

The Board of Directors' responsibility for implementing corporate governance rules

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Corporate governance is particularly important because these companies play an important role and an indicator in economic activity in most countries of the world, including Iraq and represent an important part of the economy, production and job creation, and this importance imposes an obligation on those responsible for it, specifically the Board of Directors to enjoy transparency in work and apply the rules of governance In order to protect the life of the company and the interests of its clients, and to preserve the local economy in general, therefore, the relevant laws committed the members of the Board of Directors to abide by the governance and the application of its rules, and otherwise they have legal responsibility and are neglected to perform a duty They are career and professional, and this is what we cover in this research.

Key words: Board of Directors' responsibility, Implementation corporate governance

Introduction

Corporate governance has become a subject of concern to many legal and economists at the level of countries, organizations and individuals, as the stock market, whether it is an issuing or trading market, is one of the important mechanisms for collecting financial resources and savings and employing them in investment projects through subscribing to the shares of companies or through the acquisition of traded securities. On the stock exchange.

And the complexity of the dual role of the board of directors raises an important question, which is how the board of directors monitors the company and at the same time its work is monitored by shareholders and regulatory agencies in the state without hindering the company's activities. Therefore, it is necessary to analyze the principles of governance and extract abstract general rules, using a comparison between the laws of governance in Iraq and some Arab countries and the use of some studies in the field of responsibility of the Board of



Directors and its committees on corporate governance, and it has been arranged in the recent period the emergence of the idea of corporate governance and the application of the goal of the Board of Directors to the rules of corporate governance to eliminate On corruption cases, the low level of credibility with companies, and checking the quality of the professional standards on which governance is based, as well as the quality of reports prepared by accounting bodies, especially financial reports, and this is all for the board of directors representing all shareholders. Including minority shareholders as he is an agent for the shareholders in carrying out the company's activities and responsible for achieving an appropriate return in a framework of justice and equality between them. One of the principles of corporate governance to achieve this is the establishment of specialized committees emanating from the Board of Directors whose task is to study the issues presented to the Board of Directors and take a decision Regarding them and reporting to the Board of Directors,

From all of the above, the importance of studying corporate governance and the responsibility of the board of directors to adhere to it becomes clear, as this importance constituted the greatest incentive that encouraged us to choose this subject for study, as the board of directors no longer had such simple formation, but rather it has extensive powers and powers according to the law but rather that The injustice in this issue and the depth in its details and its parts revealed to us the existence of multiple questions regarding the issue of the Board's commitment to corporate governance and the legal responsibility imposed in the event that it does not abide by it.

We have followed in this study a mixed approach, analytically on the one hand and comparing it on the other, because it is an analytical approach because we tried to make as much effort as we could in analyzing each part and every problematic received during the study in the light of various aspects of jurisprudence and judicial decisions and the analysis of laws related to the topic and a statement Its effects and its dimensions. It is a comparative approach because we have tried to compare the position of Iraqi legislation with Arab legislation and international agreements to arrive at a general idea of the topic of research under study. In order to give the research the necessary dimensions and to take note of all theoretical and legal aspects of it and the process and to find out its various details in a way that is consistent with its specificity and importance, we decided to divide it into three sections. In the third topic, we talked about the principle of the accountability of the board of directors for not applying the rules of governance.

The First Topic

The Concept of Corporate Governance and Its Scope of Application

Increased interest in the concept of corporate governance in the recent period at the level of all countries due to the financial crises and economic tremors that have been exposed to many different markets in many countries of the world such as East Asia, Latin America and Russia (Hammad, 2007) and accounting scandals for a number of American companies (Sulaiman, 2008) at the beginning of this century (Sullivan, 2008) We find that, "according to the standards of the European Union, the concept of governance focuses on the application of democratic governance (Shalabi, 2012)," the concept of corporate governance did not take shape in the English language until about three decades ago, there is no single definition agreed upon between all economists, legal and financial, and even on the basis of Analysts twisted, perhaps due to the overlap of this concept in many organizational, economic, financial and social matters, and therefore many questions were raised, most of which revolve around the goal and purpose of the Board of Directors (Tunc, 1994).

