



Akademik Eğitim ve Sosyal Bilimler Dergisi (AJESS Journal)

Protection of the Shareholder's Right to Information in a Joint-Stock Company

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Article History

Received: 01/08/2026; Accepted: 28/09/2026; Published: 11/10/2026

Abstract

The right to information is a fundamental right guaranteed to shareholders in joint-stock companies under Algerian law. It allows them to inspect company documents and learn about corporate affairs and management. It also helps them understand company policies and make informed decisions. The article presents this right as one of the shareholder's financial rights and as a means of exercising oversight. Such oversight requires sufficient and accurate information. Effective access also depends on legal safeguards. These safeguards must enable shareholders to exercise their right in practice and provide sanctions for infringements.

Keywords: joint-stock company; shareholder; right to information; general meeting.

Introduction

Under Algerian law, joint-stock companies are among the most important forms of commercial enterprise. They are especially significant among capital companies. Their ability to raise substantial funds is one reason for this position. They usually have large amounts of capital, limited shareholder liability, and shares that can be transferred with relative ease. These features attract investors. Joint-stock companies now play a major role in economic development. They are no longer viewed solely as vehicles for profit. Their activities are closely connected to the national economy. This has led the legislature to regulate them more closely and to limit the principle of freedom of contract. As a result, shareholders have less freedom to establish and organise such companies entirely as they choose.¹

The Algerian legislature grants shareholders in these companies fundamental rights. These rights allow them to participate in decisions concerning corporate affairs. The law gives them special protection and does not permit their deprivation under any circumstances.

These rights also serve as means of corporate oversight. They help improve the company and provide shareholders with greater security. Profit remains the main reason for investing in a company and is a central financial right. Yet non-financial rights offer essential safeguards. Legislatures have therefore recognised and protected them. They enable shareholders to participate in corporate governance and to monitor how their funds are invested.

The shareholder's right to information protects both the shareholder and the company. It is indispensable because it enables shareholders to understand corporate affairs and monitor management. Effective oversight is impossible without sufficient and accurate information.

This article therefore addresses the following question: To what extent has the Algerian legislature succeeded in providing effective protection for shareholders' right to information in joint-stock companies?

¹ Khadija Belarbi, Transfer of Rights Attached to Securities in Capital Companies, PhD dissertation in Private Law, Faculty of Law and Political Science, Dr. Moulay Tahar University of Saida, 2019/2020, p. 3

Structure and Method of the Study

The study uses a descriptive method to present the concepts of civil liability and the conditions for establishing it. It also considers the particular position of directors of joint-stock companies. An analytical method is used to examine the relevant provisions of the Algerian Commercial Code.

The first part explains the meaning of the shareholder's right to information. The second part examines the legal mechanisms that protect this right.

Part One: The Concept of the Shareholder's Right to Information

The law grants shareholders in joint-stock companies a fundamental right to inspect corporate documents. This allows them to understand the company's position and management. They may exercise the right personally or with the assistance of an expert, subject to the legal conditions.¹

The right to information seeks to promote transparency in corporate management. Transparency strengthens trust between the company and its shareholders. It can also attract other investors. For this reason, major companies increasingly recognise the value of a sound information policy.²

The Algerian legislature recognises both an ongoing right to information and a right that arises in specific circumstances. This distinction shows the importance of the right. Failure to comply with its rules may lead to legal sanctions.

Section One: The Shareholder's Ongoing Right to Information

This is the legal right to inspect, at any time, documents subject to review by general meetings. Shareholders may obtain information about past deliberations and decisions without being restricted to a particular period. The right mainly concerns earlier transactions and the company's past management.³

A shareholder may therefore inspect the relevant documents at any time during the year. The right does not depend on whether a general meeting has been convened.⁴ It may be exercised during the company's existence or in the event of its division.⁵

Article 678 of the Algerian Commercial Code recognises the shareholder's ongoing right to information. Under this provision, the company must communicate the information listed in the article or make it available to shareholders in one or more documents.

The fourth part of Article 819 of the same Code also addresses this right. It gives shareholders access to documents submitted to general meetings for the preceding three financial years. These include the general operating account, inventory, income statements, balance sheets, reports of the board of directors, statutory auditors' reports, attendance sheets, and minutes of general meetings. Access is available at any time during the year. This last expression confirms that the right is ongoing. It enables shareholders to exercise oversight. Neither Article 678 nor the relevant part of Article 819 limits access to a particular period.

This raises two questions. Does Algerian law reserve the protection of ongoing information rights for a particular class of shareholders? What is the scope of this right?

The following discussion first identifies the shareholders entitled to ongoing information. It then examines the content of the right.

