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FULFILLING THE VALUE OF SHARES IN CLOSED JOINT-STOCK COMPANIES AS A CONDITION FOR TRADING

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Abstract
This study addressed the subject of fulfilling the value of shares in closed joint-stock companies before allowing them to be traded, considering it as a fundamental condition for disposing of them. The focus was placed on joint-stock companies due to their role as effective instruments in the field of investment and their pivotal contribution to supporting economic development in the modern era.
Joint-stock companies are characterized by their high capacity to pool capital, which makes them an effective tool in supporting transparency and reinforcing the principles of good governance. These companies are subject to a legal and regulatory framework aimed at ensuring the rights of shareholders, particularly through compliance with fulfilling the value of shares.
The issue of this study revolves around the mechanisms of fulfilling the value of shares and determining such value, in addition to clarifying the extent of its completion as a fundamental condition for trading. The shareholder's right to trade shares is considered one of the essential features that distinguishes this type of securities, as freedom of trading is regarded as the general rule. Nevertheless, this freedom is not absolute, as certain legal restrictions may be imposed, which could extend to temporary prohibition in some cases. Alongside legal restrictions, contractual restrictions may also be imposed on share trading. These restrictions may be included within the company's articles of association, or they may appear in special agreements between all shareholders or only some of them. In the latter case, the effect of such restrictions is limited to the contracting parties and does not become binding on others. The study concluded with a number of recommendations that were presented within its content.

Keywords: Joint-stock company, Share trading, Share

Introduction

The joint-stock company has clear importance and is taken into consideration in the commercial and economic sphere. This company issues shares representing the shareholders in the company, which are tradable, nominal, cash shares of equal value and indivisible (Adel, 2017, p. 20). Furthermore, shares are a type of movable value that can be traded in stock markets (the Stock Exchange) (Tamtami, 2018, p. 3). When a person subscribes to shares, whether through subscription at the company's inception or perhaps by purchasing shares or acquiring them through the legal transfer from a shareholder, legal relationships are established between the shareholder and the company. The proper trading of shares, as stipulated in the Iraqi Companies Law No. 21 of 1997, is the fundamental driver for the progress and sophistication of these markets in a specific place and within a specific time frame, and dealing outside them is considered void.
The concept of share trading involves the shareholder transferring his right in the share, and trading within the legal framework operates on the principle of freedom of trading, which guarantees the shareholder the right to dispose of his shares freely without condition or restriction.
In the case of shares whose value has not been fully paid, all their owners are jointly liable. If the shares are transferred to another person after subscription, this joint liability for paying the remaining value of the shares to the company, in addition to interest and expenses, remains. Consequently, the company has the right to file a lawsuit against them.

Study Problem

The study problem centers on how to fulfill and determine the value of shares in a joint-stock company, in addition to determining the completion of the value for trading.

Study Objectives

The purpose of this study is as follows:

1. To clarify the basic concepts of fulfillment to determine the value of shares in a joint-stock company.
2. The necessity of identifying the types of restrictions governing share trading and their legal aspects in a joint-stock company.

Importance of the Study

This study derives its importance from two main aspects:

- **First Aspect:** Shedding light on the advantage of trading in joint-stock companies.
- **Second Aspect:** The state's policy of encouraging investors to establish this type of joint-stock company.

Study Questions

- Closed joint-stock companies.
- What is meant by completing the value for trading?

Study Limits

- **Spatial Limits:** The spatial framework of this topic is limited to Arab countries.
- **Time Limits:** The study is limited to the legislation of the texts of the Companies Law.
- **Subject Limits:** The research addresses the fulfillment of the value of shares in closed joint-stock companies.

Study Terms

- **Joint-Stock Company:** "A company composed of a number of persons not less than five, in which shareholders subscribe to shares in a public subscription, and they are responsible for the company's debts to the extent of the nominal value of the shares they subscribed to" (Iraqi Companies Law No. 21 of 1997, Article 6/First; Adel, 2017).
- The Egyptian law defined it as: "It is a company whose capital is divided into equal-value shares that can be traded in the manner specified by the law" (Salih & Wali, 1989, p. 111).
- **Share:** "It represents the shareholder's portion in capital companies and corresponds to the partner's share in partnerships" (Al-Qalyubi, 2011, p. 685).
- **Share Trading:** "The share has freedom of transfer, and this is the meaning of trading, unlike the share in partnerships which does not enjoy this freedom of transfer" (Xavier, 1995, p. 6).
- **Closed Joint-Stock Company:** "It is a business entity in which you can sell and buy shares of the company, but this is done only among the shareholders in the company" (Al-Arini, 2003, p. 5).

