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THE LEGAL POSITION OF THE SHAREHOLDER IN A PUBLIC JOINT-STOCK COMPANY

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ABSTRACT

This study aims to define a clear and comprehensive concept of the legal status of shareholders in a public limited company, detailing their rights and responsibilities. It also seeks to analyze the legal texts regulating this status in the Companies Law and related laws, and demonstrate their clarity and adequacy. Furthermore, the study aims to shed light on the most prominent problems and challenges facing shareholders in exercising their rights, or those that raise confusion about their responsibilities. The study then proposes legal and practical recommendations aimed at enhancing the protection of the legal status of shareholders, improving the mechanisms for exercising rights, and clarifying responsibilities. The most important findings are that legal mechanisms for protecting shareholders, such as invalidity and liability lawsuits, provide a safety net for minority shareholders against the arbitrariness of the majority or mismanagement, thus enhancing the principle of fairness within the company. The most important recommendations include the need to review and simplify judicial procedures related to invalidity and liability lawsuits, reduce the timeframes for adjudicating them, and consider establishing specialized commercial courts. This will enable shareholders to exercise their legal rights more effectively and quickly and deter any illegal practices.

KEYWORDS

Civil liability, public limited joint-stock companies, shareholders, subscription.

Introduction

Public limited joint-stock companies (limited liability) are a fundamental pillar of modern economies. They raise the massive capital needed to establish major projects and contribute to economic development. This type of company is based on the idea of separating the company's liabilities from those of its partners (shareholders). A shareholder's liability is limited to the amount of their capital contribution, and their liability does not extend to their personal assets in the event of the company's bankruptcy or inability to meet its obligations.

The shareholder is the cornerstone of a joint-stock company. They own a portion of its capital and have rights and obligations that collectively determine their legal position within the company. This position is neither fixed nor simple; rather, it is influenced by the complexities of corporate law, corporate governance principles, and financial market developments. Studying the legal position of a shareholder requires a thorough understanding of the rights they enjoy (such as voting rights, the right to profits, the right to information) and the duties they are responsible for, in addition to the legal mechanisms that protect this position in the face of the board of directors, major shareholders, or even economic challenges.

Significance of the Study

This study is of great importance in several aspects, most importantly that it contributes to determining the effectiveness of legal protection for shareholders, especially small shareholders, which enhances confidence in the stock market and encourages investment. It clarifies rights and responsibilities, reducing disputes between shareholders and management and contributing to the stability and long-term success of companies. It provides a basis for understanding gaps or shortcomings in current legal texts related to the status of shareholders, paving the way for future legislative reforms that are consistent with economic and legal developments.

Study Problem and Questions

Despite the theoretical and practical importance of the shareholder in a public limited joint-stock company, their legal status faces numerous challenges and problems that hinder their effective exercise of their rights or cast a shadow over the nature of their responsibilities. The problem of this study is formulated in the following main question: How adequate are the current legal texts and available practical mechanisms in protecting the legal status of shareholders in a public limited joint-stock company, and what are the most prominent challenges that hinder this protection or raise ambiguity regarding their responsibilities?

This question gives rise to several sub-questions, including, but not limited to:

1 .What are the most important basic rights of shareholders, and how are they exercised practically in light of contemporary challenges?

2 .How can shareholders, especially small shareholders, effectively exercise their right to monitor company management?

3 .What are the limits of shareholder liability, and do they include any ambiguous exceptions?

4 .How are shareholders' rights affected in cases of structural changes to the company (such as mergers or acquisitions)?

Study Objective:

This study aims to achieve the following main objectives:

1 .Define a clear and comprehensive concept of the legal status of a shareholder in a public limited joint-stock company, detailing their rights and responsibilities.

2 .Analyze the legal texts regulating this status in the Companies Law and related laws, and demonstrate their clarity and adequacy.

3 .Highlight the most prominent problems and challenges facing shareholders in exercising their rights, or those that raise confusion regarding their responsibilities.