Subsection One: Shareholders Entitled to Ongoing Information

Articles 678 and 819, fourth part, of the Algerian Commercial Code extend the ongoing right to information to all shareholders. No minimum percentage of share capital is required. The legislature does not expressly describe this as an ongoing right in the provisions on document inspection. Instead, it is recognised indirectly through the rules on penalties for

¹ Rima Belba, *Information in the Joint-Stock Company*, PhD dissertation in Business Criminal Law, Faculty of Law and Political Science, Abou Bekr Belkaid University of Tlemcen, 2015-2016, p. 13

² Asma Benouirad, *Protection of the Shareholder in the Joint-Stock Company*, PhD dissertation in Business Law, Faculty of Law and Political Science, Abou Bekr Belkaid University of Tlemcen, Algeria, 2016/2017, p. 107

³ Belba, *op. cit.*, p. 17.

⁴ Ahlam Belglouti Al-Alani, *Minority Rights in the Joint-Stock Company*, Master's thesis in Private Law, University of Sousse, Faculty of Law and Political Science, Tunisia, 2011/2012, p. 16

⁵ Nouredine Sahraoui, *Freedom of Contract and Mandatory Rules in Company Law*, PhD dissertation in Business Law, Faculty of Law and Political Science, Abou Bekr Belkaid University of Tlemcen, 2018-2019, p. 59

breaches relating to shareholders' meetings. Article 819¹ indicates that shareholders may, at any time, inspect only the documents it lists for the last three financial years.²

The question is whether these documents provide enough information for shareholders to understand the company's affairs and management.

To answer this question, the content of the ongoing right to information must be examined.

Subsection Two: Content of the Ongoing Right to Information

After identifying those entitled to ongoing information, it is necessary to define its scope. The right includes access to the accounting documents mentioned in Article 819, fourth part, of the Commercial Code, as well as certain administrative documents.

I. Right to Inspect Accounting Documents

1. General operating account

This account is prepared at the end of the financial year as part of the company's annual financial statements. It records the expenses incurred and the income actually earned during that year. It therefore shows whether the company has made a profit or suffered a loss.

2. Inventory

An inventory helps establish the company's financial position and determine its annual profit or loss. It involves preparing a detailed list of assets and liabilities. Their existence and value are checked directly.³ Article 716 of the Commercial Code also requires the board of directors and managers to prepare a written report on the company's position and activities during the preceding financial year. The documents mentioned in that article must be made available to the statutory auditors within four months after the close of the financial year.

Article 10 of the Algerian Commercial Code also deals with inventories in its rules on commercial books. It requires natural and legal persons to keep an inventory book showing the assets and liabilities of their business. They must close their accounts to prepare the balance sheet and income statement.

Access to the inventory helps shareholders understand the company's financial position. For a long time, the inventory was regarded as one of the most useful sources of shareholder information. It allows them to check the monetary value of assets and liabilities. It also helps verify that trial-balance figures reflect the actual accounts and that income and expenses belong to the relevant accounting period. It thus supports an accurate assessment of the company's financial position and annual results.⁴

3. Balance sheet

The Algerian law governing companies does not define the balance sheet. In accounting terms, it may be described as a summary of ledger balances after the trial balance and income statement have been prepared. It is also a statement of an entity's financial position on a specific date.⁵

The balance sheet gives shareholders information about the company's finances. It helps them assess its position and understand how their funds are used and invested. It is also an important source of information about the company and those who deal with it.

A reliable balance sheet is essential to the company, its shareholders, and its creditors. Comparison with earlier balance sheets reveals progress in business operations. It also helps shareholders estimate the value of their shares. Third parties, including creditors, can assess the financial soundness of the company with which they deal.⁶

¹ Article 819 of the Algerian Commercial Code states: 'A fine of DZD 20,000 to DZD 200,000 shall be imposed on the chairperson and directors of a joint-stock company who fail to place at the disposal of every shareholder ... the following documents relating to the preceding three financial years and submitted to the general meeting: the general operating account, income statements, balance sheets, reports of the board of directors, statutory auditors' reports, attendance sheets and minutes of general meetings, at any time during the year.' [English translation of the Arabic quotation.]

² Belarbi, *Transfer of Rights Attached to Securities in Capital Companies*, op. cit., p. 60.

³ Belba, op. cit., p. 76.

⁴ Belba, *ibid.*, p. 80.

