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Dissolution of companies and partnerships: causes and effects in accordance with the legal environment in Kingdom of Saudi Arabia

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A B S T R A C T

The term dissolution of the company refers to the expiration of the legal relationship between the partners, in different words the dissolution of the moral character of the company. Basically, commercial companies are established for the purpose of achieving the objective and the profits which are impossible for each partner to achieve alone, so partners work hardly to keep this company standing and ongoing practicing its commercial activities.in this paper focuses on the most prominent reasons for the expiry of commercial companies, whether partnerships or corporations, whether by the expiration of the definite-period of the company on the Saudi System for Companies. Also each company represents a person with a moral character who is entitled to legal capacity which enables it to acquire the rights and bear the liabilities the same as the natural person. The company is entitled to practice its activities with the assigned purposes of establishment and to conclude all legal acts including selling, purchasing, renting, leasing and whatsoever. Gaining the moral character capacity makes the company entitled to be plaintiff or defendant in case of disputes with other parties. Thus, in this scientific paper shall discuss the independent reasons which are entitled by the companies in its capacity as moral persons, moreover it can go beyond to other factors as well as being dependent by liability against other companies liabilities, and having a deputy to represent this company. It is also entitled to have the nationality of the country where its management office is located.

1. Introduction

Any commercial company is legally established as soon as acquiring the moral capacity and accordingly its dissolution requires the reasons which are similar the same reasons that will lead to dissolve the moral character (Alhesain, 2018). Most of the people know how to engage in commercial partnership but they fail to know the general and the private reasons that dissolve these companies and it is necessary that we come across explaining the details in accordance with the legal commercial regulations in some countries with concentration on the Saudi System for Companies (AL Dossari, 2019). Companies System has stated the main reasons that will dissolve the companies with special care to the special reasons for any type of the companies. Most of the countries have defined the commercial legislation for dissolution of companies by virtue of law (Faraj, 2016). The Saudi Ministry of Commerce and Investment and the Financial Market Authority has provided the cases of dissolving companies and the adopted procedures related to the liquidation keeping in mind the special reasons of dissolution related to each type of the companies in accordance with the stated provisions stated on companies systems (Alhesain, 2018; Leacock, 2011). This is considered to be an attempt by the Ministry and the Authority for cooperating and coordinating

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the adopted policies and procedures to apply the company system in a way that guarantees the full achievement and the harmony of executing the intended purposes therefrom and as an initiative to bear the mutual liability for protecting the investors. The article 15 of the Saudi Company System has stated the general reasons for dissolving the companies as follows: (Keeping in mind the special reasons related to any type of the companies), which states each company should be dissolve as per the one of the following reasons:

1. Expiration of the company duration.
2. Accomplishment of the purposes of establishment or inability of the purposes intended.
3. Transition of all shares to one shareholder.
4. Bankruptcy (losing the entire capital of the company or most of it) in a way that it is impossible to invest the remaining amount in the proper way and useless.
5. Agreement by the parties to dissolve the company before the expiration of the company duration unless otherwise is stated in the memorandum of the company association.
6. Merging the company into another company.
7. Issuance of decision by concerned judicial body by dissolving the company (Board of Grievance) on request from a stakeholder providing dangerous reasons explaining this.

2. Research methodology

This scientific paper is addressing the major reasons of commercial companies dissolution in accordance with the commercial systems in the Kingdom of Saudi Arabia through the inductive and the comparative methodology with highlights on the commercial systems used in most of the international and the Arab countries.