4 .Proposing legal and practical recommendations aimed at enhancing the protection of the legal status of shareholders, improving the mechanisms for exercising rights, and clarifying responsibilities.

Research Methodology

To achieve the objectives of this study and address its problems, the descriptive analytical approach will be adopted: by describing and analyzing the legal texts related to the status of shareholders in the Companies Law (with a focus on Iraqi law as a model, with comparative references where possible), relevant securities laws, and implementing regulations. This will include an analysis of rights (financial, administrative, and supervisory) and duties as regulated by the Iraqi legislature.

Section One

The Conceptual Framework of A Shareholder in A Joint Stock Company

When an individual acquires shares in a joint stock company—whether by subscribing to its capital at the time of incorporation, purchasing shares on the market, receiving them through transfer from another shareholder, or acquiring them by inheritance or gift during the life of the company—a legal relationship is formed between the shareholder and the company. This relationship bestows upon the shareholder a set of rights and obligations vis-à-vis the company and grants them a distinct legal status within it.

The acquisition and exercise of these rights and obligations position the shareholder as a key party in the company's structure, albeit in a manner that is fundamentally different from other stakeholders such as bondholders or holders of other financial instruments. Given that a joint stock company involves multiple legal relationships and varying legal statuses for its participants, it is important to clearly identify and analyze the specific legal position of the shareholder.

Moreover, joint stock companies often include a vast number of shareholders—sometimes numbering in the millions. This vast ownership base makes it impractical, if not impossible, for all shareholders to directly participate in the management or daily operations of the company. Consequently, a clear distinction arises between the legal position of the shareholder and their actual role within the company's operations.

To provide a thorough understanding of this concept, we will begin by defining the shareholder in a joint stock company from multiple perspectives: linguistic, legal, and jurisprudential., as follows:

1.1 Defining the Partner (Shareholder) in Joint Stock Companies

Iraqi legislation does not define the partner (shareholder), but the legislator did define it. In the repealed Iraqi Commercial Companies Law No. 31 of 1957, the term "member" was used instead of the term "partner (shareholder). Article 122 of the law provides that: "The members of a company are the signatories to the company contract and the shareholders who subscribed to its shares. These shareholders fully exercise the rights and duties of membership." The Iraqi Companies Law also provides, although it does not directly define the shareholder, a definition can be inferred from it, stating that: "A natural or legal person, whether foreign or Iraqi, has the right to acquire membership in the companies stipulated in this law as a founder, shareholder, or partner, unless he is prohibited from such membership by law or as a result of a decision issued by a competent court or authorized government agency." However, there are attempts in jurisprudence to define the concept of partner (shareholder), as jurists have used several expressions to denote the concept of partner. Some have used the word "member," others have used the word "shareholder," and some have used the word

"partner." However, the most common expression is the word "shareholder," because it expresses the true nature of the share that unites the company and the shareholders [1].
While another group of jurists defined shareholders and used the term "members" to define them, describing them as "all members of the company, including founders who signed its contract, or subscribers to its shares upon its establishment or increase in capital, and subscribers to share ownership in it by any means of acquiring ownership, such as sale, gift, inheritance, or will." A common definition of a partner is "anyone who owns one or more shares in the company, whether they acquired them through subscription at the beginning of the company's formation or acquired ownership after its establishment by any method of acquiring ownership."
A partner can also be defined as "anyone who acquired membership in a joint-stock company by owning shares in it, whether they acquired these shares upon the establishment of the company or upon increasing its capital, or whether they were transferred from another shareholder by any method of acquiring ownership, such as sale, gift, will, or inheritance." From the above, we find that all of these juristic definitions are similar in meaning but differ in their formulation. They are all based on two essential matters: the first is the shareholder's ownership. For one or more shares of the company, which results in the second matter, which is that the shareholder acquires a legal status that entails certain obligations and entitles him to a set of rights. Accordingly, the researcher believes that it is possible to define a shareholder as: any natural or legal person who owns one or more shares of the company and consequently has rights and obligations therein.