Study Methodology

This study was based on reviewing literature and studies directly related to the research topic, while relying on the analytical descriptive approach to the provisions and rules of laws concerning public joint-stock companies and legislations.

Chapter One: Determining the Value of Shares

The capital of a joint-stock company is divided into a set of equal cash and in-kind portions that must be provided by the partners; they are tradable and are called shares (Al-Souri, 2010, p. 34).

The shareholder must undertake to pay the value of the share he subscribed to. The shareholder who defaults in payment in this case is sent a warning by the company. The law requires a member of the Board of Directors in a joint-stock company to own a specific number of shares, meaning he has a direct interest in the prosperity, discipline, and proper management of the company's business.

First Requirement: The Standard for Determining the Value of Shares

- **Definition of Shares:** "Instruments of equal value, tradable by commercial methods, which represent the shareholder's right in the company, particularly his right to obtain profits" (Suwailem, 2013, p. 18).

Characteristics of Shares:

1. **Nominal Shares:** A share is considered nominal when registered in the name of a specific person in the shareholders' register held by the company (Komani, 2015, p. 176). Article (29) of the Iraqi Companies Law No. 21 of 1997 indicated: "The capital in a joint-stock and limited liability company is divided into cash shares of equal value and indivisible" (Iraqi Companies Law No. 21 of 1997, Article 29; Adel, 2017, p. 20).
2. **Cash Shares:** These are shares that must be obtained in exchange for money. Article (29) of the Iraqi Companies Law stated that shares are cash (Komani, 2015, p. 177).
3. **Shares of Equal Value:** Also, an important characteristic according to Iraqi law is that they are of equal value, but the Iraqi Companies Law specified it in Iraqi dinars for all types of companies. Similarly, in Jordanian law, the value of one share is in dinars. Article 1/31 of the Egyptian law also referred to shares of equal value (Komani, 2015, p. 184).
4. **Indivisible Shares:** Article (29) of the Iraqi Companies Law indicated that shares are indivisible. Article (7) of the Egyptian Law No. 26 of 1954 also stated: "The share is indivisible" (Shafiq, 1956, p. 559).

The Iraqi Companies Law indicated that when the subscription process is completed, subscribers must pay the value of the shares they subscribed to. The standard for determining the value of shares is that the subscriber should pay the full value of the share directly upon subscription. However, the company's internal regulations may stipulate that paying a part of the share value upon subscription is sufficient, provided that the Board of Directors determines the method and timing for paying the remainder. The principle of payment should be the cash value of the shares in cash, because cash is the core of the share obligation. Furthermore, payment can be made by check or bank account transfer, provided the subscriber has a credit account in the same bank that receives the paid amounts (Shafiq, 1956, p. 115).

In addition to the standards for share value mentioned above, there are shareholder rights: the shareholder's right to transfer his share for consideration or without consideration, provided it conforms to the conditions stated in the company's regulations. Furthermore, his right to remain in the company provided he does not transfer his share, his right to receive and take profits, his right to participate in the division of the company's assets upon liquidation, his right to participate and attend general assemblies, and his right to internal oversight (Shafiq, 1956, p. 590).

It is preferable to refer to preferred shares, which entitle their owner to some privileges, including acquiring and achieving a specified percentage of profits before distribution. This is called priority in obtaining profits. Usually, a joint-stock company resorts to these privileges when it decides to increase its capital to encourage the public to subscribe to the new shares (Al-Qalyubi, 2011, p. 699).

Second Requirement: Changing the Standard According to Trading Circumstances

Article (46) of the Iraqi Companies Law states: "A shareholder in a joint-stock company may transfer the ownership of his shares to another shareholder or to a third party," taking into account the following:

- **Firstly:** Founders of joint-stock companies may not transfer the ownership of their shares except in the following cases:
    1. The passage of at least one year from the date of the company's establishment.
    2. Distribution of profits not less than (5%) of the paid-in nominal capital.

The law has specified two conditions for share trading to be considered valid, resulting in the effects of trading, which is the transfer of ownership from one person to another:

- The trading should not aim to manipulate prices or harm the securities market (Al-Ta'i, 2015, p. 145).
- There is no collusion between two or more persons regarding trading.

