

Provisions of a One-Person Company According to the Provisions of the Saudi System: A Comparative Study

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Citation: Oudat, N. M. A. and Alkharef, K. A. A. (2025). Provisions of a One-Person Company According to the Provisions of the Saudi System: A Comparative Study, *Journal of Cultural Analysis and Social Change*, 10(2), 3804-3813. <https://doi.org/10.64753/jcasc.v10i2.2189>

Published: November 21, 2025

ABSTRACT

This research examines the concept of the one-person company, focusing on its legal nature, challenges, and distinguishing characteristics compared to other company types. It focuses on the legal framework for one-person companies in Saudi Arabia, comparing it to other jurisdictions. The study finds that Saudi law recognizes two forms of one-person companies: a one-person limited liability company and a one-person joint-stock company. While legal entities can own multiple one-person companies, a natural person is restricted to one. Additionally, a one-person company cannot be jointly owned by both a natural and a legal person. The study recommends clearer regulations, including a dedicated chapter in the company law, provisions for company dissolution in the event of inactivity, and a set minimum capital requirement. The research draws on various legal references, including Saudi and Jordanian company laws, as well as works by scholars such as Lamia Abu Jaber, Nasreen Abdah Ahmed, and Karima Karim. These sources support the analysis of one-person company formation and its regulatory implications.

Keywords: one-person company, partner, companies, Saudi system

INTRODUCTION

Commercial companies play a significant role in all societies, particularly in the business world and commercial communities. Therefore, commercial companies are distinguished by their key role in various global economies.

Therefore, since the founding of the Kingdom of Saudi Arabia, the Saudi system and the Saudi legislator have paid attention to all aspects of commercial law. The Commercial Court Law, issued in 1350 AH (1931 CE), specifically addresses commercial companies, leading to the development of conditions related to commercial companies.

Therefore, for the first time, the Saudi regulator established a separate company law in 1385 AH (1965 CE). This law was consistent with the conditions that characterized commercial companies. Still, it did not specifically address the one-person company, despite its great importance and distinguished role in stimulating investment operations.

However, despite the Saudi regulator's adoption of the contractual theory and its adoption of the principle of multiple companies as one of the most important substantive elements that must be present in a company contract, it adopted the principle of unity of financial liability. It provided various exceptions to this principle. These exceptions were embodied in Royal Decree No. M/66 of 1396 AH, approving the establishment of the Saudi Catering Company, as well as Royal Decree No. 8 of 1409 AH, establishing Saudi Aramco.

By virtue of this, the regulator permitted persons in public law to establish companies owned solely by one person, such that these companies take the form of joint-stock companies stipulated in the Companies Law.

The law also permitted banks operating in the Kingdom of Saudi Arabia to establish a one-person company, fully owned by the bank, as an exception to the provisions of the Companies Law issued in 1385 AH (1965 CE).

The Jordanian legislature introduced the concept of a one-person company within the framework of a limited liability company, pursuant to Companies Law No. (22) of 1997 and its amendments. The legislature also authorized, in the Companies Law as amended in 2002, the establishment of a one-person company within the framework of public joint-stock companies and private joint-stock companies. However, this company faces numerous practical legal problems, which lead to it losing its importance and justification for existence.

Hence, this research is divided into two sections: the first section addresses the nature of a one-person company and is divided into two subsections. The first subsection addressed the definition of a company. The second subsection addressed the characteristics and conditions of a company. The second section addressed the impact of Saudi and Jordanian law on the one-person company, and is divided into two subsections: The first subsection addressed the impact of Saudi law on the one-person company. The second subsection addressed the impact of Jordanian law on the one-person company.

Research Problem

The Saudi legislature introduced a modern system for commercial companies, issued in 1437 AH (2016 CE), addressing various important aspects of companies, most notably the recognition of the one-person company. It established various special provisions for this type of company, and referred some of them to the company that may take the form of a one-person company. Hence, the problem of researching the motives that prompted the Saudi legislature to adopt the one-person company system becomes clear, in addition to the extent to which the one-person company is compatible with the contractual nature of the company.

Research objectives

To clarify the nature of a one-person company.

To determine the legal regulation of the functioning of a one-person company.

To identify the legal nature of a one-person company.