1.2 Distinguishing between shareholder and other terms

As we noted previously, a joint-stock company contains a large number of shareholders, sometimes reaching millions. This makes it impossible for all of these shareholders to participate in the management of the company and its survival. Therefore, researchers have divided partners (shareholders) into founders and subscribers, based on the history of share ownership and the company's history. These categories are as follows:

First: Founders

A founder is defined as: "Any person who actively participates in the establishment of a company with the aim of assuming the resulting liability. In particular, anyone who signs the preliminary contract or contributes a share in kind upon its establishment is considered a founder. Those who participate in the establishment on behalf of the founders, whether in the liberal professions or otherwise, are not considered founders." That is, the founder is the one who establishes the company on his own initiative, not as an agent for specific individuals, and assembles the partners to subscribe to its capital and completes the necessary procedures for establishing the company. This constitutes a conclusive legal presumption of the founder's status for anyone who signed the preliminary contract, applied for a license, or provided an in-kind share.
However, this presumption is coupled with the benefit of third parties, and does not deprive them of considering anyone who actually carried out the incorporation procedures and bears the resulting liability as a founder, even if they did not sign the preliminary contract, apply for a license, or provide an in-kind share. It is not sufficient for a person to be considered a founder if they have helped promote

(1) Article (122) of the repealed Commercial Companies Law No. 31 of 1957

the company's project, succeeded in convincing others to subscribe, actually collected some subscriptions, or performed some legal, accounting, or commercial expertise on behalf of the founders. Rather, to be stripped of this status, the person must work in a positive, effective, and continuous manner to establish the company, bearing the liability arising from its incorporation.

The founder may be a natural or legal person, whether a public legal entity such as a state or a private company. The participation of legal persons in the establishment of joint-stock companies has become a widespread phenomenon in practice, especially with regard to banks. Most joint-stock companies established in the commercial environment are established by one or more banks to provide liquidity for subscribing to company shares and investing bank deposits in the purchase of these shares(2).

The Iraqi legislator referred to this in the current Iraqi Companies Law, stating that "a natural or legal person, whether foreign or Iraqi, has the right to acquire membership in the companies stipulated in this law as a founder." Through Article (6), the Iraqi legislator stipulated the number of founders as follows: "A mixed or private joint-stock company is a company composed of no less than five persons, in which the shareholders subscribe to shares in a public offering and are liable for the company's debts up to the nominal value of the shares they subscribed to".

It is very possible for a single person to be both a founder and a shareholder. That is, the founder who participated in the establishment of the company also subscribes to its shares. In this case, he combines two capacities: as a "founder," liable for his actions during the founding phase, and as a "shareholder," subject to the provisions governing shareholders regarding his rights, duties, and limited liability for the shares he owns. The distinction here lies in determining his legal status based on the act, right, or liability in question.

Second: Subscribers

A subscriber is defined as any person who acquires ownership of shares in a company during its lifetime, known as a subscription to the company's shares. The subscription process does not necessarily have to take place after a period of the company's activity; rather, it can be the initial subscription sought by the company's founders. The subscription process, and thus the inclusion of new shareholders in the company, is often decided upon during the process of increasing the company's capital during its lifetime (3).

In general, subscriptions in public joint-stock companies are divided into two types. The first type is the company's founding subscription: This is the subscription applied to the company's capital when it is in the founding stage, where half the value of the company's capital is contributed for subscription (4).The second type is the post-founding subscription: This subscription is applied to shares of existing companies, seeking to increase their capital. This subscription is considered a contract between the subscribers and the company, which represents itself as an independent, legal entity (5).From the above, we find that the shareholder's relationship with the company begins during the founding stage with the subscription or founding. The shareholder's relationship may also begin during the company's lifetime by purchasing, transferring, or transferring shares to the shareholder by any method of transferring

(2) Article (12/Second) of the current Iraqi Companies Law No. 21 of 2004 and its amendments.
(3)Saleh, Basem Muhammad, and Adnan Ahmed Walid Al-Azzawi (1989), Commercial Companies, Bayt Al-Hikma, Baghdad, p. 182..
(4) Asmaa Bin Wirad (2012), Protecting Shareholders in Joint Stock Companies, PhD Thesis, Abu Bakr Belkaid University, Tlemcen, Algeria, p. 112.
(5) Al-Zaini, Ali (1945), Principles of Commercial Law, Vol. 1, Al-Nahda Al-Masryia Library, Cairo, p. 268.

ownership, such as inheritance or gift. In this case, a new relationship begins between the shareholder and the company, whereby the shareholder enjoys all the rights granted to all shares of the same type.