Consequently, some important conditions and procedures that play a role in the correct trading of shares must be completed, and they also entail some financial obligations on the subscribers, but they are formal procedures, emphasizing and ensuring the application of the principle of disclosure and transparency for equal opportunities among traders and investors. The formal conditions are:

- Fulfillment of the legal portion of the share value for trading.
- Trading within the financial market.
- Depository and central registration of securities (Al-Hindi & Al-Nashif, 2000, p. 152).

Shares that have not been fully paid have all the rights and obligations prescribed for fully paid shares, according to what is stated in the company's regulations.

However, profits are distributed based on the proportion paid of the nominal value of the shares. For shares whose value has not been fully paid, all owners of the shares in the company are jointly liable, even if the shares were transferred to another person after subscription. This joint liability is for the payment of all remaining share value to the joint-stock company, in addition to interest and expenses. Consequently, the company has the right to file a lawsuit against them (Al-Janawi, 2007, p. 154).

Chapter Two: Completing the Value for Trading

The process of share trading is affected by the condition of the validity of share trading in the financial market. There are general substantive conditions, which must be the same as the rules of civil law, considering trading as a contract, and special substantive conditions. We emphasize that trading related to shares remains valid throughout the company's existence.

The shareholder in a joint-stock company, who owns the shares granted to him by the company, has the full freedom to dispose of them or transfer them to others, whether by sale or any other disposition. Applying this disposition, French jurisprudence bases the shareholder's freedom to trade his shares on the principle of the individual's right to dispose of his property (Chnika, 1992, p. 524).

The above principle is one of the powers granted to its owner, the right of ownership, based on the text of Articles (537), (544) of the French Civil Code, which are corresponded by Article (602) in the Egyptian Civil Law and Article (1048) of the Iraqi Civil Law. The aforementioned articles stated that ownership is the right of enjoyment and disposal, provided that it is not used in a manner prohibited by laws and regulations (Al-Sanhouri, 1988, p. 110; Iraqi Civil Law No. 40 of 1951).

First Requirement: Shortfall in Value and its Impact on Trading

In joint-stock companies, specifically in the Iraqi Companies Law No. 21 of 1997, Article (48) allows paying no less than 25% of the value of shares upon establishment, while the remaining value of the shares is paid in installments, provided they are paid within a period not exceeding (4) years from the date of the company's establishment (Salih & Wali, 1989, p. 163).

We point out that for shares whose value has not been fully paid and which the subscriber received after paying a part of their nominal value, the Egyptian legislator in the Companies Law No. 26 of 1954, specifically in Article (32/2), allowed the subscriber to pay 10% of the nominal value of cash shares upon subscription, and this percentage is raised to 25% within a maximum period of three months from the date of the company's establishment, provided that the remaining share value is paid in full within a maximum period of (5) years from the date of the company's establishment (Al-Qalyubi, 2011, p. 740).

A question may be raised: If the share is traded, who is responsible for paying the remaining value? The last transferee alone, or do the previous transferors, including the first subscriber, share the responsibility? (Shafiq, 1956, p. 729).

According to the Companies Law, a share cannot take this form unless its full value is paid. However, if a nominal share is traded before its full value is paid and the deadline for paying the remaining value approaches, it is the company's duty to limit the claim to the last transferee. Does it have the right to claim from the previous transferors, including the first subscriber, since the company is aware because their names are recorded in its registers? Undoubtedly, it is one of the company's basic duties to start by claiming from the last transferee because he is the share bearer enjoying its advantages. If this share bearer becomes insolvent or bankrupt and refuses to pay, it is permissible to recourse against the previous transferors, including the first subscriber (Shafiq, 1956, p. 751).

The joint-stock company reduces its capital through the following points:

1. Reducing the nominal value of the share.
2. Reducing the number of shares.
3. Buying back some shares (and canceling them).

Egyptian legislation has indicated important rules related to capital, including:

- The company's capital must be sufficient to achieve its purpose.
- The capital upon the company's establishment must not be less than twenty thousand Egyptian pounds, for example, and Articles (6) and (7) stated this condition (Shafiq, 1956, p. 504).

Furthermore, subscription to a share may not occur for less than its nominal value.

For example, if the value is (2) pounds, then the founders may not agree with a shareholder to subscribe for a lower value because part of the capital would remain uncovered.

