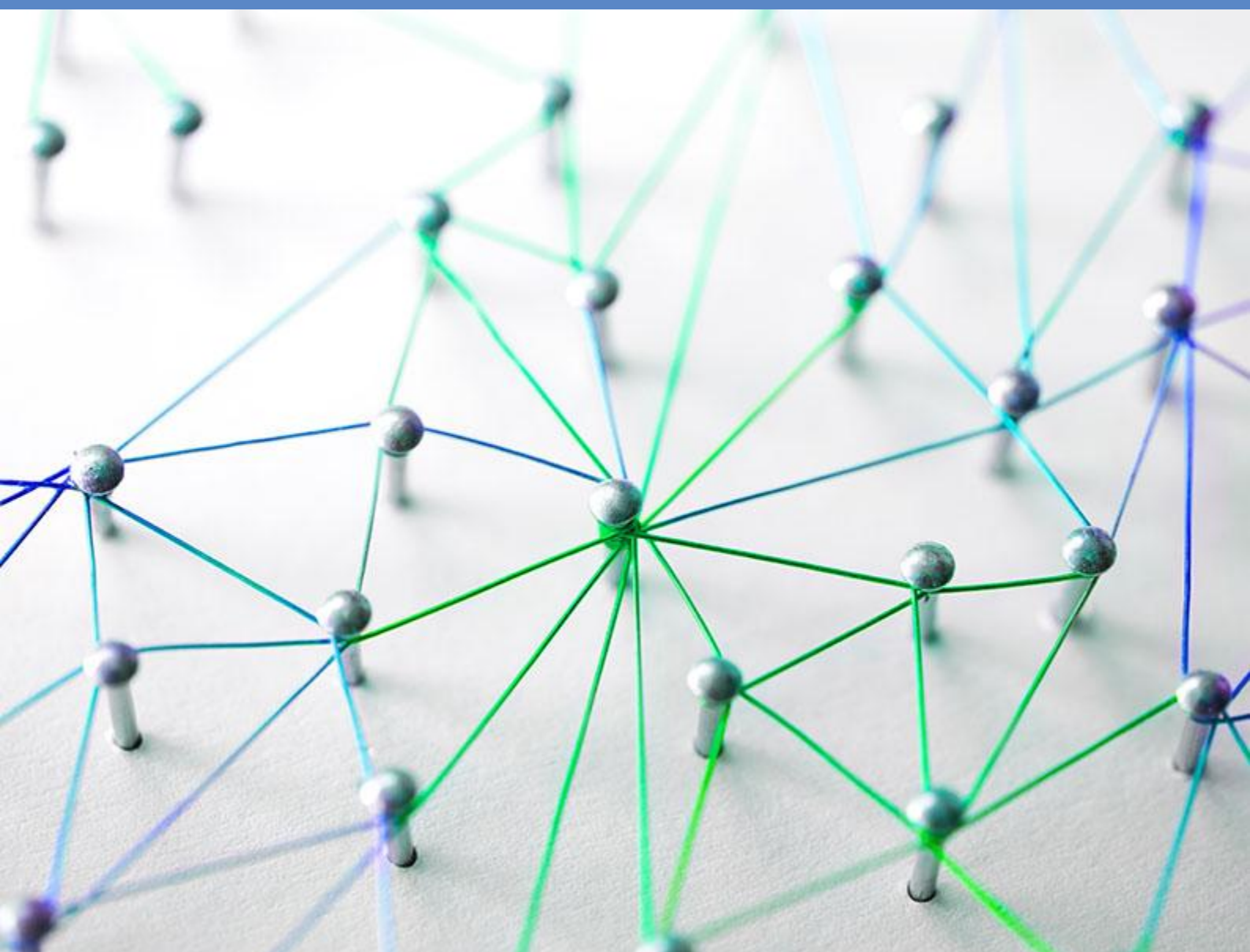


# Structuring joint ventures in Oman

A guide to legal, regulatory and commercial considerations



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## An authoritative guide for investors, developers and businesses considering joint venture structures in the Sultanate of Oman

### Why Oman? Why Now?

Like other GCC economies, the Sultanate of Oman is undergoing a profound economic transformation driven by Oman Vision 2040 which aims to diversify the national economy beyond hydrocarbons.

