

The Pearl Initiative and Al Tamimi & Company Explain the Implications of the New Companies Law in KSA on Family Firms

- **Family businesses in Saudi Arabia account for 63% of businesses in the private sector.**

Sharjah, 2 June 2023: The Pearl Initiative, a business-led non-profit organisation focused on promoting corporate accountability in the Gulf region's private sector, recently collaborated with Al Tamimi & Company to hold a virtual session to unpack the New Companies Law in Saudi Arabia and its impact on family firms. The session convened family business leaders from across the kingdom to learn more about how the new Companies Law supports family-owned businesses' long-term sustainability and stability.

The webinar, led by Omar AlHumaid, Senior Counsel at Al Tamimi & Company, outlined the changes introduced by the new law that have implications for family firms. The new Companies Law allows for the introduction of a family charter in the articles of association to regulate ownership, governance, management, work policy, employment, and dividend distribution in family-owned companies.

During the session, Mohamed Al Moosa, of the Pearl Initiative said: "Family businesses in Saudi Arabia play a significant role in the economy and account for [63%](#) of businesses in the private sector. The new Companies Law provides a legal framework that enables robust governance which is essential for family businesses to operate effectively and sustainably."

The new Companies Law, which came into force last year, brings significant changes for family businesses in Saudi Arabia. The law applies to all business entities regardless of the number of shareholders or type of business. As a result, family firms have a legal framework to formalise their governance structures, establish boards of directors, adhere to corporate reporting and disclose standards to bring the country into line with international best practices. This new law marks a key milestone and a monumental shift in the ability of family firms to navigate issues of ownership, governance and succession through legal frameworks designed to enhance their sustainability, longevity, competitiveness, and agility.

The session is part of the Pearl Initiative's mission to enhance corporate governance, transparency, and accountability across the private sector in the Gulf region, with a dedicated programme focusing on family firms, contributing to the overall growth and prosperity of the region.

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Notes to Editors

About the Pearl Initiative

The Pearl Initiative is the Gulf region's leading independent, non-profit organisation working to promote the business case for a corporate culture of accountability and transparency. The organisation was established in 2010 by regional business leaders in cooperation with the United Nations Office for Partnerships. The Pearl Initiative is the only private, non-profit Gulf business network to receive special consultative status from the United Nations Economic and Social Council. The Pearl Initiative runs a series of corporate governance-related programmes, including Anti-Corruption Best Practices, Diversity in Business Leadership, Governance in MSMEs, Governance in Family Firms, Governance in Tech, and Governance in Philanthropy. The organisation also conducts locally relevant research, hosts workshops and executive education training sessions, and convenes business leaders, policymakers, students, and non-profit executives to encourage a proactive approach to implementing best practices in the workplace across the Gulf region. With a growing network of over 40 regional and international partners, the Pearl Initiative continues to strive to be the leading business-led action-oriented platform to advance corporate governance as a key driver of competitiveness, job creation, and sustainable economic growth across the Gulf region.

For more information, please visit www.pearlinitiative.org and check out our Social Media Channels: @PearlInitiative on Facebook, YouTube, and Twitter and @ThePearlInitiative on LinkedIn and Instagram.