Also, paragraph (1) of Article (7) of the Egyptian Companies Law stipulated that "The company's capital is divided into shares of equal value, the nominal value of each not being less than two pounds" (Egyptian Companies Law No. 26 of 1954).

Article (30) of the Iraqi Companies Law confirmed that the nominal value of one share is one dinar, and a share may not be issued for less or more, except as stipulated in Articles (54) and (56) (Iraqi Companies Law No. 21 of 1997).

Second Requirement: Full Value

- **Definition of Subscription:** "It is a voluntary act whereby the subscriber joins the company under establishment, in exchange for shares in the capital of the joint-stock company, for a certain number of shares offered for subscription" (Radwan, 1978, p. 369).

When the subscription process is completed, subscribers must pay the full value of the shares they subscribed to. However, the principle is that the subscriber pays the entire value of the share directly upon subscription. But the company's internal regulations may stipulate that paying a part of the share value upon subscription is sufficient, and the Board of Directors has the right, after the company's establishment, to specify or assign a method for paying the remainder (Shafiq, 1956, p. 509).

Article (48) of the Iraqi Companies Law stated: "Subscription to shares of a joint-stock company requires full payment of the value of the issued shares" (Iraqi Companies Law No. 21 of 1997, Article 48).

In addition to the above, the shareholder is obligated to pay the value of the shares he holds in the joint-stock company. We find no difficulty in the obligation if the share is in-kind, meaning it represents an in-kind portion in the company's capital, because this portion must be paid in full at the beginning of the company's establishment.

As for the second type, cash shares, paying their full value upon subscription is not imposed, but collecting a quarter of their value is permitted. Therefore, the company has full freedom to collect the full value of the cash share upon subscription or to be satisfied with paying a part of it, provided it is not less than a quarter, with the remainder given after the company's establishment (Shafiq, 1956, p. 585). As for the transfer of shares, there is no necessity for the consent of the joint-stock company, but rather an agreement between the selling shareholder and the new purchasing shareholder (Sami, 2006, p. 370).

In the case of converting nominal shares, they may not be converted into bearer shares before the full value is paid (Dweidar, n.d., p. 80).

The subscriber of shares, in case of non-payment of their value, or anyone to whom the shares are subsequently transferred, up to the last holder, are jointly liable for fulfilling all the company's obligations and rights regarding the remaining share value and the resulting interest (Al-Qalyubi, 2011, p. 744).

Chapter Three: The Exception to Trading

The tradability of shares is considered one of the essential inherent characteristics, representing a negotiable security that can be disposed of freely. This is a fundamental feature that distinguishes joint-stock companies from partnerships, as partnerships are based on the personal consideration of the partners, which reduces and limits the possibility of transferring the ownership of shares (Bahnasawi, H., 2025, p. 1322).

The fundamental principle governing shares is the freedom of their trading in commercial ways. However, the restrictions imposed on the trading of shares are an exception to this general rule. One of the distinctive importances of capital markets is supporting and enhancing economic development in countries.

Additionally, joint-stock companies are characterized by the flexibility of share trading, which facilitates the entry of new investors without the need for the consent of the remaining shareholders (Bahnasawi, S., 2007, p. 286).

Sometimes, conditions closely related to share trading may be agreed upon, such as giving a pre-emptive right to shareholders or a condition of the Board of Directors' approval. However, these exceptions may not reach the point of completely prohibiting and depriving the shareholder of his right to transfer his shares. Therefore, organizing this right must remain within the legal framework so that it does not exceed the legally prescribed limits. If it exceeds the legal framework, it results in depriving the shareholder in the joint-stock company of his right to transfer his shares, which is considered a violation of the law and entails nullity (Al-Akili, 1997, p. 287).

First Requirement: The Scope of the Exception (Trading Between Two Entities with Comparison)

- **The Legal Nature of a Share** means determining the nature of the relationship in the joint-stock company that links the shareholder to the company, in other words, the nature of the right that the share grants to its owner in the company (Fattahi, 2001, p. 19).

However, most commercial company legislations have not addressed determining the legal nature of the share, leaving it to jurisprudence and judiciary to decide. Jurisprudence has been divided into three trends, and some into two trends (Mawlud, 2009, pp. 78-79).