Significance of the Research

The importance of this research lies in its treatment of one of the most prominent emerging topics in commercial law: the one-person company. This new legal system has only recently gained recognition in the Kingdom of Saudi Arabia, specifically since the beginning of 1437 AH (2016 AD), when it was appropriately regulated. The importance of the topic is highlighted by the scarcity of studies that have addressed and analyzed it, particularly in the Kingdom of Saudi Arabia. The scientific importance of this research also lies in its contribution to reducing disputes that may arise regarding the issue of the one-person company. Furthermore, the scarcity of specialized Jordanian and Saudi studies in this field, as well as the lack of relevant legal references, makes this research a valuable starting point for future academic research. Furthermore, the practical importance of this research is evident in the pivotal role played by the one-person company in the country's economic life and its alignment with modern legislative trends aimed at promoting investment and stimulating the business environment.

Research Questions

What is a one-person company?

What is the legal regulation governing the operation of a one-person company in both Saudi and Jordanian law?

How adequate are the provisions for a one-person company in both the Saudi and Jordanian systems?

What is the legal nature of a one-person company?

RESEARCH METHODOLOGY

To achieve the research objectives, this study will employ a descriptive approach to describe the nature and characteristics of a one-person company. An analytical approach will be used to analyze the legal texts related to the one-person company, and finally, a comparative approach will be used to compare Saudi and Jordanian legislation.

REVIEW OF LITERATURE

A study by Al-Dhiabi (2017) entitled "The One-Person Company in the Saudi System" discusses the new Saudi Companies Law, which introduces new features in several areas, perhaps the most important of which relates to the one-person company. Before the enactment of this statute, numerous companies and diverse attributes existed. The company would not exist without it.

Al-Zahrani's (2018) paper, titled "The Legal Regulation of the One-Person Company in the New Saudi Companies Law of 1437 AH," examined the subject of the one-person company as delineated in the Companies Law promulgated by royal decree. However, as it failed to consider the legal provisions, it neglected to address them.

FINDINGS

The first section addressed the nature of a one-person company. Its first subsection addressed the concept of a one-person company and explained how it distinguishes itself from other companies. The second subsection focused on the characteristics of this company and the conditions necessary for its establishment. The second section addressed the positions of both Saudi and Jordanian legislators on one-person companies. The first subsection presented the Saudi legislator's position and the development of its legal regulation of this type of company. The second subsection addressed the Jordanian legislator's position, clarifying its specific provisions and the practical challenges it faces.

First Section: The Nature of a One-Person Company.

Defining the concept of a one-person company requires examining the concept of this company in light of legislative texts and jurisprudential opinions to distinguish it from similar concepts, and then clarifying the characteristics and conditions of this company, as follows:

The Concept of a One-Person Company, and How It Distinguishes Itself from Other Companies

The company has been recognized for decades and centuries, and legislation, jurisprudence, and the judiciary have established that the company is defined as a contract. This is the case with the French Civil Code, which included the company's organization among private contracts.

However, this definition had to be reconsidered. At a minimum, the company is no longer necessarily a contract, as today it represents a legal act: it may be a contract, or it may be an act issued by a single will. At a maximum, it can be said—as some jurists believe—that the company is no longer a contract in the traditional sense. This is the old view that has changed and become entrenched with the acceptance of the one-person company.

Referring to the text of Article (2) of the new Saudi Companies Law, we find that it defines the company as: "A company is a legal entity established in accordance with the provisions of the law, based on an incorporation contract or articles of association, by which two or more persons undertake to contribute to a profit-oriented project by providing a share of money or labor, or both..."

The researcher believes that the Saudi legislator still defines a company as a contract, without explicitly indicating the possibility of its formation by unilateral will. This necessitates redrafting the article as mentioned above to accommodate a one-person company. It is noteworthy that Article (55) of the new Saudi Companies Law stipulates the establishment of a one-person company as a public joint-stock company, stating the following: "As an exception to Article Two of this Law, the state, public legal entities, companies wholly owned by the state, and companies with a capital of no less than five million Riyals may establish a joint-stock company with one person. This person shall have the authority and powers of shareholders' assemblies, including the founding assembly." Furthermore, Article (154/1) of the same law also states: "As an exception to the provisions of Article Two of this Law, a limited liability company may be established by one person, or all of its shares may be transferred to one person."