2.1 The general reasons for dissolving the commercial companies

From the previous text which has been mentioned in the article 15 of Saudi System of Companies which states that the occurrence of spontaneous reasons by virtue of law, and other involuntary reasons by the consent will of the individuals and other juridical reasons. We explain it in full details through the following:

Firstly: **Reasons of Dissolution by virtue of law**: these spontaneous reasons are represented in the following:

1. Expiration of the company duration

The company duration is considered to be dissolved if the time set has expired by virtue of the system (Almadani, 2011). The Saudi System of companies has defined the contractual duration for some companies as well as partnership companies, public joint-stock companies, and limited liability companies. It is stated in the article 15 of Saudi System of Companies that the company shall be dissolved by virtue of the system stated by the partners in the memorandum of association, as an example; if a specific company has been established for ten years, then it shall be dissolved at the expiration of that duration (Al-Zahrani, 2013). The duration can be decided as if this company was established for purposes related to war; it shall be dissolved by the end of that war. Companies can be unlimited and exist as long as it is practicing its activities and still the partners are not obligated to remain in partnership and they are entitled to dismissal from and this dismissal shall not cause any effect on partnership continuity unless this partner was a moral character. The partners are entitled to verbally agree upon the continuity of the company by extending its duration to a new term and in this case the partnership shall be continued, provided that the extension decision shall be taken before the end of the expiration of the period stated in the memorandum of association, and it has to be agreed by all partners or the majority which are listed in the memorandum of the association of the company because the extension of the company duration is considered to be an amendment on term of the memorandum of the association and this amendment is not allowed without the consent will of the partners jointly or the majority of them If provided for in the contract itself (Albrahim, 2016). A company may be established to practice a specific work, and a time limit may be set for such work, and the duration shall expire before the termination of the work. Then, the company shall continue until the work for which the company has been established has been accomplished .In this case, the company remains in existence despite the expiration of its duration, on the basis that the company's intention to terminate has been dismissed to determine the expiration of the company by the expiration of its duration or the accomplishment of the purposes for which it was established, which was not expected .However, if the extension of the company was agreed upon after the expiration of the specified period of its establishment, then in this case we shall be establishing on a new company consisting of the existing company that expired at its fixed duration, in this case the procedures of establishment prescribed by law for the new company shall be followed .The agreement on extending the company duration may be executed explicitly or implicitly as if after the expiration of the fixed duration; the partners continue to run the same business as the company can do .Whether the agreement to extend the company was expressed or implicitly or implicitly, the creditors of a personal partner are entitled to object to the extension, if their debt is fixed by an executive bond, so that they can execute on their debtor's share at the time of the company's liquidation, because the creditor of the partner cannot enforce his/her right on the partner's share prior to liquidation and division then he must be allowed to prevent the partner from delaying the use of his/her right to execute on the right of the creditor. This can take place by making objections to the company’s duration extension. If the partner's creditor objects to

such extension then; the company shall be considered dissolved and all other partners may decide to remove the partner whose creditors have objected so that the company will continue among them. The partner's share of the company's capital and of the profits is then estimated on the day in which the removal was decided, so that the creditor can execute on it.

In this context as for some of the applicable laws in some Arabic Countries as it was stated on the first clause of article 734 of the Algerian Civil Code stipulates that: "The partner shall be terminated at the end of the date for which it was established or at the end of the purpose for which it was established." Article 625 of the Egyptian Civil Code corresponds to the provisions of the Algerian law in meaning and text. As for the French Civil Code provides for this in article 14/0477. Under articles 734 and 625 of Algerian and Egyptian law, respectively, a company may expire at the expiration of the period specified in one of the terms of its contract of establishment or at the end of the work for which the company is established.