Trowers & Hamlins has advised on joint ventures in Oman throughout this period of transformation, with particular depth of experience in structures involving the transfer of technology and technical know-how — for example, where a foreign technology provider and an Omani off-taker seek to establish a joint venture to advance local manufacturing and in-country value initiatives.

The regulatory framework in Oman has also significantly changed over the past few years and has become increasingly investor-friendly, with the substantial elimination of historic foreign ownership restrictions. The Government has made significant strides to attract inbound investment, including through the establishment of specialised economic zones and free zones, the International Financial Centre of Oman, and the AI Free Zone.

Unlike other GCC economies, the market in Oman is not overly saturated and whilst Oman might have a small economy compared to some of its GCC neighbours, opportunities for joint ventures in Oman — particularly in sectors promoted under Vision 2040 — are considerable.

Driver	Detail
<b>Economic Diversification</b>	Government-led push to develop non-oil sectors: tourism, logistics, manufacturing, technology, green energy, and financial services — all presenting JV opportunities.
<b>Knowledge &amp; Technology Transfer</b>	Omani government and Omani institutional partners are increasingly focused on acquiring technical know-how and skills; foreign partners offer expertise in exchange for market access.
<b>Access to Concessions &amp; Licences</b>	Certain government concessions, licences, and public-private partnership awards require or strongly favour Omani participation, making an Omani JV partner strategically valuable.
<b>Local Market Access &amp; Networks</b>	Established Omani partners bring government relationships, market knowledge, distribution networks, and regulatory familiarity that foreign investors cannot easily replicate.
<b>Government &amp; Institutional Partners</b>	State-owned enterprises and sovereign-linked entities (e.g., OIA, Asyad, Nama Group) are active JV participants, bringing balance sheet strength and political support.
<b>Relaxation of Foreign Ownership Rules</b>	Recent legislative reforms have significantly loosened historical ownership restrictions, opening new structuring possibilities.

## Structuring Your Joint Venture

Whilst the commercial imperative to establish a joint venture swiftly is understandable, the level of investment and resources required demands careful upfront analysis — from a commercial, legal, financial, technical and cultural perspective. Thorough evaluation of alternative JV structures is essential, as the appropriate form will differ materially depending on the parties' objectives, sector, and regulatory context.

Joint ventures in Oman fall into two principal categories: incorporated joint ventures and unincorporated (contractual) joint ventures.

### Incorporated JVs (Joint Venture Company — JVCo)

- Creation of a separate legal entity (most commonly a Limited Liability Company (**LLC**) under the Commercial Companies Law (**CCL**)).
- Preferred structure for long-term, capital-intensive projects.
- Provides legal personality, limited liability, and a clear governance framework.
- Other forms available: Closed Joint Stock Company (SAOC), Public Joint Stock Company (SAOG), or a branch/holding structure depending on the sector / objectives.
- Constitutional documents are prescriptive.

### Unincorporated JVs (Contractual / Consortium Arrangements)

- No separate legal entity; parties collaborate under a contractual framework.
- Common in construction, contracting, and project-specific arrangements.
- Each party retains its own legal identity and liability exposure.
- Simpler to establish but can create challenges around liability, third-party contracting, and regulatory approvals.