Section Two

Provisions on the Legal Status of shareholders in Limited Joint Stock Companies

A shareholder in a limited joint stock company enjoys a significant legal status, based on the relationship that arises between him and the company upon acquiring one or more shares of its capital. The Iraqi legislature has strengthened the legal status of the shareholder in a limited joint stock company, distinguishing it from all the legal statuses of bondholders. It has granted him all the rights that enable him to play a significant and effective role in the company, no less important than that of its managers and board members. This is because the shareholder is not merely a partner in the company, but rather a member of it. This allows him to exercise oversight over its management and the actions and behavior of its managers, ensuring the smooth running of the company.

Therefore, the shareholder in a limited joint stock company (capital company) is the cornerstone of its structure, representing the owner of a portion of its capital through his ownership of shares. Iraqi Companies Law No. 21 of 1997, as amended, defines the legal framework regulating the rights and duties of shareholders. Their legal status can be detailed in two main sections:

2.1 The nature of the shareholder's liability and financial rights

This section addresses the financial aspect of the shareholder, starting with the nature of their liability for the company's debts and extending to their rights to profits and capital.

First: The shareholder's limited liability

Limited liability is the most prominent characteristic that distinguishes a shareholder in a joint-stock company. According to the Iraqi Companies Law, a shareholder is only liable for the company's debts and obligations up to the nominal value of the shares they subscribed to or own. This means that their personal financial assets (their own funds) are immune from any claims exceeding the value of their contribution to the company's capital. This principle encourages investment and reduces the risks that investors may be exposed to [(6)].

Act (6/First) of the Iraqi Companies Law No. 21 of 1997 defines a joint-stock company and clarifies the nature of shareholders' liability. It states: "A mixed or private joint-stock company is a company composed of no fewer than five persons, in which shareholders subscribe to shares in a public offering and are liable for the company's debts up to the nominal value of the shares they subscribed for." This provision emphasizes that shareholders in a joint-stock company are liable for the company's debts only up to the nominal value of the shares they subscribed for, reinforcing the principle of separating the company's financial liability from the shareholder's financial liability.

Act (33) of the Iraqi Companies Law No. 21 of 1997, as amended, also explicitly states: "A shareholder shall not be liable for the company's debts except to the extent of the nominal value of the shares he owns." This provision clearly establishes that a shareholder's liability is limited to the value of the shares he owns in the company and does not extend beyond his own funds. These two articles form the legal basis for the principle of limited liability for shareholders in Iraqi joint-stock companies. This

(6) Farouk Ibrahim Jassim, Shareholder Rights in Joint Stock Companies, Al-Halabi Legal Publications, Beirut, Lebanon, 2008, p. 11.

means that shareholders risk only the amount they invested in purchasing shares, and the company's creditors cannot demand any additional sum from their own funds to repay the company's debts. This principle enhances confidence in investment and contributes to attracting capital.

Second: Shareholder Financial Rights

Shareholders enjoy a set of financial rights aimed at achieving returns on their investment and securing their rights in the company's capital:

1 .The right to profits (dividends): The shareholder has the right to receive his share of the net profits achieved by the company, after the general assembly approves the dividend distribution and in accordance with the percentage determined by the company's articles of association and the general assembly's decisions. This right is linked to the existence of distributable profits.

2 .The right to dispose of shares (trading): Shares in a joint-stock company are securities freely tradable on the stock market (the Baghdad Stock Exchange in Iraq). The shareholder has the right to sell, mortgage, assign, or inherit his shares without the need for the approval of the company or other shareholders, which provides liquidity for his investment. Article 43/First of the Iraqi Companies Law stipulates that "shares of a joint-stock company shall be tradable on or outside the stock market." Article 43/Second of the same law also stipulates that "shares shall be traded in accordance with the law."