2. Achievement or impossibility of the purpose for which the company was founded

The company shall be considered a terminated company as soon as the purpose established for id finished and achieved, all the tasks have been fulfilled successfully and no need for its existence anymore. When the company has dug a canal or built a dam, the duration of the work will be the duration of the contract and the company will expire at the end of the work. Sometimes a company is established to carry out a particular project. If the project is carried out, the company expires. However, if the partners continue to engage in the same business for which the company was established, such as building a new residential area, the company's establishment extends from year to year and under the same conditions. The company may lapse because it is impossible to achieve the purpose for which it was established. However the creditors have the right to object for the extension of the company which will cause invalidity for the extension against it as if the State were to monopolize itself by trading in a particular commodity that was the main activity of the company (Al-Kahtani, 2013). A law was passed prohibiting such work and limiting it to State bodies resulting in the termination of the company by virtue of law. In this regard, it is noted that most of the legislation has treated very much the duration in terms of the implicit extension of the company.The Algerian and Egyptian legislators did not address the issue of extension after the termination of the work for which the company was carried out, in the sense that if the partners in the company continued despite the termination of the business for which it was established or after the completion of the work for which it was carried out, the legislator considered it to be an implicit extension of the company. In fact, this is conceivable in the event that the partners continue to perform work similar to that for which the company was established, but if it is different, it would mean an adjustment to the company's objectives by which its capacity as a moral person is determined. In any event, all registration and publication procedures required by law are required, as an amendment on its memorandum of association .It can be argued that there is a correlation and overlap between the expiration of the term and the fulfillment of the purpose, as reasons for the termination of the company by virtue of law, but while the duration of the company is important in determining its legal life; it is the criterion for achieving the purpose that is consistent with economic and practical reality.

3. Transfer of all shares to one partner

The Saudi system has stipulated on the issue of the transfer of all shares or shares of the company to one partner that it would cease to exist, because the offer and acceptance must be made by two, and one person does not conceive of an offer or acceptance .And because multiple partners are a substantive pillar of the company. In a joint-stock company, for example, if it expires due to the transition of its shares to a single shareholder, that shareholder remains liable for the company's debts within the limits of its assets. This is not in opposition to the system; that a company expires once all its shares have moved to a single shareholder, but rather is an application of the system whereby it is shown that, if it has expired, the company enters into liquidation and retains its moral personality until liquidation is completed. It is known that if a company is required to have two or more partners, then if all shares or shares are transferred to one partner, the company is considered to be dissolved by the virtue of the system, leaving behind one of the substantive pillars: multiple partners .The French legislature addressed this matter in the 9th article of the Companies Act on 24th July 1966 AD, and has jointly agreed upon the association of shares of partners or shares in the hands of one person does not result in the termination of the company by virtue of law.This situation may be corrected within one year of the date of its occurrence; otherwise each stakeholder may request the dissolution of the company .According to some jurists, this is one of the reasons why it is impossible to imagine a company's memorandum of association and shares for a single partner, and this reason if any, it would be contrary to the specific substantive element of the company's existence, namely, the plurality of partners, since Islamic law does not recognize one person company.

4. Loss of all or most of the company’s capital and lack of financial support

The company is dissolved when its capital or a large part of it is lost, so that what remains is not sufficient to sustain the company's activity and is not required to perish altogether, to the extent that the company's capital remains to continue its activity. As if a fire at the company's main store and it came down on all or most of the goods, as well as an example of the company's decimation. The company loses one of its main pillars: the provision of quotas. This happens when a partner undertakes to provide their own share, and then it's impossible for them to provide it, the company is considered to be liquidated for all. An example of that is when A partner undertakes to present his share in the form of a patent, a drawing, an

industrial model he invented or a trademark he owns, and then it becomes clear that he has violate such an innovation or mark or that the administrative department has renounce from his license because of the illegal acquisition of the invention or mark. The fundamental condition of the company's dissolution is that the loss results in the company's inability to continue its activity or that the company cannot make a meaningful investment after the loss, which should be estimated by the Board of Grievance. Thus, if the loss does not cause the company to be dissolved or to be impossible to continue as if it were insured and the amount of insurance is sufficient to compensate for the damages, then the company does not dissolve and all companies at the present time insure against the risk of loss in different forms. The dissolution is rarely taking place because of the loss of company funds. If one of the partners has undertaken to provide its share of a particular thing, such as to provide the right to benefit from a particular thing, the loss of such a thing prior to its submission entails the dissolution of the company against all the partners, and this provision is based on the fact that the partner's obligation to provide a stake in the company becomes impossible. An essential element of the company is therefore dismissing, and for all partners, the loss of the share after the company's establishment only leads to its dissolution if it is necessary to carry out its project or the value is so important that without it, like the company's assets in general, it cannot continue to operate.The loss of company's capital may be material or moral loss, and one example of moral loss is that the company was granted a concession to manage a public facility, which was withdrawn and this would be called moral loss. However, if the company was engaged in a particular activity before the concession was awarded and then withdrawn, it would not affect its existence.