⁵ Safi Salah Khalas, *Management Control of the Enterprise in a Market Economy*, Office of University Publications, Algeria, 2007, p. 50

⁶ Mohamed Farid Al-Arini, *Commercial Law*, University Publications House, Egypt, 1999, p. 279

4. Income statement

The income statement summarises revenue and expenses for the financial year. It shows the resulting profit or loss after depreciation and provisions have been deducted.¹ Access to this statement and to the general operating account is important for shareholders. These documents offer a clearer understanding of the company's affairs. Courts have therefore protected access to their details when boards of directors have refused to provide them. Such refusals may concern entries for aggregate overhead expenses. Boards sometimes rely on business confidentiality to justify withholding details. French courts have, however, considered such refusals unlawful and have allowed shareholders to examine the breakdown of general expenses.²

II. Right to Inspect Administrative Documents

Alongside accounting records, the legislature requires the disclosure of administrative documents. These complement financial information. They help shareholders form a clearer view of the company and are often easier to understand than technical accounts.

Under Algerian law, shareholders may inspect these documents at the registered office or the company's management headquarters. The company may also communicate them in one or more compiled documents. Article 678 nevertheless limits the scope of ongoing access. It identifies specific documents, apparently to prevent access to other records whose disclosure might harm the company. The relevant administrative documents are as follows.

1. Information on members of the board of directors

The company must communicate, or make available, the names, surnames, and addresses of its directors and general managers. Where relevant, it must also identify other companies in which these persons hold management or directorship positions.³

This disclosure allows shareholders to identify the people who manage the company. It also helps them assess those persons' managerial competence and protect their interests.

The legislature also requires detailed information about candidates for board membership. This includes their full names, ages, professional qualifications, and professional activities during the preceding five years. Particular attention is given to positions held in other companies and to the number of shares they own or hold in those companies.

Disclosure of other directorships helps shareholders assess whether a director can devote sufficient time to the company. Holding several positions may also increase the risk of conflicts of interest. A director may favour the interests of one company over another. Shareholder oversight is therefore necessary to protect the company and, in turn, the shareholder.⁴

2. Reports

The relevant reports include the board of directors' report presented to the annual general meeting and the statutory auditors' reports. Both are important sources of information.

A. Report of the board of directors or management board (management report)

The management report makes a significant contribution to shareholder information. It contains essential details about corporate activities and financial position. It also makes the board accountable to shareholders. The report serves as a written statement about the accuracy and reliability of information submitted to the general meeting for discussion and approval.⁵

Article 678 of the Commercial Code requires the board of directors to submit a report to the general meeting. Article 716(3) also requires a written report on the company's position and activities during the preceding financial year.

The report should be clear, accurate, and useful so that all shareholders can understand it. It must also be accompanied by the statutory auditor's report where required. One example is an agreement concluded between the company and one of its directors.⁶

¹ Salah Mohamed, *Les sociétés commerciales*, T.1, EDIK, Oran, Algérie, 2005, p. 114: '...il (le compte de résultat) récapitule les produit et les charges de l'exercice, il fait apparaître, par différence et après déduction des amortissements et des provisions, le bénéfice ou la perte d l'exercice'.

² Belba, op. cit., p. 95.

³ Article 678(1), Algerian Commercial Code.

⁴ Abdelbaki Khelfawi, *Protection of the Shareholder in the Joint-Stock Company: Between Law and Practice*, A Comparative Study, PhD dissertation in Private Law, Faculty of Law, Mentouri Brothers University of Constantine, Algeria, 2014/2015, p. 141

⁵ Abdelwahab Makhloufi and Ibrahim Ben Mokhtar, 'Guarantees of the Shareholder's Right to Information in Algerian Law', *Al-Bahith Journal for Academic Studies*, no. 5, March 2015, pp. 247-263

⁶ Belba, op. cit., p. 125.

A weakness of these provisions is their general wording. They do not specify the matters that the board must include in its report. The board may therefore use this lack of detail to restrict shareholders' access to information. French law takes a more detailed approach, especially following the reforms of 2001 and 2003.¹

Article 678(2) also requires the company to communicate the text of draft resolutions proposed by the board of directors or management board. Where applicable, shareholders' proposed resolutions and the reasons supporting them must also be made available. This gives shareholders an opportunity to contribute proposals that may benefit the company.

B. Statutory auditors' reports

Article 680(2) of the Commercial Code provides that every shareholder may inspect the statutory auditors' reports submitted to the meeting during the fifteen days preceding it. Article 678(6) and (7) also refers, in the case of an ordinary general meeting, to the income statement, summary financial documents, balance sheet, and the statutory auditors' special report. These reports may therefore be subject to both event-specific and ongoing disclosure.

