

STARTING UP A BUSINESS

A. Forms of Commercial Companies

The business climate in Cameroon is governed by the OHADA TREATY, an organization for the harmonization of business law in Africa guaranteeing legal and judicial security for investors and companies in its 17 member states namely: **Cameroon, Benin, Burkina Faso, Central African Republic, Democratic Republic of Congo, Ivory Cost, Comoros, Republic of Congo, Gabon, Guinea-Bissau, Equatorial Guinea, Mali, Niger, Senegal, Chad and Togo.**

The OHADA Laws and Procedures is the main legal framework governing business transactions in Cameroon and its member states. It regulates various aspects of business law ranging from the establishment of commercial companies, securities, debt recovery etc.

The main text governing the creation of commercial companies in Cameroon is the Uniform Act on Commercial Companies and Economic Interest Groups dated January 30th, 2014 which identifies 06 (six) types of commercial companies' to wit:

- Private Company
- Limited Partnership
- Private Limited Company
- Public Limited Company
- Simplified Joint Stock Company

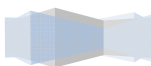
The most common form of commercial company embraced by foreigners are private and Public limited companies.

However, there has been a significant increase in the creation of simplified joint stock companies which was a huge innovation by the uniform act on commercial companies.

Some of the elements to consider when determining the most suitable form of commercial company to incorporate are the purpose/objects of the entity, number of shareholders, managerial structure, share capital and other statutory regulatory requirements.

1. PRIVATE LIMITED COMPANIES (LTD)

Minimum Capital



Law N°2016/014 of 14 December 2016 fixing the minimum registered capital for private limited companies in Cameroon sets the minimum share capital of a LTD to 100 000FCFA divided into a minimum nominal value of 5000FCFA.

Private Limited Companies with such minimum capital shall be incorporated before the "ONE STOP SHOP".

However, where the share capital is above 1 000 000CFA, the company shall be incorporated before a Notary Public.

Managerial Structure

A private limited company is managed by one or more persons appointed either in the company's articles of association or by the general assembly of shareholders.

In the absence of provisions in the Articles of Association, the managers shall be appointed for four years.

The appointment of an external auditor in a private limited company shall be required ONLY where the company meets two of the following requirement at the end of the fiscal year:

- Has a share capital above 125 million CFA Francs;
- Has an annual turnover above 250 million CFA Francs;
- Has a permanent staff of more than 50 employees.

2. PUBLIC LIMITED COMPANIES (PLC)

Minimum Capital

The minimum share capital of a public limited company shall be 10 000 000FCFA with a nominal value freely determined by the shareholders in the articles of association.

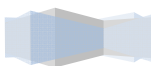
All public limited companies shall be incorporated before a Notary Public.

Managerial Structure

The management of a public limited company can be done in two ways:

- a. Public limited Company with a Board of Directors or
- b. Public limited company with a managing director.

The managerial structure MUST be clearly indicated in the Articles of Association.



1. Public Limited Company with a Board of Directors

Where a public limited is managed by a board of Directors, the board shall comprise of not less than three and not more than twelve members.

The board shall be headed either by a chairman and managing director OR by a chairman and a general manager.

2. Public Limited Company with a managing Director

A public limited company with not more than three shareholders may not form a board of director and chose to be managed by a managing director.

The appointment of an auditor is compulsory for public limited companies.

3. SIMPLIFIED JOINT STOCK COMPANY