3. The right to a share of the company's assets upon liquidation: In the event of a company's liquidation, a shareholder is entitled to his share of the company's remaining net assets after all debts and obligations have been paid, proportionate to his contribution to the capital. This is confirmed by Article 177/Second of the Iraqi Companies Law, which stipulates that "the company's net assets, after the payment of its debts, shall be distributed to the partners or shareholders, each in proportion to his or her share or shares in the capital".

4 Preemptive Right to Subscribe to Capital Increases (Preemptive Right): If the company decides to increase its capital by issuing new shares, existing shareholders have the right to preemptively subscribe to these shares, proportionate to their contribution, in order to maintain their ownership in the company and prevent dilution of their shares. This is confirmed by Article 60/Second of the Iraqi Companies Law, which states that "shareholders shall have the right of preemption to subscribe to new shares proportionate to their contribution to the capital." Article 60/Third of the same law also specifies the procedures for exercising this right, such as the subscription period. These legal texts confirm that the Iraqi Companies Law guarantees shareholders clear and protected financial rights, aimed at achieving returns on their investment and protecting their ownership in the company.

2.2 The Shareholder's Administrative Rights and Legal Protection

Upon joining a joint-stock company, a shareholder is obligated to contribute his share in its capital, whether in cash or in kind. Ownership of the share is transferred to the company, and in return, the shareholder is provided with shares that represent his rights in the company. Thus, a legal relationship is established between the shareholder and the company, whether he pays cash to purchase the shares or in-kind contributions. This relationship has raised several questions, particularly regarding the nature of the shareholder's rights toward the company issuing the shares. In the absence of legislative texts that are supposed to address this issue, the field has been left to jurisprudential and judicial interpretations, which have not been unified but have been divided into several trends. These trends can be summarized as follows:

First Trend: Considering shareholders as creditors of one another by virtue of a contract. This is the traditional approach adopted in France and England. However, this approach has been criticized because the share represents a contribution made by the shareholder to build the company's capital, thus leaving the shareholder's ownership and becoming the property of the legal entity representing the company. Consequently, these shares no longer remain the property of the shareholders, either individually or jointly, because the existence of an independent financial entity for the company is one of the most important outcomes of its acquisition of legal personality [(7)].

Second Approach: A section of Islamic jurisprudence believes that the shareholder's right is similar to the owner's right, as long as there is a prohibitive right that can be invoked. Therefore, it is considered part of the intangible property. According to this approach, the shareholder's right is deeper than the creditor-debtor relationship. It is a pure right that the shareholder can dispose of for a fee or without a fee, through trading or assignment. It may also be mortgaged or seized, and it is transferred to heirs. This confirms that the shareholder's right is akin to the right of ownership [(8)]. However, this approach has not been immune to criticism. It has been criticized on the grounds that when a shareholder contributes a share in the company's capital, the share is no longer his own and becomes the property of the legal entity representing the company. Consequently, these shares no longer remain the property of the shareholders, either individually or jointly. One of the most important outcomes of legal personality is the existence of an independent financial liability for the company[(9)].

Third Approach: The approach that asserts the dual nature of the shareholder's rights toward the company. Proponents of this approach have taken a middle ground between the two previous approaches, arguing that the shareholder's rights in a joint-stock company are dual in nature. According to proponents of this approach, the shareholder's right in the company, as long as it exists and operates, is a creditor's right, whereby the shareholder is considered a creditor of the company for the share he contributed to the company's capital, and a creditor for his right to profit and liquidation surplus. However, after the liquidation and dissolution of the company, the shareholder's right is a full ownership right. In this case, the shareholders are considered joint owners of the assets that were owned by the joint-stock company when it enjoyed legal personality [(10)].