Accordingly, it is clear that while the Saudi legislator did not explicitly define a one-person company, it permitted its establishment in the form of a public joint-stock company or a limited liability company. This is also what the Jordanian legislator adopted.

As for the Jordanian legislator, it did not provide a general definition of a company, but rather addressed the one-person company when explained the provisions of a limited liability company. Article (53/b) of the Jordanian Companies Law stipulates: "The Controller may approve the registration of a limited liability company consisting of one person or becoming owned by one person."

For guidance, we find that some Arab legislations have explicitly defined a one-person company, such as the Bahraini legislator in Article (289) of the Bahraini Companies Law promulgated by Decree-Law No. 21 of 2001, which states: "For the purposes of this law, a one-person company means any economic activity whose capital is entirely owned by one natural or legal person."

From a jurisprudential perspective, this company has been defined as: "A new legal mechanism that provides investors with a legal system for investing a portion of their capital, while providing legal guarantees that their liability for their investments does not extend to their public financial assets."

Based on the above, it can be said that a one-person company is a company established by the sole will of one person who manages it with the intention of investing and employing his funds, while ensuring the separation of the company's financial assets from those of the founding partner. This necessitates distinguishing between a one-person company and other legal forms, particularly a one-person company or a one-person company. Despite the similarities in terms of one-person company, there are fundamental differences between the two systems.

A one-person company is subject to the provisions of the Companies Law and, whenever applicable, is subject to the rules relating to companies, including incorporation procedures and contracts, written and publicity requirements, and management, oversight, and regulatory obligations. This company is distinguished by its financial assets being independent from those of the partner, such that its liability is limited to the company's capital. A one-person company, on the other hand, remains outside the scope of the Companies Law, as it does not require incorporation, contracts, or publicity. Its establishment is limited to obtaining the necessary licenses to practice commercial activity, which may be supplemented in some cases by registration in the commercial register. The organizer also does not interfere in the management or internal organization of the one-person company.

The fundamental difference between the two lies in the legal nature of liability. A one-person company is considered part of its owner's financial assets, resulting in unlimited personal and joint liability, as the owner is liable for the project's debts from all of their personal assets. A one-person company, on the other hand, acquires an independent legal personality after completing its incorporation procedures, making it a stand-alone legal entity and ensuring that the partner's liability is limited to the capital. Furthermore, the founder of the one-person company enjoys commercial status and is bound by all the obligations of a merchant, unlike a partner in a one-person company, who does not acquire merchant status.

However, both a one-person company and a one-person company share the fact that ownership resides with one person, granting them exclusive rights to profits and full authority to manage the project and make investment decisions, with the resulting flexibility and speed of decision-making. However, some Arab legislation still holds reservations about the concept of a one-person company, citing its contradiction with the contractual theory of the company. In this context, the Saudi regulator's recognition of the one-person company is considered a pioneering legislative step, as it has contributed to eliminating the phenomenon of shell companies, which individuals resort to establishing to create fictitious companies whose primary objective is to limit the scope of liability to the invested capital.

The Characteristics and the Conditions Necessary for a One-Person Company

One of the general characteristics of a company is what is known as "joint intent," a concept based, at a minimum, on the partners' willingness to cooperate on an equal footing to achieve the success of the joint venture. Naturally, this concept requires multiple partners, which is not present in a one-person company. Therefore, the traditional intent of a joint venture is absent in this type of company, reinforcing the idea of separating the financial assets of the company from the financial assets of the sole partner. Some comparative Arab and foreign legislation have emphasized this approach when defining a one-person company.

Based on the above, it is clear that a one-person company has a unique legal nature that distinguishes it from other companies. It is a legislative response to economic necessities aimed at protecting the entity of companies and their clients, despite being limited to only one partner. This company has also contributed to reducing the phenomenon of shell companies and protecting the sole partner from the risks of bankruptcy. It also plays a role in encouraging individuals to invest their money within a regulated framework, without the need to enter into partnerships with third parties.