The methods of share trading vary depending on the shares issued by companies with public subscription and whose shares are traded according to the following detail:

1. Trading of nominal shares.
2. Trading of bearer shares.
3. Trading of cash shares (Al-Qalyubi, 2011, pp. 722-739).

Article (64) of the Iraqi Companies Law stated: "A shareholder in a joint-stock company may transfer the ownership of his shares to another shareholder or to a third party" (Iraqi Companies Law No. 21 of 1997, Article 64; Adel, 2017, p. 42).

Confirming the above, the Egyptian Companies Law No. 159 of 1981, in Article (45), stated: "Founder shares and shares given in exchange for in-kind shares may not be traded, nor may shares subscribed by the company's founders be traded before publishing the balance sheet, profit and loss account, and all attached documents for two full fiscal years, each not less than one month from the date of the company's establishment" (Egyptian Companies Law No. 159 of 1981).

Also, the Jordanian Companies Law No. (22) of 1997 and its amendments, as stated in Article (90), stipulated: "Shares are eligible for listing in financial markets, trading, and transfer" in accordance with the provisions of this law (Jordanian Companies Law No. 22 of 1997).

Second Requirement: Reasons for the Exception

All commercial company legislations permit trading but impose some restrictions on it, including the prohibition of trading shares paid for in-kind shares. Nevertheless, the legislator usually imposes restrictions on the trading of shares of these companies to protect investors and the national economy, as well as to prevent fraudulent or unlawful practices by founders or shareholders, which are subject to legal restrictions. The company's shares may not be traded by the founders before announcing the financial statements. This procedure aims to prevent the exploitation of undisclosed insider information to achieve personal profits at the expense of investors. The legislator has decided a civil penalty for violating this prohibition, and a criminal penalty is a fine borne personally by the violator (Ahmed, I., 2010, pp. 679-680).

The company's articles of association may include restrictions on the trading of its shares to protect the company and shareholders. This means there are internal regulations and rules that determine how to buy and sell the company's shares, aiming to maintain its stability and protect the interests of all shareholders. These are known as contractual or statutory restrictions (Al-Qalyubi, 2011, p. 746).

The Egyptian legislator addressed the ruling on share trading in contractual restrictions in the Executive Regulations of the Companies Law No. 159 of 1981, in Articles (139-141), as well as Article (63) of the Executive Regulations of the Capital Market Law No. 95/1992 (Al-Qalyubi, 2011, p. 762).

Sources confirm the shareholder's full freedom to dispose of his shares, whether by sale or gift, at any time he wishes without restrictions or conditions. The ability to trade shares easily is the feature that distinguishes them from shares in partnerships. However, there are some restrictions imposed on this freedom, some coming from the law itself and others from the provisions of the company's regulations, i.e., from the agreement (Shafiq, 1956, p. 572).

Paragraph 1 of Article (64) stated: "Founders may not transfer the ownership of their shares except after the earlier of the following two periods:

1. The passage of not less than two years from the company's establishment.
2. Distribution of profits not less than 5% of the paid-in capital."

This restriction on founders' shares is justified by their importance in the company, especially in the initial establishment phase. In the estimation of the Iraqi legislator, achieving stability for the company after the passage of two full years from its establishment or achieving profits in its first year is considered, provided that the company's budget is prepared in its fiscal year and that profits are not less than 5% of the paid-in capital.

If either of the two matters is achieved, the restriction imposed on the transfer (of share ownership) is lifted. Arab laws have emphasized the temporal criterion alone, which is the passage of a specific period from the company's establishment: Article (100) of the Saudi Companies System ("two full fiscal years, each not less than twelve months"), and Article (45) of the Egyptian Companies Law, while the Kuwaiti law set it at 3 years from the company's establishment, Article (109). The researcher believes that the above laws allowed the transfer of share ownership as an exception in special cases (Komani, 2015, p. 190).

Chapter Four: Restrictions on Trading

The share, as a financial instrument, can be bought and sold in financial or commercial markets. This means that the share owner can sell his portion in the company to others, making it traded in the market. The method of trading depends on the form of the share (Shafiq, 1956, p. 570).

The shareholder's right to dispose of his shares is one of the fundamental rights related to public interest that may not be infringed upon because it touches on public order. This right may not be taken away from him, and if rules are set to regulate it, they must not lead to its cancellation or invalidation. Therefore, the freedom to trade shares has become an absolute freedom for the shareholder, which qualifies him to join the company and withdraw from it, embodying the principle of absolute freedom of trading (Mustafa, 2008, p. 143).