Based on the above, it becomes clear that the legal status of a shareholder cannot be determined based on general rules and ignore the special nature of the company contract, particularly the special nature of the joint-stock company. A joint-stock company is a legal system as well as a contract, and ignoring this characteristic would prevent a precise determination of the shareholder's legal status. This section addresses the shareholder's role in managing and overseeing the company, as well as the legal mechanisms that protect their rights.

([7]) Muhammad Ali Suwailem (2013), Capital Companies: A Comparative Study between Regulation and Criminalization, 1st ed., Alexandria, University Publications House, p. 27.

([8])Mahrez, Ahmed (2004), The Mediator in Commercial Companies, Alexandria, Manshaat Al-Maaref, pp. 397-400..

([9]) Al-Qalyubi, Samiha (1993), Commercial Companies, Part Two, Cairo, Dar Al-Nahda Al-Arabiya, pp. 144-145. act (16/Third/1/C, D) of the Iraqi Companies Law of 1997, as amended

([10]) (Al-Shawawra, Faisal Mahmoud (2013), Principles of Business Administration: Theoretical Concepts and Practical Applications, Amman, Dar Al-Manahj for Distribution and Publishing, p. 278.

First: Shareholder Administrative Rights

Shareholder administrative rights are of paramount importance under the Iraqi Companies Law No. 21 of 1997, as amended. They enable shareholders to participate in the management of the company and monitor its performance, even though day-to-day management falls under the responsibility of the board of directors. These rights ensure the principle of oversight and accountability within the company. The following is a breakdown of the most prominent shareholder administrative rights, citing relevant Iraqi legal texts:

1. The right to attend and participate in general assembly meetings: The general assembly of shareholders is the highest authority in the company, and shareholders have the right to attend its meetings (regular and extraordinary) and discuss items on the agenda. This is confirmed by Article 83/First of the Iraqi Companies Law, which states that "every shareholder has the right to attend general assembly meetings." Article 83/Second of the same law also allows a shareholder to authorize another shareholder to attend the meeting and vote on their behalf.

2. Voting Right: Each share has one vote in general assembly meetings. Shareholders have the right to vote on proposed resolutions, such as electing board members, approving the budget and final accounts, distributing dividends, amending the articles of association, and increasing or decreasing capital. Article 83/First of the Iraqi Companies Law stipulates that "every shareholder has the right to attend general assembly meetings." Article 83/Second of the same law also allows a shareholder to authorize another shareholder to attend the meeting and vote on their behalf.

3. The Right to Nominate Themselves or Others for Board Membership: A shareholder who owns a certain number of shares (determined by the articles of association or the law) has the right to nominate themselves or another shareholder for membership in the board of directors and to participate in the election of board members. This is confirmed by Article 83/First, Second of the Iraqi Companies Law, which stipulates that "every shareholder has the right to attend general assembly meetings." It also allows a shareholder to authorize another shareholder to attend the meeting and vote on their behalf.

4. The Right to Review Company Documents: Shareholders have the right to review the company's records and documents (such as the balance sheet, board of directors' reports, and auditor's reports) at times specified by law or with the approval of the board of directors, enabling them to exercise their oversight rights. This is confirmed by Article 107/First, Second) of the Iraqi Companies Law, which grants the auditor the right to "review all company books, records, and documents." This right is indirect to the shareholder, as it is exercised by their representative (the auditor) to protect the interests of shareholders. Similarly, Article 108/First of the Iraqi Companies Law requires the board of directors to "prepare the budget, final accounts, a report on the company's activities during the fiscal year ending, and the auditor's report" and submit them to the general assembly. This guarantees the shareholder's right to review these documents prior to the general assembly meeting.

5. The Right to Ask Questions and Make Suggestions: Shareholders have the right to ask questions of the board of directors and the auditor during general assembly meetings and to make suggestions they deem to be in the company's best interest. This right is an integral part of the shareholder's right to participate and discuss general assembly meetings. This right is implicitly guaranteed by Article 83/First, which grants the right to attend and discuss.