Therefore, it becomes necessary to explain the legal characteristics and conditions of a one-person company in detail, to distinguish it from other traditional forms of companies:

First: Legal Characteristics of a One-Person Company

The Saudi regulator has not provided many detailed provisions for the one-person company, given its distinct nature, which distinguishes it from other companies. However, this does not mean its characteristics are absent. Rather, its most important features can be deduced from the provisions contained in the new Companies Law,

whether through its specific provisions or in light of the general provisions of the Saudi Companies Law, in addition to what is stated in the chapter related to joint-stock and limited liability companies. From this, it becomes clear that the one-person company has a set of legal characteristics that distinguish it from other companies, which can be stated as follows:

Legal personality: Acquiring legal personality represents the basic legal foundation that enables the company to carry out the purpose for which it was established. It enables the company to acquire rights and bear obligations, thereby establishing a new legal entity that is independent of its founder. This legal personality only expires with the dissolution of the company itself. Referring to the general provisions of the Saudi Companies Law, we find that a one-person company acquires legal personality upon its formation. Although this legal personality is limited to the extent necessary to conduct and complete the incorporation procedures, it is conditional upon the full completion of the incorporation process in accordance with the requirements of the law.

Limited Liability: The independent legal personality of a one-person company entails a financial liability that is completely separate from that of the sole partner. This liability includes the positive aspect, represented by the cash or in-kind contributions provided by the partner, in addition to the funds the company acquires through its activities. It also includes the negative aspect, represented by the debts and obligations incurred by the company. This financial independence is the most important advantage of a one-person company, as the partner's liability is limited to the limits of his share only, not extending to his personal assets, unlike what exists in a one-person company.

Company Capital: Article 5 of the new Saudi Companies Law stipulates that the company's capital is the sum of the cash or in-kind contributions made by the partners upon incorporation. When applying this rule to a one-person company, the capital may consist of cash or in-kind contributions; however, the contribution may not be in the form of work, given the special nature of this company. The sole partner is responsible for providing capital commensurate with the size of the company and the projects it intends to undertake, as capital represents the general guarantee for creditors. Therefore, a partner may not deduct a portion of the capital as profits, as this contradicts the principle of capital stability.

Promoting trade and investment: One of the most prominent objectives of a one-person company is that it allows a partner to allocate a specific portion of their financial assets to conduct commercial activity, thus limiting their liability to this portion. This encourages investors, especially small ones, to invest their funds within a regulated framework and protects them from the risk of total loss of their personal assets when dealing with creditors.

Limiting shell companies: Before the Companies Law was enacted for one-person companies, establishing a company required at least two partners. This led to the proliferation of fictitious companies, whose founders were often single individuals who resorted to introducing dummy partners solely to meet the legal requirements. Today, the law exempts one-person companies from this restriction, which has contributed to legalizing their status and eliminating this phenomenon.

Ease of Company Transfer: A one-person company is characterized by the fact that the death of the one-person company does not result in the dissolution or cessation of the company's operations. Rather, ownership is transferred to the heirs. This is accomplished by amending the company's articles of association and bylaws, without changing its legal form. This ensures the company's continuity and allows it to be smoothly transferred from one person to multiple partners without procedural complications.

Management Flexibility and Rapid Decision-Making: The presence of a single partner grants them all the powers typically granted to the board of directors, the board of directors, or the general assembly. Thus, the one-person company enjoys complete independence in management and oversight, enabling them to make decisions quickly and easily without having to consult other partners. This flexibility has a positive impact on the company's growth and profitability. It gives the partner a direct sense of the value of their efforts in ensuring the project's success, free from red tape.

Trade Name: A one-person company must have an independent trade name derived from its purpose, such that the partner's name does not appear in the company's address. Dealing with this company is based on financial considerations, not personal considerations. The partner is also obligated to include the company's name, registration number, and capital on all its documents, publications, and contracts, to ensure transparency and protect clients.

Capacity: Finally, the founding partner must have full legal capacity. There are two types of legal capacity: mandatory capacity, which is valid from birth until death and is limited to acquiring rights; and performance capacity, which is the ability of a person to conduct legal transactions themselves. Therefore, the partner must be of legal age, in possession of his or her mental faculties, and not be under guardianship for any reason. This ensures the validity of the articles of association and the integrity of the obligations arising from them.

Second: Conditions for a One-Person Company

To establish a one-person company in Saudi Arabia, it must be established by only one person, whether a natural or legal person. The phrase "One-Person Company" or its abbreviation (S.C.W.) must be added to the company's trade name and address, along with the amount of capital, on all printed materials and papers used in its various operations, as well as in contracts concluded with other companies.

