

**Academic Year: 2025/2026**

**Master 1 – Business Law**

**Section A: Multiple Choice Questions (4 Marks)**

1. Which authority has the legal power to approve an increase in the share capital of a *société anonyme* (joint-stock company)?
  - a) Board of Directors
  - b) Ordinary General Meeting
  - c) Extraordinary General Meeting
  - d) Statutory Auditors
2. According to Article 694 of the Algerian Commercial Code, what does the term "preferential subscription right" mean?
  - a) The priority given to new shareholders to subscribe first
  - b) The right of current shareholders to subscribe to newly issued shares in proportion to their existing holdings
  - c) The right of creditors to exchange debts for shares
  - d) The right of the board to issue shares without seeking shareholder approval
3. What is the maximum legally allowed period for implementing a capital increase decision after it has been adopted?
  - a) 2 years
  - b) 3 years
  - c) 5 years
  - d) 6 months
4. Which of the following is **not** recognized as a valid method of capital increase under Algerian corporate law?
  - a) Issuing new shares for cash
  - b) Incorporating reserves into share capital
  - c) Reducing the total number of shares
  - d) Converting debts into shares

**Section B: Short Answer Questions (10 marks)**

6. Define the term "**issuance premium**" (also known as share premium) and briefly explain its purpose in the context of a capital increase.
7. List **three** conditions that must be satisfied before a company can validly increase its capital by issuing new shares for cash.
8. Clearly explain the difference between **capital reduction** (réduction de capital) and **capital amortization** (amortissement du capital).

**Section C: Essay Questions (15 marks each – total 30 marks)**

9. Discuss the role and powers of the **Extraordinary General Meeting (EGM)** in the process of amending share capital. Your answer should include:
  - o Legal quorum requirements
    - Voting thresholds
    - Permissible delegations of authority from the EGM to the board of directors.

10. Analyze the **legal protections** available to creditors when a company decides to reduce its share capital. Your analysis must distinguish between:
- Capital reduction due to accumulated losses, and
  - Capital reduction for other reasons (e.g., returning excess capital to shareholders).

**Section D: Case Study (20 marks – 10 marks per question)**

**Read the following scenario carefully.**

AlgeriaTech SPA, a joint-stock company with a share capital of 10 million DZD, wishes to increase its capital by 2 million DZD by issuing new shares for cash. The board of directors proposes to offer the new shares exclusively to a strategic investor, **without granting existing shareholders their preferential subscription right**. Several long-standing shareholders object, claiming that their legal rights are being violated.

**Questions:**

11. Under what specific conditions (referring to **Article 697 of the Commercial Code**) may the Extraordinary General Meeting validly cancel or remove the preferential subscription right?
12. What **procedural steps** must the company follow to legally carry out this capital increase? Include in your answer:
- Publication requirements
    - Timelines and deadlines
    - Shareholder notification obligations.

Pr Chekirine Dilmi