The First Requirement

Definition of Governance

There is no specific synonym in the Arabic language for the term Corporate Governance; therefore jurists have proposed many terms, the most important of which is the term corporate governance, and there are other separate synonyms for the term corporate governance such as corporate governance, corporate governance, corporate governance, good governance, democratic governance, good governance, governance Al-Rashid, independent rule. Whatever the case, there is no agreed-upon definition of corporate governance that is agreed upon, especially, and that this concept is linked to many legal, economic, social and moral sciences that all aim to achieve the interests of individuals, institutions and societies, "which ultimately leads to raising the economic level of the state and achieving comprehensive development (Makhlouf H. A.-A., 2007)."

The concept of corporate governance in economic terms means a mechanism that ensures maximization of the share value of the company and obtaining the necessary financing to continue in the long term, and from a social and ethical point of view it means protecting the rights of minority shareholders and achieving fair economic development and environmental protection, and it is legally intended as stated in the Cadbury report Which is the management and control of the company, and some believe that it means management, leadership and commitment that aims to restore the confidence of members of society in those who carry out the light on the principles of the company's management by preserving the company's funds and rights Shareholders and ensure the continued success of the company (Abdalenaim, 2012).

The Organization for Economic Co-operation and Development (OECD) (International Monetary Fund the challenge of state, 2001) defined it as the system by which the company is directed and managed and defines the structure by which the company's goals, means of achieving it and means of performance control are defined and it defines rights and responsibilities between different parties such as the board of directors, managers, shareholders and other stakeholders. The rules and procedures for taking decisions related to the company " (governance, 2004), and the Center for International Private Projects defined it as the best management method, whether in terms of exploitation and direction or tightening control, and in more accurate terms it means how to manage the company and determine its fate (enterprise, 2003).

According to this definition, governance means setting the optimal system by which the company's resources are utilized, well directed, and monitored in order to achieve its goals and meet the standards and requirements of disclosure and transparency. As a result, governance is divided into two parts:

The First: Setting the Optimum System That Can Be Managed and Directed

The Second: Good Control of the Company, Whether this Control is Internal or External

The United Nations Development Program also defined it as the exercise of economic, political and administrative authorities to manage the affairs of the company at all levels, (Programme, 1999) and the World Bank defined it as maintaining a balance between economic and social goals and between the goals of individuals and the goals of groups related to the company. (state, 2006).

Some went to define it as the operations, structures and procedures through which capital-saving entities can ensure a return on their investments (Fawzy) while others saw it as a set of procedures and structures that use management and direct the company in order to ensure enhanced performance, transparency and accountability of the company and maximize shareholder benefit In the long term, taking into account the interests of the various parties (Jere R. francis, 2003). We believe that corporate governance is intended as the ideal system for managing the company in accordance with international standards and methods that aim to achieve the best protection and balance between the interests of the various parties.

The Second Requirement

The Scope of Corporate Governance and Its Benefits

Corporate governance is a modern legal term as we mentioned earlier, and this thing obliges us to search for the scope of governance and in what kind of companies it is, and also it is necessary to know its practical importance and determine the legal benefits that result from it, and accordingly we will divide this requirement into two branches according to the following

First Branch

The Scope of Corporate Governance

Governance rules apply in the first place to joint stock companies listed on the stock exchange in particular that are active dealing as well as to financial institutions that take the form of joint stock companies. However, given the importance of corporate governance in general for all types of companies, and also because other forms of companies can be seen as in the initial stages before they are listed on the stock exchange or offered for public subscription, the development in the economy and the stock market is In particular in recent years, "it indicates that many closed (family) joint stock companies will find their way to listing on the stock market, making it beneficial for shareholders and management of these companies to pay attention to the rules of governance (Manual, 2005)," as a prelude to and willingness to register in the stock market, as the proper qualification for the offering mother or listing on the stock exchange is one of the most important objectives of governance.