It is also required that the person who owns the entire capital be either Saudi or a citizen of a Gulf Cooperation Council (GCC) country, regardless of the other partners in the company. The company's manager may be Saudi, a citizen of a Gulf Cooperation Council country, or a foreigner sponsored by the company.

The company's articles of association must also include the appointment of an auditor, in accordance with the conditions in force at the Ministry of Commerce and Investment. Suppose the ownership of the one-person company belongs to a legal person. In that case, the legal person must be Saudi or a citizen of a Gulf Cooperation Council country, regardless of the nationality of the other partners in the company.

Finally, it is permissible to mortgage the company's capital shares in accordance with commercial regulations. However, if a portion of these shares is sold, the company is legally transformed into a limited liability company, effective from the date of the auction announcement.

Second Section: The Positions of Both Saudi and Jordanian Legislators on One-Person Companies.

The French Commercial Code of 1807 stipulated the dissolution of a company if a single partner held all of the company's shares or stocks, as such a company conflicted with the principle of the unity of financial liability. French courts adopted this approach in many of their rulings. However, the French Companies Law of 1966 abolished the automatic dissolution of a company limited to a single partner. It replaced it with deferred and judicial dissolution within one year of the date of the company's limitation to a single partner.

French jurisprudence called for limiting the liability of the individual investor based on the privatization of the single-person company. The demands of small and medium-sized enterprise owners in France also played a prominent role in creating a legal regulation that provides them with legal protection against personal liability and limits this liability to the amount of their commercial enterprise's capital. This had the greatest impact on the creation of the one-person company with limited liability.

In addition, some jurists have called for and proposed legal regulations for one-person companies with limited liability. Therefore, the direct path to establishing a one-person company is the voluntary act that creates the company for the first time by one person. That is, the company is initially established by one person. This approach has been adopted by both the Saudi regulatory body and the Jordanian legislator. Therefore, this discussion will be divided into two sections, as follows:

Saudi Legislator's Position and the Development of Its Legal Regulation of One-Person Companies.

The Saudi regulator has regulated five forms of companies: general partnerships, limited partnerships, joint-stock companies, joint-stock companies, and limited liability companies. Under Article (154) of the new Saudi Companies Law, the establishment of one-person companies is restricted to the form of joint-stock companies and limited liability companies.

The Saudi Companies Law does not impose any restrictions on the establishment of one-person companies in the form of a limited liability company, except for the requirement under Article (154/2), which prohibits the establishment of more than one one-person company if its founder is a minor natural person. Therefore, a legal person may establish more than one one-person company. The researcher believes that the regulator's view that it is not permissible to establish more than one one-person company for a natural person in the form of a limited liability company stems from the fact that one of the objectives of this company is to limit shell companies (front companies) and prevent their impact on individual projects and the financial fluctuations that may occur. Therefore, limiting the establishment of one-person companies to a natural person achieves the purpose for which the Saudi regulator, like comparable systems, adopted the legalization of one-person companies.

The second restriction is contained in Article (152), which stipulates that the name of a limited liability company must be regulated to indicate that it is a one-person company, which is logical. However, in the case of establishing a one-person company in the form of a joint-stock company, the Saudi regulator has restricted this to the state, public legal entities, and companies wholly owned by the state. These entities alone have the right to establish a one-person company.

As for other companies, Article (55) permits the establishment of a one-person joint-stock company, provided that the founder is a company with a capital of no less than five million Riyals. Therefore, a one-person joint-stock company may not be established by a natural person. It is well known that a joint-stock company, in this

case, is a closed joint-stock company, and the founder has the same powers as all shareholders and the founding assembly.

A one-person company is established as a result of a unilateral voluntary act, meaning that the source of its obligation is the sole will of the founding person. It may take the form of a joint-stock company or a limited liability company, as previously mentioned. A one-person company may also arise from the pooling of shares in an existing company in the hands of a single partner. Accordingly, a one-person company can be established in two ways: direct incorporation and indirect incorporation.