### Comparison Table

Feature	Incorporated JV	Unincorporated JV
Legal personality	Yes	No
Limited liability	Yes (in principle)	No — direct party liability
Duration	Ongoing / indefinite	Often project-specific
Governance	Formal	Contractual only

Regulatory approvals	Required (MCIIP & others)	Generally lighter-touch
Third-party contracting	In JVCo's name	Each party separately
Preferred use	Long-term investment	Short-term / project-based

*Trowers & Hamlins insight: Incorporated JVs are more common than unincorporated JVs. Each form of company (such as LLC, SAOC, SAOG) which may be available for the incorporated JV has its pros and cons. Once selected it is relatively burdensome to convert the JVCo into another form of company. Early assessment of the type of JVCo is critical. If, for example, the parties to the JV wish to embed a formal board of directors recognized by the CCL and / or have different classes of shares etc...the SAOC becomes more suitable compared to an LLC. That said, the SAOC comes with high levels of mandatory governance provisions and also requires at least 3 initial founding shareholders.*

## Relaxation of Foreign Ownership Restrictions

The Foreign Capital Investment Law and its Executive Regulations (**FCIL**) have substantially liberalised foreign investment in Oman. Foreign investors may now own up to 100% of the share capital of an Omani company in a wide range of activities (subject to the **Negative List**, which restricts full foreign ownership in certain strategic or sensitive sectors (e.g., certain trading activities, media, specific regulated industries)).

Where full foreign ownership is permitted, a foreign investor may nonetheless elect to partner with an Omani counterpart for commercial, rather than regulatory, reasons — with access to local market networks and established government relationships being the primary drivers.

We have also seen the further emergence of Special Economic Zones (e.g., Duqm, Salalah, Sohar) which offer additional ownership flexibility and bespoke regulatory regimes. Notwithstanding the evolution of these zones, even within such zones we have seen the creation of JVs between non-Omani and Omani JV Partners.

As part of the assessment of the optimal JV structure, sector specific diligence is also essential. Even seemingly similar sectors / business activities may fall within different regulatory requirements and hence may drive different JV structures. This is particularly the case for sectors such as financial services, telecoms and energy).

*Trowers & Hamlins insight: The distinction between legal requirements and commercial imperatives is a critical early structuring decision — and one where our team regularly advises both foreign investors and their proposed Omani business partner. Following an initial kick off meeting we develop a comprehensive road map that sets out all work streams, required documents, status and time-lines (with emphasis on parallel processes), to provide a full picture and project management tool for the entire establishment process.*

## Omani Partner & Non-Omani Partner: Navigating The Relationship

JVs between Omani and non-Omani partners are commercially powerful but require careful management of potential structural and cultural misalignment.

### What Each Party Typically Brings

Omani JV Partner	Non-Omani JV Partner
Government & regulatory relationships	Technical expertise and know-how
Land / concession rights	Capital and access to international financing
Omanisation compliance and local workforce	International supply chain and procurement
Local market networks and distribution	Brand, IP, and proprietary technology
Licence access in restricted sectors	Project management and delivery track record

### Potential Misalignment of Interests — Key Pressure Points

**Return expectations:** Foreign partners often seek IRR-driven, time-bound returns; Omani partners (particularly institutional ones) may be focused on long-term value creation, employment generation, and Omanisation metrics.

**Profit Motive:** Foreign partners may seek to generate returns through royalties, licensing fees, management fees, and similar inter-party arrangements, whilst Omani partners may prioritise dividend distributions from the JVCo.

**Dividend policy:** Tension between reinvestment of profits and distributions — particularly where parties have different funding needs or debt obligations.

**Management control:** Non-Omani partners may seek operational control given their technical expertise; Omani partners may require board influence to satisfy regulatory or reputational expectations.

**Exit mechanisms:** Foreign investors will want clearly defined and enforceable exit routes (drag-along, tag-along, put options, ROFO/ROFR); Omani partners may resist provisions perceived as undermining long-term commitment.

**Related party transactions:** Omani partners may use the JVCo as a customer for affiliated businesses; foreign partners may similarly seek to supply the JVCo with proprietary goods/services — both require robust arm's-length governance controls.

**Financing:** Disagreement on equity vs debt funding, shareholder loan terms, and obligations to inject further capital / provide guarantees under unforeseen circumstances.