Therefore, shareholders, companies, creditors, and workers in companies in general have an interest in encouraging and monitoring companies' compliance in all its forms with these rules as much as possible. As a result of the foregoing, proper corporate governance does not only mean respecting a set of rules and interpreting them narrowly and professionally, but rather a culture and a method for controlling the relationship between the owners of the company, "its manager and its dealers; therefore, the more companies adhere to these rules, the same Public benefit for the benefit of society and for the benefit of investors and its shareholders in particular, with the rules of governance (Rules of evidence and governance standards for the Arab Republic of Egypt companies, 2011)." There is an urgent need to implement governance within the public sector as it is vital for national security.

The Second Branch

The Importance of Governance

We mentioned before the corporate governance correlation with many economic, social and legal sciences, as the rules of good behavior in managing companies according to international standards and methods have reflected their importance on the economic, social

and legal aspects and led to achieving many benefits for the company itself and for investors and shareholders as companies are in trouble, which led to attention To governance, to be the lifeline for these companies, and accordingly we will address the importance of governance by showing the results achieved by governance as follows:

1. Separation of Ownership and Management

The managers may loot company funds by tampering with their funds or paying higher prices than necessary to some entities belonging to the company or carrying out commercial operations for them and the need for corporate governance in emerging markets extends due to offending to the minority shareholders and low assets, and self-treatment stemming from the lack To the existence of economic institutions that achieve market functions and direct the development of sound guidelines for managing companies from the inside, companies in which governance is weak are subject to results that outweigh financial crises (CIPE, 2003)so management may act in the interests of shareholders (Egypt, 2003) or may take decisions that increase their wealth based on a sense AP contributors (Kaplan, 1984).

2. Financial Crises and Crashes

The interest in corporate governance has emerged in the wake of the financial crises and crashes witnessed in some countries of Southeast Asia, South America and Russia and the financial scandals that afflicted some companies in the United States of America such as Enron in the year 2002, which were claimed and followed by the collapse of many other American companies such as World Company Com, Global Crossing and more than twenty other companies, where all these companies went through accounting scandals that led to a loss of confidence in the financial reports and a decrease in the value of shares.

3. Transition to a Market Economy

The transformation of countries to the introduction of a market economy system in which the economy depends to a large extent on private companies in light of the privatization policy, and the problems these companies may face," such as the depreciation of the company's shares and the difficulty of attracting local and foreign financing sources that led to the need for corporate governance." (Antony, 2001)

The Second Topic

Board Members Abide by the Rules of Governance

Corporate governance practices must provide strategic guidelines for companies 'direction, and follow-up to executive management must be ensured by the board of directors, as the board has a responsibility to do so (Salma, 2008).And to ensure the accountability of the Board of Directors by the shareholders; accordingly, the members of the Board of Directors

must take their decisions on the basis of complete information with honesty, responsibility and due diligence (Makhlouf H. A.).

"In particular independent of executive management (Azim, 2012) Board members must have access to accurate and appropriate information at the appropriate time in order for them to carry out their responsibilities." Board members need to obtain information related to the company's activity in a timely manner in order to support the decisions they make, it can be supported by the contributions of non-executive members through Providing communication channels between them and a number of managers from within the company in addition to enabling them to obtain independent external consultations at the expense of the company in order to carry out these responsibilities.

The rules of corporate governance in the State of Qatar require the Board of Directors to ensure that the company adheres to the principles of corporate governance, and it has to review and update the corporate governance applications it approves and regularly review, and the Board must constantly review and develop professional conduct rules that embody company values, policies and procedures, information, documents, and records relating to the company and management must The executive shall provide the council and its supporting committees with the documents and information required by it. (Gregory gouvernement d'entreprise aux Etats-Unis, 2000)

The First Requirement

The Role of the Board of Directors in Protecting the Interests of Shareholders and the Interests of the Company

It is the responsibility of the Board of Directors to achieve the interests of shareholders and the interests of the company at one time and in a balanced way without negligence or excess, and to ensure the integrity of the control systems (CIPE, a new alliance between the owners and members of the Board of Directors, 2008) and on that we will address this equation in two branches, the first is the Board's commitment to treat shareholders fairly, and the second is the Board's commitment to setting the company's strategy.