First: Direct Establishment of a One-Person Company

Saudi Companies Law permits direct establishment, i.e., establishment initiated from the outset by one person in the form of a closed joint-stock company or a limited liability company. Although the Saudi regulator defines a company as a contract, the provisions of the law are completely devoid of any stipulation that the source of the obligation of the founding partner of a one-person company is their sole will. On the contrary, the provisions of the law stipulate that a one-person company is established—like other companies—by a contract, even though its nature presupposes its establishment by a single voluntary act.

This is what the Iraqi Companies Law has followed, as Article (14) of the Iraqi Companies Law stipulates that the founder of a limited liability company, when the company has no other founders, shall prepare a statement that replaces the company contract, and the provisions of the contract shall apply to it wherever they appear in the law. That is, the owner of the company submits a statement regarding the company. Therefore, the Iraqi legislator has replaced the term "statement" with the term "contract," which the researcher believes is correct, and he hopes the Saudi regulator will take note of this.

Despite the absence of specific provisions, the Saudi Ministry of Commerce has designed model contracts for establishing companies, including a one-person company for a closed joint-stock company and a one-person company for a limited liability company.

Second: Indirect Establishment of a One-Person Company

This refers to the continuation of a company originally formed based on a contract between two or more partners, despite the concentration of shares in the hands of one partner. In other words, the company is initially established according to the traditional method of forming companies, including the principle of multiple partners. Then, an event occurs that causes all shares to be concentrated in the hands of one partner. The law recognizes the validity of this situation and the continuation of the company's legal personality.

The Saudi Companies Law adopts indirect establishment, as Article (149) of the Law stipulates that a joint-stock company may be converted into a one-person limited liability company if all of its shares are transferred to a single shareholder who does not meet the conditions stipulated in Article (55). In this case, the company must be converted into a one-person limited liability company within one year from the date of transfer of all shares to him. If the shareholder fails to register the company's status within this period, the company will be dissolved by force of law.

Accordingly, the Saudi regulator has made company conversion a basic procedure if shares are held by a single shareholder, and has made the dissolution of the company by force of law an exception as a penalty for failure to comply. It also requires a company whose entire shares are held by a single shareholder to increase its capital by the minimum required for a single-person company, if the company was previously comprised of multiple shareholders. Article (149) stipulates that this situation is subject to the single-shareholder provisions stipulated in Article (55) of the Law.

Thus, the researcher believes that if a company's shares are held by a single natural person or a single legal entity, it must be converted into a single-person limited liability company. The establishment of a single-person joint-stock company is only permissible if the founder is the state, a public legal entity, a company wholly owned by the state, or a company with a capital of no less than five million riyals. This is confirmed by Article (55) of the Law. Similarly, Article (154/1) stipulates that a single-person company may be established as a limited liability company by indirect incorporation, by transferring all shares to a single person.

Jordanian Legislator's Position and the Development of Its Legal Regulation of One-Person Companies.

The Jordanian Companies Law of 1997 and its amended laws introduced the one-person company within the framework of limited liability companies, private joint-stock companies, and public joint-stock companies. To discuss the forms of one-person companies, it is necessary to study the methods for establishing one-person companies and clarify the position of the Jordanian legislator.

Referring to the Jordanian Companies Law, we find that it adopted both the direct and indirect methods for establishing one-person companies, in accordance with Article (53) of the Limited Liability Company, which permits the registration of a limited liability company initially by one person or for it to be owned by one person. The Companies Law also adopted both the direct and indirect methods for establishing one-person companies within the framework of a private joint-stock company, pursuant to the provisions of Article (65/A/Bis) of the same law.

However, it adopted the indirect method for establishing one-person companies within the framework of a public joint-stock company, pursuant to Article (90/B), which allows one shareholder to own all the shares of a public joint-stock company, thus allowing the company to continue with one shareholder.

One-Person Company within a Limited Liability Company

By examining the text of Article 53/A/B of the Jordanian Companies Law, we find that the Jordanian legislator, in line with the general rule for establishing a company as set forth in the Civil Code, stipulates that a company consists of two or more persons, given that the basis of a company's existence is a contract. However, in line with recent global economic developments, the legislator has permitted the establishment of a one-person limited liability company. In this case, the establishment of the company is based on the sole will of the person from the outset. In other words, the sole work of the individual is sufficient for its formation, in accordance with the cases stipulated by the law, which should not be expanded upon, as they constitute an exception to the general rule for establishing companies.