**Deadlock:** Fundamental disagreements on strategy with no pre-agreed resolution mechanism can be fatal — deadlock provisions are essential and must be carefully designed.

**Cultural and communication differences:** Decision-making pace, relationship-building expectations, and differing attitudes to formal contractual enforcement require active management

*Trowers & Hamlins insight: Our team sits at the intersection of Middle Eastern and international commercial practice. We understand both sides of this relationship and are regularly instructed by Omani institutional partners, family businesses and international investors precisely because of this dual perspective.*

## Limitations In Structuring: What You Need To Know

### Prescriptive Constitutional Documents vs Shareholders' Agreement

Constitutional documents of Omani JVCos must comply with mandatory requirements of the CCL (and, potentially, other legislation), which provides for a significant number of terms that cannot be derogated from, including minimum capital requirements, quorum / voting thresholds, and restrictions on share transfers.

As a result of this, parties to a sophisticated JV typically enter into a separate private shareholders' agreement (**SHA**) to govern their relationship and the operation of the JV. The SHA will typically include provisions that (i) extend beyond the scope of the constitutional documents — including non-compete obligations, further funding commitments, and default and remediation provisions — and (ii) elaborate upon concepts embedded in the constitutional documents, such as detailed quorum requirements and reserved matters.

The co-existence of constitutional documents and SHAs is not free from challenges. An SHA, for example, may be subject to arbitration whereas the same provision in a constitutional document may be subject to Omani courts. Notwithstanding these tensions, a comprehensive SHA is strongly advisable, as it serves as the definitive expression of the parties' commercial intentions and provides a private, contractual framework governing the JV relationship.

### Exit Mechanism, Share Plans (ESOPs / MIPs)

Exit planning is a frequent source of misalignment between JV partners, particularly where there is a divergence in investment horizons and objectives. Negotiation of exit provisions can be protracted, and the shareholders' agreement is the principal instrument through which exit rights — including drag-along and tag-along provisions, lock-up periods, transfer restrictions, and IPO or trade sale mechanisms — are documented and given effect.

The discussions around Exits can be protracted and that's where the SHA becomes a critical part. The SHA may, for example, include drag-along, tag along provisions, lock up periods, restricted transfers, mechanisms to initiate an IPO / trade sales or similar.

Similarly, ESOPs and MIPs are often documented (or at least contemplated) in the SHA. The economic terms and structural parameters of ESOPs and MIPs — including the application of different share classes, vesting schedules, and leaver provisions — involve considerable complexity and require careful structuring and precise drafting.

***Trowers & Hamlins insight:** Share transfers and exits, as well as employee share option plans (ESOPs) and management incentive schemes, require significant expertise not just in respect of corporate law, but also in the context of employment related matters and negotiating the complex legal provisions. We frequently advise on ROFR, ROFO, drag along, tag along, ESOPs, MIP and Exits generally (including IPOs).*

## Regulatory Sector Constraints

Heavily regulated sectors (financial services, insurance, energy, telecommunications, healthcare) impose additional structural requirements, including, potentially, minimum Omani ownership, fit-and-proper requirements for directors, and prior regulatory approval for share transfers. These sectoral constraints feed back into the importance of structuring the JV and developing an appropriate suite of documents that are bespoke to the JV and the sector in which it operates.

## Filings - Timeline

From inception to completion of the JV establishment, a number of regulatory filings need to be made with the competent government authorities. Documents originating from outside of the Sultanate also need to be apostilled / attested.

In addition to the typical registrations, there may be sector specific requirements which will add to the complexity and timeline in managing the establishment phase.

It is also important to note here that a filing under the Oman Competition Law may also need to be made in conjunction with a JV if certain thresholds are satisfied, even if, on the face of it, the JV does not / or is unlikely to negatively affect competition in the Sultanate.