First Branch

The Board of Directors Commitment to Treat Shareholders Fairly and Equitably

The corporate governance framework must ensure equal treatment for all shareholders, including small shareholders and foreign shareholders, and all shareholders should have the opportunity to obtain actual compensation in the event of a violation of their rights as follows:

1. Shareholders belonging to the same category must be treated equally.

2. Shareholders within each category should have the same voting rights. All shareholders must be able to obtain information related to voting rights granted to each of the categories of shareholders before they purchase shares (Makhlouf H. A.-A., 2007) and thus become equal in rights and duties between shareholders who hold the same type of share.
3. Voting must be by secretaries or delegates in a manner agreed with shareholders.
4. The operations and procedures related to the general meetings of the shareholders should ensure equal treatment for all shareholders, and the company's procedures should not result in difficulty or an increase in the cost of the voting process.
5. Stock trading must be prohibited in a manner that is not disclosed or transparent.
6. Board members or executives should be required to disclose the existence of any interests of their own that may relate to the operations or means affecting the company.
7. The effective participation of shareholders in the major decisions regarding the nomination and election of members of the Board of Directors should be facilitated. Shareholders should assess the members and the Board as a whole regularly.
8. Shareholders should be able to discuss the board regarding the financial compensation policy for board members and senior executives in the company, which is called disclosure of the remuneration and salary policy. (Taha, 1998)
9. It is not permissible to distinguish between shareholders regarding information.
10. The Board of Directors must work to enable the shareholders who hold at least 5% of the shares to propose the items on the agenda of the General Assembly.
11. The shareholders should be enabled to ask questions about the report of the external auditor, the auditor and the report of the board of directors (Wali, 1989) and respond to them to the extent that does not harm the company's interest.

Likewise, small shareholders must be taken into account, as the principles of governance stress the necessity of protecting minority shareholders from abuse by owners of ruling lineage (Taha, 1998). Minor shareholders are those who represent a non-controlling group over the company so that they cannot influence it. Or the controlling shareholders controlling the minority shareholders due to relying on a weak corporate governance framework. Some of the manifestations of insulting the minority shareholders are as follows:

1. Reporting direct private benefits by increasing the salaries and bonuses of the members of the board of directors, senior executives and employees from the assisting controlling shareholders who hold the ruling proportions, as this is a clear example of the abuse of the members of the board of directors in using their granted powers and this arbitrariness increases if it is associated with sizes in the distribution of profits at the same time. (Abdalenaïm, 2012)
2. Improper trading operations with relatives and between entrants who are familiar with the company's secrets.

Continuous bias in decisions regarding the interests of ruling lineage

3. The change in the capital structure through special share issues that bias the controlling shareholders.
4. Lack of attention to the way the company is monitored.
5. Harming the public interest of the company and deliberately issuing decisions that harm the interest of the majority to the minority.
6. To protect the rights of minority shareholders, the following methods should be used:
 1. Promoting disclosure and transparency and creating a written policy that prevents discrimination between shareholders.
 2. The Board of Directors has adopted a clear and specific policy for dealing with shareholders, and all shareholders must be treated equally by drawing up a regulation by binding regulatory bodies that guarantee fair treatment among shareholders.
 3. Working with a cumulative vote on the election of members of the Board of Directors.
 4. Follow a policy of avoiding conflicts of interest.
 5. Criminalization of insulting minority shareholders.
 6. The legislator must allow shareholders who own 3% of the company's shares to request the cessation of general assembly decisions that involve minority shareholders' abuse, and it is rightly noted that the authority of the Financial Supervision Authority is limited to specific cases and does not include a case of violation of the law and the company's articles of association. In general this is a legislative deficiency that should be rectified. (Sarieddine, 2012)
1. Allow the shareholders who hold 10% of the shares to request inspection of the company. That the company's articles of association include equal treatment of shareholders, such as allowing minority shareholders who own a certain percentage of shares, as a minimum, to call the general assembly to convene.
2. Establishing legal restrictions on the authority of the extraordinary general assembly to amend the company's system, such as the impermissibility of increasing shareholders' obligations and not prejudicing the basic shareholding rights that it derives as a partner in the company. (Makhlouf H. A.-A., 2007)