Secondly: The voluntary reasons for the dissolution of the company

These voluntary reasons are as follows**:**

1. The partners' agreement to dissolve the company before the expiration of its term

Since the company's contract is established at the will of the partners, it is natural and just that these partners agree to dissolve the company due to the emergence of reasons that are difficult for them to continue. The law grants the partners the right of dissolving the company even before the expiration of its term. Since the partners are the ones who established the company willingly, they can dissolve it1 whenever they want to. The agreement to dissolve the company requires that the company be affluent, i.e. able to meet its obligations (Al-Majed, 2008). The dissolution of the company by the will of the partners is not considered if the company is in a state of suspension of payment. The reason for that is to exclude circumvention of the provisions of bankruptcy declaration so that the agreement on the dissolution is not a way to escape from bankruptcy. It was stipulated in the Saudi System of Companies, which states: "The company shall also be terminated if the partners agree to dissolve it." Whenever the company is dissolved, it must be publicized by regular means according to the type of company, so that it can be invoked against others (Fernandez & Sahawneh, 2010).

2. Merging the company into another one

This reason applies to all types of companies, so it is permissible for any company to merge with another company, whether of its type or of another type, even if the company is in the process of liquidation, except for the cooperative company, it is not permissible to be merged except with a cooperative company like it. There two ways of merging:

The first: Merger through consolidation, which is merging of one or more companies into another company, so that the merged company joins with the merging company. After that, the legal personality of the merged company ceases, and its financial liability and all its rights and obligations are transferred to the merging company.

The second: Merger through union, this method describes the system as: A combination of two or more companies into a new company under establishment.

Merger is one of the means which companies use to expand their operations with the aim of increasing their future profits. Mergers sometimes result in the merged companies in a dominant position on the market, which is detrimental to competition. Therefore, the Saudi competition law requires the approval of the Competition Protection Council on corporate mergers. The merger takes place by merging a company or more companies in a new company. Merger is an essential reason for one company's termination, but it is applied to all types and forms of companies, because companies regardless of their legal form, are allowed to merge to form a new company (Al-Ajlan, 2005).

The merger takes place by making a contract between two or more companies which results in the union of their financial liability so that all the partners gather in one company. The merger takes place practically by either of two methods: Either the "merged company" the company which is merged with another "merging company" so that the merged company expires and its legal personality disappears and only the merging company remains after the merger. This process is called the merger by joining, or by the merger of two companies to establish a new company that will be the company resulting from the merger. The two merged companies expire and their legal personality terminates from the date of the publication of the company resulting from the merger. This process is called the merger by combination (Article 214 of the Law companies). If a company merges with another company, and its entire capital is transferred to it, then the liquidation becomes optional. Then the partners

make the division immediately after the company's termination without the need of liquidation. The company's creditors have the right to object to the division if it harms their rights, in accordance with the Saudi System of Companies.

Thirdly: Judicial reasons for the termination of the company

In addition to the reasons for the company's termination by force of law and its termination by agreement of the aforementioned partners (Awwad, 2000). There are reasons that also lead to the termination, these reasons are judicial reasons. These judicial reasons are as follows:

1. A decision to dissolve the company is issued by the judicial authorities

Dissolution of the company by the judgment that is considered as its rescission, in this regard, it is as contracts. There are reciprocal obligations that arise, and if a part of this process doesn't fulfil his obligations, the judge has the right to terminate the contract. It is permissible for the judicial authorities concerned with the matter (the Board of Grievances) in the Kingdom of Saudi Arabia in accordance with (Article 15/7) to sentence by dissolving the company at the request of the concerned parties whenever reasons are found that justify this. There is no agreement to deprive one of the partners from going to court to request rescission. One of the common reasons that justify the dissolution of the company and approved by the Board of Grievances and endorsed by the Commercial Trading Commission is the existence of a solid misunderstanding between the partners that makes cooperation between them impossible (Falgi, 2009). One approved reason in other countries is the failure of one of the partners to fulfill what he pledged, or a partner's illness with a disease that makes him unable to fulfill his obligation. Article 770 of the Algerian Civil Code which is identical to Article 631 of the Egyptian Civil Code Law states that: "The company may be dissolved by a court judgment at the request of one of the partners for the failure of a partner to fulfill what he pledged or for any other reason that is not the actions of the partners. The judge estimates the seriousness of the reason for dissolving the company, and any agreement that goes against that is void".