The permissibility of restricting the trading of the company's shares by stipulating it in the articles of association, and what joint-stock companies have commonly practiced by including such restrictions, is an indicator that these restrictions are considered consensual restrictions. It is understood from the shareholder's approval of the articles of association or the company's founding contract that he has accepted these restrictions, leading to the conclusion of the contract according to its pillars of consent, subject matter, and cause without prejudice to them (Ramadan, 2007, p. 145). These restrictions are binding on both parties, i.e., the shareholder on one hand and the company on the other (Shafiq, 1956, p. 572).

First Requirement: Nature of Restrictions

The principle is that the shareholder has the freedom to dispose of his shares, whether for consideration or without consideration, at any time without being bound by any condition or restriction, because the tradability of shares is one of the essential characteristics that distinguish capital companies from partnerships. However, this freedom may sometimes be restricted, either by virtue of legal texts or based on the provisions of the company's articles of association, i.e., by agreement among the partners (Farooq, 2016, p. 103).

Some restrictions are included in the company's founding contract by the shareholders to protect the interests of specific categories of shareholders, as is the case in family companies or small companies, or government entities such as oil companies (Lutfi, 2008, p. 110). These restrictions include preventing specific individuals from joining as shareholders or limiting the number of founders within a specific scope. These restrictions extend to include natural persons as well as legal persons, such as preventing certain entities like specific companies from owning shares or from participating as a partner in another joint-stock company.

The company's articles of association regulate the provisions that determine how to organize shareholder relationships, provided that these regulations do not include what leads to depriving the shareholder of his right to transfer his shares. The company may impose the restrictions it deems appropriate on the trading of its shares, as long as those restrictions do not empty this right of its content or make it entirely subject to the company's will, because that would empty the principle of share tradability of its content, which is one of the essential characteristics that distinguish capital companies from others (Al-Sulaiman, 2005, p. 88).

The right to vote may be regulated or restricted through agreements concluded by the shareholders among themselves, known as voting agreements. These agreements aim to unify their positions and influence the outcomes of general assembly decisions. They are often used to achieve specific interests, such as supporting a particular candidate for membership in the Board of Directors and passing specific resolutions (Bahnasawi, H., 2025, p. 1304).

Second Requirement: Types of Restrictions

Restrictions, whether regulatory or contractual, are imposed on share trading to regulate the trading process in line with certain considerations deemed by the legislator. These restrictions may include restricting the shareholder's freedom to dispose of his shares for a temporary period. However, the connection between the principle of share tradability and public order remains, as these restrictions may not reach the point of canceling this right. Therefore, any restriction that absolutely prevents the shareholder from disposing of his shares is considered void with absolute nullity, while temporary restrictions remain within legally acceptable limits (Komani, 2015, p. 190).

Article (64/1) of the Iraqi Companies Law stated that "Founders of joint-stock companies may not transfer the ownership of their shares to others except in the following cases:

(1) The passage of at least (one) year from the date of the company's establishment. (2) Distribution of profits not less than 5% of the paid-in nominal capital" (Radwan, F., 1994, p. 414).

The imposition of this restriction on the founders' shares is attributed to the importance of their role in the company's life, especially during its initial establishment phase, as it is assumed that the founders remain closely connected to the company, due to their familiarity with the establishment procedures and knowledge of the work circumstances that accompanied its inception, until the company's conditions stabilize, which justifies limiting the entry of new parties during this phase (Al-Qalyubi, 2011, p. 746).

Nevertheless, the legislator often imposes restrictions on the freedom of share trading in these companies to protect shareholders' rights and preserve the national economy from fraudulent practices or unlawful speculation that may be carried out by founders or some shareholders. These restrictions are generally known as:

First: Legal Restrictions (Shafiq, 1956, pp. 572-578):

The Egyptian Law No. 26 of 1954 set a set of restrictions that aim primarily to enhance the guarantees provided to shareholders. These restrictions are represented in a set of provisions, and violating them entails a number of legal penalties.

1. Shares given in exchange for in-kind shares may not be traded before publishing the balance sheet and profit and loss account for two full fiscal years.
2. Shares subscribed by the company's founders may not be traded before publishing the balance sheet and profit and loss account for two full fiscal years from the date of issuing the decree authorizing the company's establishment.
3. Subscription certificates may not be traded for more than their nominal value plus the issuance expenses.
4. Cash shares subscribed by non-founders may not be traded for more than their nominal value.
5. Shares provided by a board member as a guarantee for his management may not be traded at all throughout the membership period and until the approval of the budget of the last year.