Understanding all JV related requirements in detail and appropriate project management is critical to ensure timely and compliant completion.

## Dispute Resolution

The choice of dispute resolution mechanism is a critical structural consideration in any Omani JV. Oman's court system has been strengthened by the establishment of the Investment Court, which provides a specialised forum for investment-related disputes and offers procedural efficiencies compared to general civil litigation. Notwithstanding this development, many sophisticated parties continue to prefer international arbitration — typically under the rules of the ICC, LCIA, or DIAC — due to the greater certainty of enforcement, procedural flexibility, and confidentiality it affords. There is also increasing utilization of the Oman Commercial Arbitration Centre (OCAC). The SHA and constitutional documents should clearly specify the chosen mechanism, governing law, seat, and language of arbitration, bearing in mind that the enforceability of certain provisions (such as drag-along rights) may be subject to Omani court jurisdiction regardless of the dispute resolution clause agreed between the parties.

## JV Governance

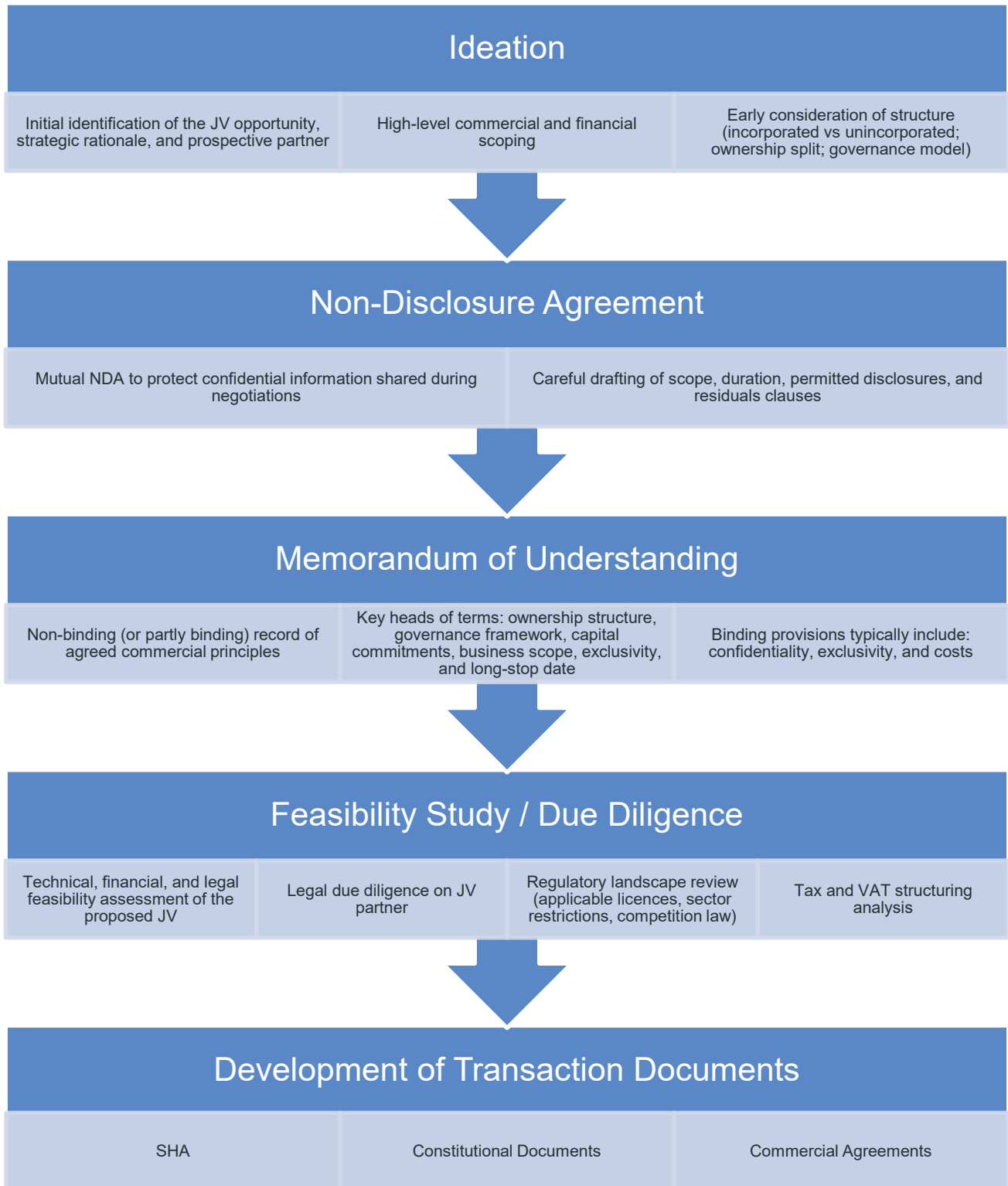
Robust governance is the foundation of a successful JV. Poorly designed governance is one of the most common reasons JVs fail or lead to significant disputes.