The Second Branch

The Commitment of the Board of Directors to Lay Down the Company's Strategy and Supervise Its Implementation

One of the most important tasks of the Board of Directors is to set the overall strategy of the company, supervise its implementation, evaluate and review it periodically and regularly, and deal with unforeseen and unavoidable events. Active supervision of the implementation of the strategy shows and crystallizes the practical link of good governance with the

performance of the company and ensures that the Council holds the executive body accountable for the sustainability of the company and achieve prosperity in performance and enhance the value of the company." The Board of Directors must discuss and approve operating plans according to the conditions of the work environment and in light of economic events and ensure availability Funding, market review, and anti-corruption strategy development by overseeing anti-corruption and bribery programs". (Sulaiman, 2008)
Examination and determination of operations of strategic importance?

As members of the board of directors are responsible for reviewing the company's performance periodically and evaluating its effectiveness, including the company's financial performance and measuring it on the accomplishments of the company, provided that the evaluation includes evaluation of the board of directors, the chief executive officer, reviewing the company's profits, choosing between setting new equipment, seizing an available competitor, and reviewing the objectives Long-term financial statements in a manner consistent with the objectives of enhancing the share's value, provided that the evaluation process is carried out on the basis of results, profit and objectives and competition, so the Board of Directors must have the means to review the strategy periodically and regularly. I hope with unexpected events that cannot be avoided that require re-evaluation of the strategy (Sulaiman, 2008). When developing and evaluating the strategy, the Board of Directors should direct a set of questions to the executives and obtain accurate and adequate answers such as:

1. When was that strategy prepared and whether all financial and economic conditions were taken into account when preparing it.
2. What are the new products or services that the company will provide.
3. To what extent does the company's sub-strategies correspond to its general strategy?
4. What are the risks that the company may face and are linked to its strategy and how to manage it?
5. What are reliable indicators to judge the extent of the strategy's success in achieving the company's goals, and what are the reports and their timing related to how executives tell the board about progress in achieving the company's strategy (Sulaiman, 2008).

Finally, the board must always be aware of the company's approach to choosing the strategy.

The Second Requirement

The Role of the Board of Directors in Supervising and Controlling the Company's Performance

Governance rules require that the Board of Directors is formally responsible for overseeing performance and achieving an appropriate return for shareholders while preventing conflicts

of interest and increasing the company's competitiveness, and this requires that the Board of Directors exercise effective and real control over the management of the company because this would achieve many benefits for shareholders, the company and potential shareholders (Makhlouf H. A.-A., 2007).

The Board of Directors exercises their supervision and control over the performance of the company through specific mechanisms, and the board must have independence in the work, and the board must have the capabilities to replace the chief executive officer when necessary.

The first branch: Mechanisms of supervision and control over the performance of the company. The board of directors must exercise real and effective control over the management of the company. There is no doubt that this achieves many benefits for each of the shareholders, the company and society (Sulaiman, 2008). The following methods must be used:

1. Accountability of the Company's Management

The accountability of the executive members with the aim of verifying the implementation of the company's strategy and this method will not pay off (Makhlouf H. A.-A., 2007) unless the positions of the chairman and managing director are separated because the combination of the two positions leads to the board hindering the performance of the oversight function.

If the board has the right to hold the executive management accountable for achieving the company's goals, then we rightly note that the board is accountable to shareholders through the general assembly, which is the same as what the rules of governance seek from the dual role of the board of directors. For example, we find the legislator stipulating the board of directors of the company Before the General Assembly by endorsing the report of the Board of Directors regarding the company's activity and considering disclaiming its responsibility⁴⁷. And the association has the right to issue recommendations regarding works that fall within the competence of the board of directors, and then the board has the right to take recommendations of the general assembly or not to take them (Dakhil, 2011).

