

Website-Obligation to Construct for Share Companies

Description

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The Commercial Code of Ethiopia Proclamation No 1243/2021 introduces the mandatory task for share companies to create and maintain a website. Such an obligation was not known in the previous Commercial Code of Ethiopia. Construction of a website is made mandatory for a share company only.

The contents of the website should include all necessary information for shareholders, creditors and stakeholders. The basic contents of the website must include a) the memorandum of association, and amendments thereto, if any; b) notices regarding general meetings and related information; c) approved audit reports; d) report on transactions involving conflict of interest prepared pursuant to Sub-Article (5) of Article 395; e) annual reports and information submitted to the Ministry of Trade and Industry pursuant to this Code or other laws; and f) information that should be publicized according to the memorandum of association.

The Commercial Code has put the period of time required to maintain certain information on the website. For example notices calling meetings and related information have to remain in the website till the end of the meeting. Moreover, the accounts of the company should remain on the website for five years. Other information of the company has to remain in the website at least six months.

The website has to be accessible to any person. The company must take all necessary measures to protect the security of the website.

The share company has to update and post its contents promptly as well. Moreover to the extent possible the website should accommodate features to conduct electronic meetings and enable voting through electronic means. Such features shall support modernization of the meeting and voting process. For members of the share company, it provides an alternative space to participate in a meeting other than in person or through an agent's physical presence. The law has given such forms of online meeting and voting legal relevance.

Therefore share companies are obliged to construct and maintain a website that disseminates information about the company's affairs to its members, stakeholders and to the public. Furthermore the website shall serve as a legal platform that enables participation of its members in meetings and voting.

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