These legal provisions demonstrate that the Iraqi Companies Law grants shareholders fundamental administrative rights that enable them to play an effective role in corporate governance and ensure transparency and accountability.

Second: Legal Protection of Shareholders

The Iraqi Companies Law places great importance on protecting the rights of shareholders, especially minority shareholders, from any arbitrariness or abuses by the majority or the board of directors:

1. Invalidity Suits: A shareholder has the right to file a lawsuit to invalidate any decision issued by the general assembly or board of directors if it violates the provisions of the law or the company's articles of association, or if it aims to harm the interests of shareholders or the company.
2. Liability Suits Against Board Members and the Auditor: A shareholder has the right to file a liability suit against the board members or the auditor if it is proven that they have breached their duties or committed serious errors that have caused harm to the company or shareholders.
3. The role of the auditor: The auditor is an independent oversight body elected by the general assembly. He audits the company's accounts, ensuring their integrity, and submits his report to the general assembly, thus protecting shareholders from any financial manipulation.
4. Administrative oversight: Joint-stock companies are subject to the oversight of the Ministry of Trade and the General Registrar of Companies in Iraq, providing an additional layer of protection for shareholders by ensuring the company's compliance with laws and regulations.

These legal texts demonstrate that the Iraqi Companies Law has established multiple mechanisms to ensure the protection of shareholders' rights, whether by enabling them to appeal adverse decisions, holding management accountable, or through independent and administrative oversight.

CONCLUSION

In conclusion, this research, entitled "The Legal Status of Shareholders in a Public Limited Company," concludes that the legal status of shareholders in a public limited company, according to the Iraqi Companies Law No. 21 of 1997 (as amended), constitutes an integrated framework that balances investor protection and encourages capital flows to companies. We have demonstrated that this status is based on fundamental pillars, namely limited liability for shareholders, which is the cornerstone of attracting investments by reducing personal risks. Shareholders also enjoy substantial financial and administrative rights, guaranteeing them returns on their investments, participation in decision-making, and monitoring of the company's performance. Iraqi legislators have not neglected to provide strong legal protection mechanisms that enable shareholders to defend their rights and confront any violations or breaches of duties by management or the majority. This balance reflects the law's endeavor to build a safe and transparent investment environment that contributes to the growth of the national economy. Based on the above, we have reached several conclusions and recommendations, the most prominent of which can be summarized as follows:

First: Results

1 .Thanks to the principle of limited liability, investors feel secure, as their potential losses are limited to the value of their capital contribution, which encourages investment in joint-stock companies.
2 .The free tradability of shares, as a financial right of the shareholder, contributes to the revitalization of the Baghdad Stock Exchange and provides liquidity to investors.
3 .The legal relationship between the shareholder and the company arises as soon as the person acquires shares in a joint-stock company, whether by subscribing to its capital during its initial establishment,

purchasing shares, or acquiring them through a shareholder's transfer of shares. Under this relationship, the shareholder acquires rights and assumes obligations toward the company.

4 .Shareholders in joint-stock companies have financial rights in addition to administrative rights, and they also bear financial and administrative obligations.

5 .Legal mechanisms to protect shareholders, such as invalidity and liability lawsuits, provide a safety net for minority shareholders against the arbitrariness or mismanagement of the majority, thus enhancing the principle of fairness within the company.

Second: Recommendations

1 .The need to review and simplify judicial procedures related to invalidity and liability lawsuits, and reduce the timeframes for adjudicating them. Consider establishing specialized commercial courts to enable shareholders to exercise their legal rights more effectively and quickly and deter any illegal practices.

2 .Periodically review the Iraqi Companies Law to keep pace with international best practices and standards in the field of shareholder protection and corporate governance.

3 .Require companies to increase transparency and disclosure of financial and non-financial information, and facilitate regular and easy access to it for shareholders, perhaps through electronic platforms, to enable shareholders to make informed decisions and better monitor company performance.

4. Periodically review the Iraqi Companies Law to keep pace with international best practices and standards in the field of shareholder protection and corporate governance. With the aim of attracting more foreign and local investments and improving the business environment in Iraq.

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