2. Failure of a partner to fulfill his obligations

The court is permissible to decide to dissolve the company at the request of one of the partners because his partner does not fulfill what he pledges in the company's contract, such as refraining from providing his share in the company, or does not perform the work he is supposed to. At that time the partners or the company may request its termination. However, the partners may request the partner's dismissal and the company's continuation with others, unless the partner's failure of fulfilling his commitments leads to the disappearance of the place. In addition to the request of dissolving the company, this partner can be obligated to compensate the company and the partners, and this is applying the general rules regarding contracts binding on both sides. Saudi System of Companies states that each partner may request the judicial authority to dismiss any partner whose presence is an obstacle to the continuation of the company, such as the partner who does not fulfil his obligations, fails to fulfill his share, commits fraud or deception. Also, the reason may be out of the partner's control, for example if one of the partners suffers from a disease in the body or mind that prevents him from continuing in the company or if there is a misunderstanding between him and the rest of the partners. If any one of such cases occurs to this partner, each partner can request the dissolution of the company for him, if the company can continue with the remaining partners.

3. The disagreement between the partners

The disagreement between the partners leads to the termination of the company, so, this disagreement makes cooperation among the partners impossible, and in this case one of the partners has the right to request the dissolution of the company, if there is significant or fundamental disagreement between the partners. It is stipulated that the disagreement between the partners should be important. It must be on a degree of seriousness that impedes the company to practice its activity, and accordingly, the disagreement is considered important and is seen as hindering the company's activity. Accusing the partners of squandering the company's funds or falsifying its documents and books. And this is considered to be a fundamental disagreement, which shows the impossibility of continuing the partnership after that. What has been mentioned leads to the paralysis of the company's business through the stubbornness of the partners and their division into two opposing groups; this also leads to the demise of the intention to participate and prevents any collective decision being taken, and makes cooperation between them impossible (Al-Harkan, 2005).

It is not necessary that the disputes between the partners result in the company's inability to carry out its activity. Rather, it is sufficient to request dissolution to result in these disputes causing the company to bear heavy losses, and to know whether the reason is considered a justification for dissolving the company or not is a matter related to reality. It is up to the subject court to decide on it with its discretionary authority. However, before judging on dissolution, the judge must estimate the validity of the reasons justifying it. The judge often relies on the company's books to determine the extent to which disputes between partners affect the good performance of the company. It should be noted that the request to dissolve the company for just reasons is a right established for each partner in the company. This right is related to the general system, so every agreement that tries to limit the rights of the partners in requesting this dissolution should be void. When the ruling for dissolution is

issued, it should not be retroactive. Rather, the company should be dissolved in relation to the future only. And all of this is among the judicial reasons that cause the expiration of the company.

Reasons for the expiration of personal companies

They are the reasons which not all companies terminate for, but are limited to companies that are based on personal consideration. Persons companies are based on personal consideration, i.e. on mutual trust between partners. This consideration has an important impact on the establishment and survival of the company. Whenever an accident occurs to one of the general partners in these companies, which leads to the demise of the personal consideration, these companies are dissolved. The reasons for the dissolution of persons' companies are the death, interdiction, bankruptcy or insolvency of one of the partners.