Statutory auditors play an important role in joint-stock companies. They help shareholders supervise the acts and conduct of management. Corporate legislation therefore requires shareholders to receive their reports before ordinary general meetings, including the annual meeting. Reports may also be required before extraordinary general meetings, particularly when the company's articles of association are to be amended.²

These reports provide important information about the company. They help shareholders understand its operations and management. They also allow shareholders to assess how directors and statutory auditors carry out their duties. This contributes to protecting the company's interests.³

3. Minutes of general meetings

Minutes record the main issues raised and discussed at earlier general meetings. They provide a summary of significant events in the company's life. New or absent shareholders can use them to learn about previous debates and decisions. They also offer insight into the company's position.

Meeting minutes contain information that helps shareholders compare past and future management. This may assist them in identifying ways to improve corporate activity.⁴

The chairperson or directors must record the decisions of each shareholders' meeting in minutes. The members of the meeting bureau sign the record, which is kept in a special file at the registered office. It states the date and place of the meeting, the method of notice, the agenda, and the composition of the bureau. It also records the number of voting shareholders, the quorum, the documents and reports submitted, a summary of discussions, the resolutions put to a vote, and the voting results.⁵ Minutes thus summarise the proceedings of general meetings and must be accessible to shareholders throughout the year.⁶

The minutes are valuable once prepared, but the attendance sheet completes the record. It helps verify that the meeting was properly constituted. It also informs shareholders about how decisions were taken.⁷

The Algerian legislature has not specified how minutes should be drawn up when shareholders are consulted in writing. French law, by contrast, requires the minutes or an annex to state the questions submitted by management and the responses given by each shareholder.⁸

Section Two: The Shareholder's Event-Specific Right to Information

This form of information access is closely linked to general meetings. It is important because shareholders can inspect the documents submitted to the meeting and study them before making decisions.⁹

¹ Makhloufi and Ben Mokhtar, 'Guarantees of the Shareholder's Right to Information in Algerian Law', op. cit., pp. 247–263.

² Samah Mekrane, 'Information as a Mechanism for Protecting the Shareholder in the Joint-Stock Company', *Journal of the Research Professor for Legal and Political Studies*, vol. 02, no. 08, December 2017, pp. 442–428

³ Belba, op. cit., pp. 128-129.

⁴ Nadia Hamida, *Shareholders' Rights in the Joint-Stock Company*, Master's thesis in Business Law, Faculty of Law, Es-Senia University of Oran, 2006-2007, p. 177

⁵ Article 820(3), Algerian Commercial Code.

⁶ Article 819(4), Algerian Commercial Code.

⁷ Benouirad, *Protection of the Shareholder in the Joint-Stock Company*, op. cit., p. 118.

⁸ Belba, op. cit., p. 130.

⁹ Sahraoui, *Freedom of Contract and Mandatory Rules in Company Law*, op. cit., p. 56.

The event-specific right to information allows shareholders to inspect certain administrative and accounting documents before an ordinary general meeting. It informs them of the agenda and provides a basis for informed decisions.¹ Unlike the ongoing right, it cannot be exercised at any time of the year. It arises only when the relevant event occurs.

Articles 677 and 680 of the Algerian Commercial Code establish this right. Their mandatory rules are relatively detailed for joint-stock companies. As described in the legislation, the board of directors or management board must communicate or make available the necessary documents thirty days before the general meeting. Shareholders can then form an informed opinion on the company's management and operations.² Without prior access, they cannot exercise their voting rights effectively.³

The thirty-day period is generally considered sufficient in the legal literature. It allows shareholders to study financial and accounting documents, assess their content, and decide how to vote.⁴

Algerian law protects this right through two methods. The first is direct communication, under which the company sends documents to shareholders. The second allows shareholders to attend the registered office and inspect the documents themselves. They must exercise this right without abuse or disruption of the company's proper functioning.⁵

Does this right extend to every shareholder? What information must be supplied before a general meeting?

Subsection One: Persons Entitled to Event-Specific Information

The event-specific right cannot be exercised throughout the year. It depends on the occurrence of a defined event. It is closely connected to voting rights. A shareholder cannot vote effectively without assessing management through the documents it has prepared.

Under Algerian law, this temporary right of inspection belongs to every shareholder. It also extends to co-owners of jointly held shares, bare owners, and usufructuaries of shares.⁶ The provisions governing securities issued by joint-stock companies allow certain other persons to inspect corporate documents under the same conditions as shareholders. These persons include:

- Holders of investment certificates and voting-right certificates.⁷
- Holders of participating securities⁸ and representatives of bondholders as a group.⁹

Having identified the persons entitled to advance disclosure, it is necessary to consider its scope. Is the content of the ongoing right to information the same as that of the event-specific right?

