



جامعة طنطا  
كلية الحقوق

# مادة مصطلحات قانونية بلغة إنجليزية

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المحاضرة الرابعة

# The Special Substantive Elements the Company's contract

## ▶ Abstract and Division:

- ▶ The company's contract has some special substantive elements necessitated by the nature of this legal entity which is to be formed by a number of partners who should cooperate positively to achieve the company's purpose.
- ▶ This cooperation implies that there are at least two persons presenting their shares , whether cash or work , to exploit a financial project and share the profits or losses resulting from this project.

# The Special Substantive Elements the Company's contract

## ▶ The Principle of Multiplicity:

- ▶ Article (505 /Civil ) defines the company as "A contract concluded between two or more persons whereas each one contributes in a financial project by presenting a share of money or any work so that whatever is created from this project, whether profits or losses , shall be divided." Therefore, the minimum number of persons concluding a contract is two.

# The Special Substantive Elements the Company's contract

- ▶ The Egyptian legislator stresses the importance of this principle as a basic requirement for the foundation of the company . Article (20) of the Commercial Code provides that the joint-liability company is the company founded by two or more persons .
- ▶ The tendency of the Egyptian legislator to requires this principle is due to the fact that he believes in the idea of the unity of financial obligation which means that all the person's money shall be used as a Guarantee of his debts.

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## ▶ Exceptions :

- ▶ Article (9) of the Law No 60 of 1971, as amended by the Law No 111 of 1975, provides for some exceptions of the principle of multiplicity of partners. It gives public institutions the right to found a shareholder company and limit the public guarantee of the company's creditors to their capital only.

# The Special Substantive Elements the Company's contract

- ▶ **The Minimum and Maximum number of partners**
- ▶ The Egyptian law stipulates that the number of partners forming any company (except for shareholder companies) shall not be less than two. As for shareholder companies , Article (8) of the Companies Law No 159 of 1981 provides that the formation of a shareholder company requires that there are at least three founding partners.