the leading lawyer in the firm” and its rising star, Fayyaz Mahmood, is praised as being “very sensible and keen to learn”.

Said Al-Shahry Law Office has recently advised the Ministry of National Economy on two major projects. In the first, the firm advised on the drafting of e-legislation and carrying out an analysis of the laws and regulations in force in Oman. And in the second, the firm provided legal counsel for the construction of a new water and power plant in northern Oman.

Among the year’s other highlights, the firm advised the Ministry of Housing, Electricity and Water on its review of the electricity and related water sector, and acted for the Oman Wastewater Service Company on the Muscat wastewater system modernization and expansion project, which involved about 2,500 kilometres of pipe work.

On the capital markets side, the firm has advised on several initial public offerings, including the flotation of the Dhofar Power Company on the Muscat Securities Market and the listing of Dhofar University and the Salalah Medical Supplies Manufacturing Company. The firm also continues to act for the government on setting up the Salalah Free Zone.

Other international clients advised by Said Al-Shahry Law Office include HSBC, the State Bank of India, Renault Trucks, IBM, Scholl (UK) and Ericsson, while local clients such as the Al Sawadi Tourism Resort, the Oman Centre for Investment Promotion and Export Development, Oman LNG and the Oman Gas Company have all benefited from the firm’s expertise.

Leading lawyers

Fayyaz Mahmood
Alistair Neale

Key contact partners

Alistair Neale
Said Bin Saad Al Shahry