2. Create a Policy for the Company's Senior Executives

Board members may not participate in voting on General Assembly decisions regarding determining their salaries and remuneration (Dakhil, 2011), and the Board of Directors is obligated annually to place at the disposal of shareholders to inform them of a detailed statement of the material compensation and benefits in kind obtained by the members of the Council, at least three days before the Assembly. (Azab, 2010)

"Governance rules prefer that the bulk of this return be shares of the company's shares so that the members strive and prevail over the company's interest and that of the shareholders in their personal interest. And that there is no doubt that there should be standards for measurement that emphasize the long-term interests of the company and must take into account the proportionality between the rewards and the performance of each member of the board and senior executives taking into account avoiding trading in the shares of the company." (Sarieddine, 2012).

3. Establishing Specialized Committees within the Board of Directors

The Board of Directors has the right to authorize a committee from among its members to perform a specific action or more or to supervise one aspect of the company's activities or to exercise some of the powers or powers vested in the Council. (Prairie, 1994) This means that one or more committees may emerge from the board of directors entrusted with carrying out one of the company's activities that are according to the original terms of reference of the board of directors. The establishment of such committees undoubtedly contributes to achieving transparency between shareholders and board members.

The rules of governance confirm that the establishment of these committees does not exempt the Board of Directors from liability as it requires the establishment of three committees, which are the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee, and we see the need for the legislator to define these committees and stipulates that their formation is non-executive and the council is not exempt from liability.

4. Control any Potential Conflicts of Interest

Governance rules require that the Board of Directors should perform the task of overseeing internal control systems that cover the process of preparing financial reports and the use of company assets and that it be cautious against trading operations that take place with related parties. In the Capital Market Law, the Egyptian legislator stressed the necessity of avoiding the emergence of any conflict of interest when practicing the formation and management of securities portfolios and the brokerage company in its securities activities (Makhlouf H. A.), which is a clear affirmation to avoid conflicts of interests that may arise between the company and its members as Public interest overrides private interest (Barbary, 2011). We do not find this position in Iraqi legislation.

"The company may not deal in securities in the name or for the account of managers, employees thereof, or their relatives up to the second degree, or those with whom they have a commercial partnership relationship or those who support them unless after obtaining the approval of the General Authority for Financial Supervision (Amarneh, 2014)." If the company is a stock brokerage company, it must be dealing with any of these through a

personal account in the same company and with the express written approval of its board of directors..

5. Supervising the Disclosures

Governance rules require that the Board of Directors clearly determine its functions and responsibilities, and it is preferable to allocate a specific employee who responds to the inquiries of the stock market and shareholders, since disclosure is the cornerstone of success in governance. On the basis of which the shareholders and investors make their decisions.

6. Board Oversight of its Chairman

One of the most important forms of council oversight of its president is that the council may dismiss its president . It is worth noting that the dismissal is only the result of controlling and monitoring behavior and performance, as the result of monitoring the council may reveal the existence of a deviation on its part, which ultimately leads to the council's isolation.

The Second Branch ***Board Independence***

The rules of governance encourage active, independent-minded boards of directors, as these boards play a key role in preparing companies to conduct effective competition by having to select the best available from managers, supervise and motivate them, as well as change departments if necessary. An attentive, independent-minded board of directors is that part of the corporate governance process that adds the most to the value of the company and when boards become vigilant and active they gain the confidence of shareholders, this urges the company's management to increase net profits, and creates a kind of mutual understanding on how to ensure The independence of thinking and reaction, and therefore independent judgment strikes a balance between conflicting interests (Allah, 2008) Hence the matter requires:

1. The presence of a sufficient number of board members who are not involved in the management of the company to enable the board to be able to practice independent thinking.
2. There is a form of leadership independence in the council.
3. Meeting of the members of the board of directors who are not employees participating in the company's management separately to discuss the performance of the department
4. The board of directors determines its own methods of work, especially with regard to how the new board members are chosen.