1. The death of one of the partners

If one of the partners dies, this will undoubtedly result in the termination of the company, whether it is for a fixed term or not. The deceased partner's heirs do not replace him in the company because his personality is considered by the rest of the partners who contracted in view of the partner's personal characteristics not in view of the characteristics of the heirs. The death of one of the partners leads to the termination of the company by the force of the law from the date of the death, regardless of whether the company has a fixed term or not. The heirs of the deceased partner do not replace him in the company, because his personality is considered by the rest of the partners who contracted in view of the partner's personal characteristics not in view of the heirs' characteristics. However, this rule is not related to the general system. The partners are permissible to agree in the company's contract that the company continues with the heirs of the deceased partner. Continuing the company with the heirs of the deceased partner: It is permissible to be agreed that if one of the partners dies, the company will continue with his heirs, even if they are minors (Article 35 of the Saudi Companies Law). It would have been preferable to state here that the company would be transformed into a limited partnership, so, the minor becomes a recommended partner who would not acquire the status of a merchant and would not be asked about the company's obligations except within the limits of his share. However, with the presence of this statement, there is no way out of the minor being considered a joint partner whose bankruptcy may be announced like other partners upon cessation of payment. However, the effects of bankruptcy, according to the preponderant opinion in such a case, are limited to the minor's funds and not to his person. The company's contract may stipulate that the company's continuation is limited to some heirs and without others, such as one of his sons who used to help him in the company's affairs and specify how to assess his share in the company. The company's memorandum of association may also provide for the allocation of one of the heirs to the aforementioned share, provided that he compensates the heirs for its value with other assets of the estate (Rice, 2004).

Continuity of the company among the remaining partners: it is permissible to agree in the company's contract that if one of the partners dies, the company continues among the remaining partners, unless the partners agree on the dissolution of the company in the event of the death of one of them. This provision applies to the limited partnership, in case one of the general partners dies, all of this unless there is another reason that leads to the dissolution of the company, such as the general partner being the only partner in the limited partnership, or that only one general partner remains in the general partnership. In case of the death of a partner, his heirs may obtain the share of their inheritance in the capital of the company and in the profits on the day of death. They are not entitled to participate in the profits and losses which arise after that, except to the extent that the profits and losses result from operations before the death, i.e. it must be a direct necessary consequence of the businesses preceding the death (Article 35/2 of the Saudi Companies Law).

Since the estimation of the deceased partner's share in the company's funds on the day of death is a source of confusion in the company's activity due to what is required to carry out a special inventory on the day of death and exorbitant expenses, it is often stipulated in the contract to estimate the deceased partner's share according to the last inventory that took place before death. They may agree that the value of the share is paid in installments, since fulfilling the value of the share in one go has an effect on the company's financial situation (AL-GHAMDI & AL-ANGARI, 2005).

The Egyptian legislator clarified that it is permissible for the rest of the partners to continue in the company, if the contract has passed on that. The Court of Cassation has ruled that the company's corporation contract is devoid of conditions that require its continuation despite the death of one of the partners. It is considered legally dissolved as soon as the death occurs according to the statement of Article (54) a civilian.

2. Seizure, bankruptcy or insolvency of one of the partners

Seizing the funds of one of the partners or his insolvency, declaring his bankruptcy and dividing his share among the creditors weaken the guarantee established for the company's creditors. That is why the rest of the partners may find themselves unable to continue the activity of the company due to the absence of the partner who declared his bankruptcy. And legally, the company terminates by virtue of the law in the event of interdiction of one of the partners due to foolishness, negligence, dementia, or insanity, or in the event of bankruptcy or insolvency of one of the general partners. Perhaps the reason behind the system's ruling to terminate the company in this case is due to the loss of capacity or bankruptcy caused by the loss of

confidence in the partner who has lost his eligibility or financial suitability, so, the personal consideration on which the company is based, is determined. However, the reason for the company's termination in this case is not related to the general system. Therefore, the partners are entitled to continue the company among themselves regardless of the partner who has lost his capacity, interdicted, or became bankrupt. The company and the profits, and this share is estimated according to its value at the time of signing the interdiction or announcing the absence. In this case, the legal representatives of the partner who has lost his eligibility have the right to fulfill this partner's share of the company's capital and profits. This share is estimated according to its value at the time of signing the interdiction or the announcement of absence. They are not entitled to request a share thereafter if there is any new situation concerning the rights, except to the extent that those rights resulted from previous businesses of disqualification. In case of one of the partners' bankruptcy, and this is what Article (53) of the Commercial Code stipulates: "The Company terminates in the event of one of the partners' bankruptcy, preventing him from practicing his commercial profession or losing his eligibility." Thus, the bankruptcy of one of the partners and the seizure of his money and its division among the creditors weakens the assessed guarantee for the creditors of the company. The rest of the partners may find themselves unable to continue the activity of the company due to the absence of the partner whose bankruptcy was declared (Mellahi, 2007).