Subsection Two: Content of the Event-Specific Right to Information

Shareholders may inspect the documents submitted to a general meeting before it takes place. This advance access is important. Once shareholders receive notice of a meeting, they acquire the right to examine the relevant accounting and administrative documents. These records enable them to make informed decisions when voting.

I. Documents Available Before General Meetings

One important document is the list of shareholders. The Algerian Commercial Code does not expressly mention it among the documents to be made available before general meetings in the relevant disclosure provisions. It is, however, addressed in Article 819, which deals with offences relating to shareholders' meetings. The third part of that article identifies the information that the list must contain. It provides as follows:

"The chairperson of a joint-stock company, its directors, or its general managers shall be liable to a fine of DZD 20,000 to DZD 200,000 if they fail to make available to each shareholder, at the registered office or management headquarters:

- the list of shareholders drawn up on the sixteenth day before the meeting, stating the first name, surname, and address of each person registered as a shareholder on that date, together with the number of shares held by each, at least fifteen days before the general meeting."

¹ Mokhtar Dahou, Powers of the Ordinary General Meeting in the Joint-Stock Company, Master's thesis in Business Law, Faculty of Law and Political Science, University of Oran, 2006-2007, p. 107

² Sahraoui, Freedom of Contract and Mandatory Rules in Company Law, op. cit., p. 57.

³ Belarbi, Transfer of Rights Attached to Securities in Capital Companies, op. cit., p. 58.

⁴ Makhloufi and Ben Mokhtar, 'Guarantees of the Shareholder's Right to Information in Algerian Law', op. cit., pp. 247-263.

⁵ Benouirad, Protection of the Shareholder in the Joint-Stock Company, op. cit., pp. 108-109.

⁶ Article 680, Algerian Commercial Code.

⁷ Article 715 bis 69, Algerian Commercial Code.

⁸ Article 715 bis 80, Algerian Commercial Code.

⁹ Article 715 bis 91(2)-(3), Algerian Commercial Code.

The list thus identifies each shareholder by name and address and indicates the number of shares held. It enables shareholders to learn who their fellow shareholders are and what proportion of the company's capital each holds. It can also help minority shareholders meet attendance requirements where the articles of association prescribe a minimum number of shares.¹

Access to this list offers several benefits. It facilitates communication and coordination among shareholders. It also shows the composition of the shareholder body. Shareholders can therefore work together on matters scheduled for discussion. This may help them respond to attempts by directors to dominate meetings by taking advantage of shareholder fragmentation.²

The Algerian legislature has specified the documents to be provided before general meetings. Depending on the company's governance structure, the board of directors or management board must communicate the necessary records or make them available thirty days before the meeting.³ Inspection may take place at the registered office or management headquarters.⁴ This allows shareholders to form independent and informed views on corporate affairs. Shareholders cannot exercise their voting rights if they cannot examine the company's documents.⁵ In addition, Article 680 provides a right to inspect the following records during the fifteen days before an ordinary general meeting:

- The inventory, income statement, summary financial documents, balance sheet, and lists of directors and members of the management or supervisory board.
- The statutory auditors' reports submitted to the meeting.
- The aggregate amount of remuneration paid to the five highest-paid persons, as certified by the statutory auditors.

The company must also communicate other essential information, or make it available in one or more documents. Article 678 of the Algerian Commercial Code sets out these details:

1. The names, surnames, and addresses of directors and general managers. Where applicable, the list must identify other companies in which they hold management or directorship positions.
2. The text of draft resolutions submitted by the board of directors or management board.
3. Where applicable, the text of draft resolutions submitted by shareholders, together with the reasons for them.
4. The report of the board of directors or management board submitted to the general meeting.

5. Where the agenda includes the appointment or dismissal of directors or members of the supervisory or management board, the following information:

- a. The candidates' names, surnames, and ages, together with details of their occupations and professional activities during the previous five years. These details include positions held in other companies.
 - b. The positions or functions previously held by candidates in the company, together with the number of shares they own or hold in it.
6. In the case of an ordinary general meeting, the income statement, summary financial documents, balance sheet, and the special statutory auditors' report. These documents must show the company's results for each of the previous five financial years. If fewer than five years have passed since incorporation or a merger, they cover every completed financial year.
 7. In the case of an extraordinary general meeting, the statutory auditors' report submitted to the meeting, where applicable.

II. Information Available During the General Meeting

Another means of strengthening shareholder oversight is the right to put written questions to company managers.⁶ It supplements access to documents and the right to obtain information from them. Written questions can be an effective legal means of obtaining both quantitative and qualitative information about the company's position.