The legislator has regulated this in the Companies Law with mandatory and binding legal provisions. A limited liability company in Jordan may consist of one person, or it may consist of several persons or partners. The legislator considers a one-person company, according to the above article, to be merely a case of a limited liability company. Therefore, the organization of a company's operations and the management of its affairs, if it consists of one person, are governed by the legislative framework for a limited liability company. This assertion is confirmed by the provisions of the Companies Law relating to limited liability companies, which do not include any distinction or specialization if the company consists of one person.

Referring to the provisions of the same article, we find that Jordanian law has adopted both direct and indirect methods for establishing a one-person company within the framework of a limited liability company. The article permits the registration of a limited liability company starting with one person or for it to become owned by one person.

One-Person Company in A Public Shareholding Company

A review of Article 90/b of the Jordanian Companies Law reveals that it permits a single shareholder to own all the shares in a public shareholding company, thereby allowing the company to continue with a single shareholder. However, it must be noted that a single shareholder may not establish a public shareholding company, as Article 90/a of the same law stipulates that the number of founders in a public shareholding company shall not be less than two, who shall subscribe to the company's shares.

However, Paragraph (b) of the same article authorizes the Minister of Industry and Trade, upon a justified recommendation from the Companies Controller, to approve that the founder of a public shareholding company be a single person, or that ownership of the company be transferred to a single shareholder in the event that the shareholder purchases all of its assets.

However, agreeing that a single person may be the founder of a public joint-stock company does not mean that a single person can establish the company. This company undergoes three stages to complete its incorporation procedures: registration with the Ministry of Industry and Trade, as stipulated in Articles (92) and (93); a public subscription, as stipulated in Articles (99 and following); and a general assembly meeting, pursuant to the provisions of Article (106). The legislature permits a single founder to undertake the registration procedures, with justifications satisfactory to the Companies Controller.

However, the public subscription and first general assembly meeting stages assume and require the presence of shareholders who have subscribed to the company's shares and will act as the company's initial board of directors at the first general assembly meeting.

In addition, the management of a public joint-stock company is undertaken by a board of directors consisting of no fewer than three and no more than thirteen members, in accordance with Article (132/A) of the same law, which stipulates that a board member must be a shareholder in the company.

It should be noted that Article (8) of the same law permits the conversion of an institution, authority, official body, public facility, or any part thereof into a public or private joint-stock company, or a limited liability company wholly owned by the government, operating according to commercial principles, by a decision of the Council of

Ministers upon the recommendation of the Minister of Industry and Trade, the Minister of Finance, and the relevant minister. Here, the Jordanian legislator has recognized the direct establishment of a one-person company within the framework of a public joint-stock company, but within the framework of existing public institutions, authorities, and official bodies. These procedures fall within the so-called privatization policy.

One-Person Company Within a Private Joint-Stock Company

The Jordanian legislator referred to this in Article (65/A/bis), adopting the direct and indirect paths for establishing a one-person company within the framework of a private joint-stock company.

CONCLUSION

Finally, we concluded that this study is related to the provisions pertaining to one-person companies, in accordance with the new amendment to the Companies Law issued by Royal Decree. These provisions were studied based on the legal texts in Saudi companies' legislation. Therefore, several findings and recommendations emerged.

Main Results

The regulator recognized the one-person company in the Companies Law issued by Royal Decree.

The new Saudi Companies Law adopts two forms of one-person companies: a one-person limited liability company.

A joint-stock company may, if all shares are transferred to a single shareholder, be transformed into a one-person joint-stock company under the conditions stipulated in the law.

A natural person may not establish or own more than one one-person limited liability company, while the prohibition does not extend to legal entities. However, the law prohibits one-person companies owned by both a natural and a legal entity.

Recommendations

We recommend that the Saudi legislator devote a special chapter to the Companies Law to regulate all legal matters related to one-person companies.

We propose adding a clause stipulating the dissolution of a one-person company if it has not commenced operations since its recognition.

We recommend that a minimum capital requirement for a one-person company be explicitly stipulated.

The law still defines a company as a contract in Article 2 of the new Companies Law, without the slightest reference to the possibility of forming a company by unilateral will. Accordingly, the aforementioned article should be revised to accommodate a one-person company and define the company as a "statement," as the Iraqi legislator did.

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