The Third Topic

The Principle of the Board's Accountability for Non-Application of Governance Rules

It is undoubtedly that the accountability of the board of directors is one of the main pillars and pillars of corporate governance, because there is no authority without responsibility (Bariri, 2006), so the greater the authorities, the greater the responsibility, the authority and responsibility are two sides of the same coin, because granting authorities without responsibility makes these authorities shovels of demolition of the administration and encourages Corruption, which undermines good governance.

As we know well that the board of directors is the one who possesses actual management due to the absence and the weak role of the general assemblies in management and oversight, on the one hand and on the other hand the broad powers granted to the board of directors had to subject the members of the board to accountability in a balanced way that does not hinder its work, and at the same time it faces The violations, violations and violations committed by the Council, which hold responsibility." Accordingly, appropriate oversight must be imposed on the council and its activities in order to be able to properly control all violations committed by members (Fawzy)."

But this responsibility is not of the same nature. There is a civil liability that may be contractual or default that may arrange compensation, and it may be a criminal responsibility that arises as a result of prejudice to the interest of society that may result in a criminal penalty. A member of the board of directors may face dismissal from the position in addition to his civil or criminal responsibility, and he may be satisfied with dismissal. Therefore, it may be appropriate to study the dismissal, then civil liability, then criminal responsibility of the board members.

The First Requirement

Board Members Dismissed Granting the Egyptian Legislator under Article 2

The Iraqi legislator in the Companies Law gave the General Authority the absolute authority in the accountability and dismissal of members of the Board of Directors, but the legislator, as usual, did not clarify the mechanism by which the dismissal takes place, but only stipulated that it is within the competence of the General Authority, as it stipulated in that Article (102 / second) of Companies Law No. 21 of 1997. While the Egyptian legislator granted under Article 2/77 of Law No. 159 of 1981 the general assembly of shareholders the right to dismiss members of the board of directors or one of its members even if that was not included in the agenda , " the legislator required the validity of the general assembly's decision to approve the dismissal decision For half the capital, after it is excluded from it the share of those who consider the issue of its removal from the members of this Council".

(Hamdan, 2009) The dismissal of the members of the Board of Directors shall result in his being not re-elected again until five years after the date of the decision to dismiss them.

It is worth mentioning that some call the dismissal of a member of the Board by the General Assembly with disciplinary responsibility ⁷⁰, and the dismissal of the Chairman is not required to issue a decision to remove him from the General Assembly, but the Board of Directors has the authority to dismiss him, however the General Assembly may not dismiss the employees of the company who are elected Members of the Board of Directors because they represent the employees and do not represent the capital. However, they can be isolated whenever the General Assembly dismisses all members of the Board, as the removal includes all members, including employees.

Conclusion

After we reviewed the legal framework for corporate governance by mentioning its concept and clarifying its importance, as well as showing the commitment of the board of directors to apply the rules of corporate governance and the responsibility for not applying them, we draw a set of results and my recommendations:

Results

1. Governance has become very necessary, especially in the recent period to organize the company's accounts and find out the administrative and accounting deficiencies in the company.
2. One of the basic obligations imposed on the Board of Directors is compliance with the rules of governance and transparency in work to achieve the interests of the company and the partners at the same time.
3. The law imposed two types of penalties on the members of the Board of Directors if he did not abide by the application of the rules of governance, as civil and criminal responsibility is achieved.

Recommendations

1. The Board of Directors must keep abreast of the variables of the principles of corporate governance in a manner consistent with the size and activity of the company.
2. The need for the legislator to take more positive steps, as new laws must be enacted to keep pace with the provisions of governance, such as mechanisms for protecting the minority's contribution, and to establish binding rules that play the role of the Board of Directors and its committees in corporate governance.



3. The need to take into account the importance of the council's role and responsibility towards all parties involved and related to the company and the need to spread awareness and a culture of corporate governance among the dealers 'audience, and the need to educate companies issuing securities that activating the principles of corporate governance helps to flow foreign capital and increase the company's competitiveness, which It enables it to enter the global financial markets.
4. The legislator should issue a unified legislation for governance with preemptory texts covering all companies, and the latter should avoid the complicated methods of auditing, and any legislator must determine the committees that help the Board of Directors and explain its formation and terms of reference with absolute precision.

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