The Algerian legislature has not expressly included the right to submit written questions to management among shareholders' information rights. French law provides a different approach. Article L.225-108 of the French Commercial Code permits any shareholder to submit written questions to the board of directors or management board, regardless of the size of their holding. The questions must be answered during the general meeting. Article L.225-232 also allows shareholders who hold at least 5%

¹Benouirad, Protection of the Shareholder in the Joint-Stock Company, op. cit., p. 113.

²Belba, op. cit., pp. 100-101.

³Article 677, Algerian Commercial Code.

⁴Article 819, Algerian Commercial Code.

⁵G. Rippert, *Traité élémentaire de droit commercial*, L.G.D.J., 6ème éd., *Commerçant-Société-Valeurs mobilières et bourses de valeurs-Banques et opérations de banque*, par R. ROBLOT, 1968, p. 615, n° 1206: « Le droit de vote de l'actionnaire ne serait pas exercé d'une manière éclairée et libre si l'actionnaire ne pouvait examiner à loisir les documents sociaux avant la réunion de l'assemblée ».

⁶Dahou, Powers of the Ordinary General Meeting in the Joint-Stock Company, op. cit., p. 110.

of the capital to question management in writing twice during the financial year about circumstances that could endanger the company's activities.¹ The Algerian legislature recognises a comparable form of information access for limited partnerships.² It would therefore be appropriate for Algerian law to recognise this right expressly in joint-stock companies. It would allow shareholders to seek clarification and question management during general meetings. It could also help prevent decisions or conduct that harm the company.³

Part Two: Legal Mechanisms Protecting the Shareholder's Right to Information

Many legal systems protect shareholders and, in particular, their right to information. This right is an important tool of corporate oversight. Effective legal rules are therefore needed to safeguard it.

Legal protection requires procedures that allow shareholders to obtain information in practice. It also requires sanctions for infringements. A company's managers or directors may breach their obligations by refusing access to information or by withholding the required documents. Such conduct calls for an effective response. Civil remedies may follow failures to comply with the formal rules governing general meetings. Criminal sanctions may apply to violations of statutory obligations by the management body.

This part examines civil remedies as a means of protecting the right to information. It then considers the criminal penalties established for infringements.

Section One: Civil Remedies for Infringement of the Right to Information

When a company refuses to communicate documents that shareholders are entitled to inspect, it interferes with a fundamental right recognised by law. Such a refusal may give rise to liability on the part of the directors responsible for corporate management.

To protect this right, the legislature permits shareholders to seek urgent judicial relief. It also allows them to bring liability claims against directors and seek compensation for harm caused by a failure to provide legally required documents. Nullity may also be available as a traditional civil remedy.⁴

Subsection One: The Shareholder's Right to Seek Urgent Judicial Relief

Algerian law allows shareholders to apply to the president of the competent court if the company refuses, in whole or in part, to communicate documents or prevents their inspection. The court may issue an urgent order requiring the company to provide the documents. The order may be enforced through a coercive monetary penalty.⁵

Such an order obliges the company to provide the documents identified in Articles 677, 678, 680, and 682 of the Commercial Code. The coercive monetary penalty is an important safeguard. It enables shareholders to inspect corporate records and assess the acts carried out by the board between successive general meetings.

The penalty places pressure on the board to comply with its obligations. Yet the amount is paid from the company's funds rather than from the directors' personal accounts. This means that the financial burden falls on the company and, indirectly, its shareholders.⁶

This is a weakness of Article 683 of the Commercial Code. It places the cost of the coercive penalty on the company when compliance is delayed. It would be more appropriate for the responsible management body to bear that cost. The company's assets, and thus the shareholders' interests, should not suffer because of managerial abuse. On the other hand, the legislature has rightly imposed no minimum shareholding requirement for urgent relief. Any shareholder whose request is refused may apply to the court. This is an important, though not the only, guarantee of the right to information.⁷

¹ Ibrahim Ben Mokhtar, *The Power of Capital in the Joint-Stock Company*, PhD dissertation in Private Law, Faculty of Law and Political Science, University of Batna, Algeria, 2017, p. 129

² See Article 563 bis 6 of the Algerian Commercial Code: limited partners are entitled, twice a year, to inspect the company's books and documents and to put written questions on its management, which must also receive written answers (translated from the Arabic quotation).

³ Dahou, *Powers of the Ordinary General Meeting in the Joint-Stock Company: A Comparative Study*, op. cit., p. 181.

⁴ Mekrane, 'Information as a Mechanism for Protecting the Shareholder in the Joint-Stock Company', op. cit., pp. 428-442.