Second: Contractual Restrictions (Al-Qalyubi, 2011, p. 760-761):

The articles of association of a joint-stock company may include some restrictions on share trading, aiming to protect the interests of the company and its shareholders. These restrictions are known as contractual or statutory restrictions. Although these restrictions may impart a personal dimension to the shareholder's relationship with the company, they are considered unlawful if they reach the point of completely prohibiting the trading of shares, because that infringes upon the essence of the right associated with these companies, which is the freedom of share trading.

Restrictions on the freedom of share trading may be imposed through what is stipulated in the company's articles of association. These restrictions are often used in closed or family joint-stock companies, and in cases where the company fears the transfer of shares to shareholders it believes should be excluded. For example, the company may seek to prevent the transfer of shares to parties that might oppose its orientations or obstruct its activity, such as if the company is based on a newspaper administration with a specific intellectual orientation, or it may seek to prevent the transfer of shares to competitors engaged in similar activities that may harm its interests.

A condition for the validity of contractual restrictions imposed on share trading is that they must not lead to the complete deprivation of the shareholder's right to transfer them, because the share's tradability is one of the essential features that distinguish a joint-stock company. It is also one of the fundamental rights enjoyed by the shareholder, which falls within the rules related to public order, which most legislations emphasize. The term "pure and simple approval clause" (La clause d'agrément pur et simple) is used for the right that requires unconditional acceptance by the transferees.

The Egyptian legislator regulated the provisions related to contractual restrictions imposed on share trading within the Executive Regulations of the Companies Law No. 159 of 1981, through Articles (139-141), in addition to Article (63) of the Executive Regulations of the Capital Market Law No. 95/1992.

Arab legislations have been content with adopting the temporal criterion alone, represented by the expiration of a specific period from the date of the company's establishment: Article (100) of the Saudi Companies System ("two full fiscal years, each not less than twelve months"), Article (45) of the Egyptian Companies Law, Article (100/A) of the Yemeni Law, and Article (77/C) of the Omani Law, while the Kuwaiti law set it at three years from the company's establishment, Article

(109). Also, all shareholders were prohibited from disposing of their shares before the passage of a full year from the date of the company's establishment (Komani, 2015, p. 190).

The Position of French Legislation on Contractual Restrictions:

According to French company legislation, it is permissible to require prior approval from the company regarding the person to whom the shares will be transferred, and this condition is a general rule. Also, this legislation obligates the company, in case of imposing restrictions on the shareholder's freedom to dispose of his shares, to purchase those shares or to provide a buyer for them (Al-Qalyubi, 2011, p. 763).

Conclusion

At the end of this research, which addresses the subject of fulfilling the value of shares in closed joint-stock companies, where it began by presenting the definition and types of the company and its shares and the importance of trading, and then focused on determining the value of shares and the impact of that on trading. Through the study, I tried to cover, as much as possible, all the legal provisions governing the free trading of shares, based on the financial consideration upon which the joint-stock company is based. Below are the most important findings and recommendations concluded by the research:

Findings:

1. The trading of shares in the securities market is subject to legal and contractual controls that regulate how it is practiced.
2. The shareholder's right to trade his shares is one of the fundamental rights of a substantive nature that fall within the scope of public order. Therefore, it may not be restricted or taken away from the shareholder.
3. Any restriction on the trading of shares is void if it reaches the level of complete prohibition.
4. Shareholders can agree to grant a pre-emptive right to purchase shares as one of the contractual restrictions that limit the freedom of their trading.

Recommendations:

1. Encouraging investors to establish this category of joint-stock companies.
2. Proposing the enactment of special legal texts aimed at addressing the risks that may arise from trading shares outside the official market.
3. Strengthening the legal framework to ensure the freedom of share trading in the securities market.
4. Including a text within the Companies Law that contains a clear definition of a number of terms used in it, including the term "trading," to determine whether this concept extends to include all forms of ownership transfer, or whether it is limited to methods of a commercial nature only.
5. It is advisable to work on revitalizing the Iraqi securities market by expanding the issuance of ordinary shares and enhancing the role of investment funds.

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