3. Withdrawal of one of the partners from the company

The general principle requires not restricting a person's freedom and linking it to an eternal obligation because this contradicts with a person's personal freedom. However, the matter is different with regard to commercial companies. The partner is not entitled to withdraw from the company at his own will at any time without the agreement of the partners, since the partner's withdrawal inevitably leads to the termination of the company. The general rule stipulates that a partner is not permissible to withdraw from the company if it has a fixed term, so he is obligated to remain in it until the expiry of the period specified for it in the contract. In the Saudi Companies Law, the indefinite-term company terminates by the force of the law if one of the partners withdraws from it (Article 35 of the Saudi Companies Law). The partner is entitled to withdraw from the indefinite-period company by his individual will because it is unimaginable for a person to be bound by an obligation to lose his freedom for an indefinite period. As for the definite-term company, the partner is not permissible to withdraw from it before its term expires except by a court ruling. The partner who requests withdrawal must be based on acceptable reasons that support the withdrawal request. For the withdrawal to be valid, the following conditions are required:

A- That the company has an unlimited period in accordance with the contract or according to the nature of the work that is the subject of the company.

B- The partner is not entitled to waive his share in the company, because the reason for granting him the right to withdraw is to enable him to free himself at any time from the obligation that restricts his freedom for an indefinite period.

C- The withdrawal must be issued for a good intention, and the withdrawal is not valid if it is issued for a bad intention, as if the partner withdrew with the intention of monopolizing a profitable deal.

D- The withdrawal must take place at an appropriate time, and the time is considered inappropriate if it occurs after the commencement of business so that it becomes in the interest of the company to postpone its dissolution, or it happens at the time when the company is about to stop paying its debts and is exposed to bankruptcy.

E- The partner must tell the rest of the partners his will of withdrawal, then the withdrawal is declared, because the partner's withdrawal from the company has no effect before its declaration.

In addition, when the conditions for withdrawal are provided, then this leads in principle to the dissolution of the company, but it is permissible to agree on the continuation of the company among the rest of the partners in isolation from the withdrawing partner, and in this case this partner should have only his share in the company's capital and profits, and this share is estimated according to its value on the day of withdrawal. The partner's entitlement to withdraw from the company in both cases is a purely personal right, and the partner's creditors are not permissible to use this right on his behalf. In other Arabic companies laws , they allow the partner to withdraw from the company based on his unilateral will if the company has an indefinite period. This right is specific to the partner, it was granted to him by law. It is not permissible to agree on depriving him of it, and any agreement stipulates this is void. But on the other hand, we find that this right has been restricted by some conditions where the partner who wishes to withdraw from the company must announce his desire to the rest of the partners before it occurs. This announcement can be made by any means according to the principle of freedom of proof in commercial transactions. The partner's withdrawal must not be fraudulent or at an inappropriate time as if the company is about to become bankrupt (Al-Qahtany, 2003).

3. Conclusion

This study highlights the most prominent reasons for the expiry of commercial companies, whether partnerships or corporations, whether by the expiration of the definite-period of the company, the purpose for which the company was established,

the transfer of all shares or all shares to one partner, the destruction of all or most of the company's money so that it is impossible to invest the rest a viable investment, the partners' agreement to dissolve the company before its term expires, unless the company's contract stipulates something else, the merger of the company into another company, the issuance of a decision to dissolve the company from the competent judicial authority "the Board of Grievances" at the request of one of the stakeholders, in case there are serious reasons justifying this.

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