⁵ Article 683, Algerian Commercial Code.

⁶ Makhoulfi and Ben Mokhtar, 'Guarantees of the Shareholder's Right to Information in Algerian Law', op. cit., pp. 247-263.

⁷ Mekrane, 'Information as a Mechanism for Protecting the Shareholder in the Joint-Stock Company', op. cit., pp. 428-442.

Subsection Two: Civil Liability of Directors

The civil liability of directors is governed by the general rules of civil responsibility. It requires a wrongful act, damage, and a causal connection between the two.¹

Three elements must therefore be present: fault, damage, and causation. These are the general requirements under the Algerian Civil Code, as they are under Tunisian law.

Given the particular nature of commercial management, the Algerian legislature identifies three bases for directors' civil liability. They are breaches of the statutory or regulatory provisions applicable to joint-stock companies, violations of the articles of association, and management faults. A failure to comply with the shareholder's right of inspection may constitute such a breach. For example, directors may refuse to provide requested documents in whole or in part. The affected shareholder may then sue the directors and seek compensation for the resulting damage.² Article 715 bis 23 of the Commercial Code addresses this liability.³

Subsection Three: Nullity of General Meeting Resolutions

The general meeting is the company's highest decision-making body. It has broad powers under the majority rule, subject to the law and the articles of association. The majority must nevertheless respect both the interests of the company and those of other shareholders.⁴

For resolutions to be meaningful and effective, shareholders need adequate information about corporate activities. Information is essential to understanding the company's affairs. The rules governing shareholder information are mandatory rules of public policy. On this reasoning, a breach results in the nullity of subsequent proceedings based on those rules, including resolutions adopted at general meetings.⁵

Some French legal scholars consider that a general meeting may be annulled when a shareholder has been prevented from exercising a statutory right of inspection. Such nullity is not automatic. It depends on the court's assessment.⁶

Algerian law does not expressly identify the denial of information as a ground for annulling general meeting resolutions. It addresses nullity through the general provisions applicable to commercial companies, in Articles 733 to 743 of the Commercial Code. Article 733(2) states: "Apart from the cases mentioned in the preceding paragraph, contracts or resolutions may be declared null only for breach of a mandatory provision of this Code or of the laws governing contracts."

Other legal systems, particularly French law, provide a more explicit remedy. Under French law, an infringement of a shareholder's information rights may render the general meeting liable to annulment.⁷ The possibility of annulment is expressly recognised.⁸

Article 736 of the Algerian Commercial Code allows the court hearing an action for nullity to set a period within which the defect may be remedied. It may do so even on its own initiative. In any event, it cannot give judgment annulling the act less than two months after the proceedings have been commenced.

The protection of third parties acting in good faith is also relevant when general meeting resolutions are annulled.

Article 742 of the Algerian Commercial Code provides that a judgment annulling resolutions cannot be invoked against third parties acting in good faith.

¹ Ali Nanni, *Commercial Company Law*, Majma' Al-Atrash for Specialist Publishing, 1st ed., Tunisia, 2021, p. 318

² Mekrane, 'Information as a Mechanism for Protecting the Shareholder in the Joint-Stock Company', *op. cit.*, pp. 428-442.

³ Article 715 bis 23 of the Algerian Commercial Code provides that directors are individually or jointly liable, depending on the circumstances, to the company or third parties for violations of the law and regulations governing joint-stock companies, breaches of the articles of association, and faults committed in management. Where several directors participated in the same acts, the court determines each one's share of the compensation (translated from the Arabic quotation).

⁴ Farouk Ibrahim Jassim, *Shareholders' Rights in the Joint-Stock Company*, 1st ed., Al-Halabi Legal Publications, Beirut, Lebanon, 2008, p. 237

⁵ Makhloufi and Ben Mokhtar, 'Guarantees of the Shareholder's Right to Information in Algerian Law', *op. cit.*, pp. 247-263.

⁶ Cl. DUPOUY, *Précis du droit commercial*, T.2, Groupements commerciaux, Procédures collectives, Dunod, France, 1978, p. 116.

⁷ Benouirad, *Protection of the Shareholder in the Joint-Stock Company*, *op. cit.*, p. 124.

⁸ V. art. L. 225-121, al. 2, C. com. fr.: « En cas de violation des dispositions des articles L. 225-115 et L. 225-116 ou du décret pris pour leur application, l'assemblée peut être annulée. »

Section Two: Criminal Penalties Protecting the Right to Information

The right to information is one of the strongest guarantees available to shareholders in joint-stock companies. It allows them to oversee management. For this reason, the Algerian legislature has criminalised conduct that obstructs or violates the right. Civil remedies are therefore supplemented by criminal penalties.

Subsection One: Penalties Applicable to Directors and Managers

To provide effective protection, Algerian law makes certain acts by directors, managers, and liquidators punishable. These persons are responsible for ensuring that shareholders can exercise their right to information.¹

Penalties may arise when a requested document is not supplied. This includes a proxy form and the following records:

- The list of directors.
- Draft resolutions on the agenda and their supporting reasons.
- A brief statement about candidates for the board, where applicable.
- Reports of the board of directors and statutory auditors submitted to the meeting.
- The general operating account, income statement, profit figures, and balance sheet, in the case of an ordinary general meeting.

Article 818 of the Algerian Commercial Code provides for a fine of DZD 20,000 to DZD 200,000 against the chairperson, directors, or general managers of a joint-stock company for the relevant failure.

The same fine applies where the documents listed in Article 819 are not made available to each shareholder at the registered office or management headquarters. These documents concern both ongoing and event-specific inspection rights.

Article 834 extends the same penalties to persons who, directly or through another person, effectively manage or direct such companies in place of their lawful representatives.

Subsection Two: Penalties Applicable to the Liquidator

The liquidator is the legal representative of a dissolved company. The liquidator has broad powers to realise assets, pay creditors, and represent the company before the courts. Shareholders retain the right to inspect company documents during liquidation. The liquidator must provide access because the directors' management powers end when the company is dissolved.²

Under Algerian law, the liquidator is subject to the penalties set out in Article 838, as applied through Article 839 of the Commercial Code. These consist of imprisonment for two to six months and a fine of DZD 20,000 to DZD 200,000, or either penalty alone.

These provisions show a distinction in the penalties. A liquidator who denies shareholders access to documents may face imprisonment and a fine. By contrast, the chairperson, directors, or general managers of a joint-stock company are subject to a monetary fine for failure to respect the right of inspection.

Conclusion

The analysis shows that Algerian law protects the shareholder's right to information through ongoing and event-specific disclosure. Both forms provide access to accounting and administrative records. Ongoing disclosure permits shareholders to inspect relevant information throughout the year, either at the company's premises or through documents supplied to them. Event-specific disclosure is different. It is linked to a particular event, usually a general meeting, and cannot be exercised outside the relevant period. Infringement of either form may lead to sanctions.

The legislature distinguishes between these two forms of disclosure. Article 678 requires companies to communicate specified information or make it available to shareholders. The fourth part of Article 819 also supports the ongoing right of access.

Article 678 nevertheless confines ongoing access to a defined set of documents. This restriction appears intended to protect the company from disclosure of other potentially sensitive records. The Algerian legislature has also not expressly recognised a shareholder's right to submit written questions to the management bodies of joint-stock companies.

Event-specific disclosure is addressed in Articles 677 and 680 of the Commercial Code.

The legal protection of shareholder information depends on effective remedies and sanctions. Algerian law provides civil remedies for this purpose. Shareholders may seek urgent court orders or bring liability actions against directors. They may claim compensation for damage caused by the failure to provide the documents required by law. The nullity of general meeting resolutions may also arise under the applicable rules.

The coercive monetary penalty under Article 683 offers a strong means of enforcing access to company documents. It allows shareholders to obtain information about the board's acts between general meetings.

The penalty places the board under pressure to comply. Yet the sums payable are taken from the company's assets rather than the directors' personal funds.³

¹Belarbi, op. cit., p. 61.

²Belarbi, *Transfer of Rights Attached to Securities in Capital Companies*, op. cit., p. 62.

³ Makhoulfi and Ben Mokhtar, op. cit., pp. 247-263.

Article 683 is therefore open to criticism. It makes the company bear the financial cost of delay, even where the delay results from the conduct of its managers. Responsibility should instead fall on the management body. This would prevent the company and the shareholders who obtained the order from bearing the cost of managerial abuse. The legislature deserves credit, however, for allowing any shareholder whose request has been refused to seek relief. No minimum percentage of capital is required. This is a significant safeguard, though it does not stand alone.¹

Because the right to information is fundamental, the article argues that denying it entails the directors' civil liability, compensation, and the nullity of general meeting resolutions. It also acknowledges, however, that Algerian law does not expressly make the denial of information a specific ground of nullity. Instead, Articles 733 to 743 of the Commercial Code contain the general rules on the nullity of corporate acts and resolutions.

Criminal penalties provide a second form of protection. The legislature provides for imprisonment and fines where a liquidator denies shareholders their right of inspection. In the case of a joint-stock company's chairperson, directors, or general managers, the corresponding violation is punishable by a fine.

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