Topic	Common Issues
Shareholder Assemblies	<ul style="list-style-type: none"> <li>• Quorum</li> <li>• Shareholder Reserved Matters</li> <li>• Voting Threshold</li> </ul>
Board of Directors	<ul style="list-style-type: none"> <li>• Composition / nomination right</li> <li>• Statutory requirements (e.g. independent directors)</li> <li>• Quorum</li> <li>• Voting threshold</li> <li>• Board Reserved Matters</li> </ul>
Committees	<ul style="list-style-type: none"> <li>• Establishment of committees (such as Audit Committee)</li> <li>• Composition</li> <li>• Authority</li> </ul>
Management	<ul style="list-style-type: none"> <li>• C-Suite appointments</li> <li>• Delegation of Authority</li> </ul>
Deadlock	<ul style="list-style-type: none"> <li>• Definition of Deadlock</li> <li>• Ultimate resolution of Deadlock (e.g. status quo vs buy out)</li> </ul>
Conflict of Interest	<ul style="list-style-type: none"> <li>• Procedures / policies</li> <li>• Ability to attend meetings / vote at meetings</li> </ul>
Budget / Business Plan	<ul style="list-style-type: none"> <li>• Process for preparation / recommendation &amp; approval</li> </ul>

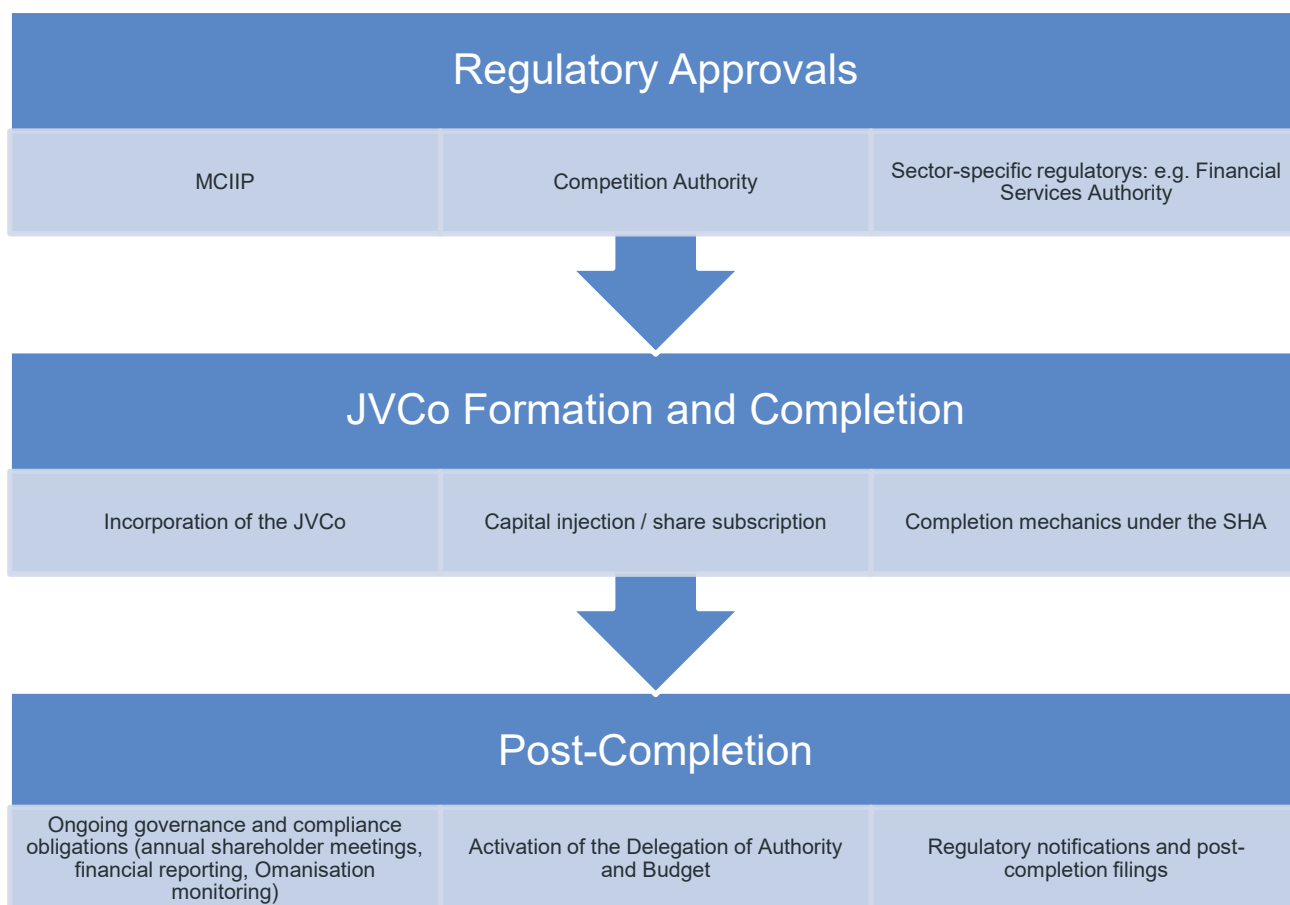
	<ul style="list-style-type: none"> <li>• Default business plan / budget in case of delay in approval</li> </ul>
Related Party Transactions	<ul style="list-style-type: none"> <li>• Definitions, approval</li> </ul>
Inspection Right / Information	<ul style="list-style-type: none"> <li>• Right to inspect records of JV (carve out for commercially sensitive information)</li> <li>• Information sharing obligation on JVCo</li> </ul>
Dividend	<ul style="list-style-type: none"> <li>• Reserves</li> <li>• Bespoke policy</li> </ul>

***Trowers & Hamlins insight:** Advising on governance is at the core of our practice and we frequently collaborate with training institutions to deliver on all aspects of corporate governance. In the context of JVs (especially where a JV Partner has entered into a related party transaction with the JVCo), conflicts of interest are a recurring issue in JV governance. It is not uncommon for individuals to serve simultaneously as a director of the JVCo and as a representative or officer of a JV partner, creating situations where their duties to the JVCo may conflict with the interests of the party they represent. Clear governance documentation — defining directors' duties, conflict procedures, and recusal requirements — is essential to address these tensions from the outset.*

## The JV Journey: From Ideation To Operation



## Signing



## How We Can Help

### Our Approach

Trowers & Hamlins has been advising on joint ventures in the Gulf region for decades. We understand that a successful joint venture is not merely a legal exercise — it is a long-term commercial relationship that must be structured to endure pressure, disagreement, and change.

We bring together our international transactional expertise with deep on-the-ground knowledge of Oman's legal, regulatory, and cultural landscape. Our Muscat office works seamlessly with our Middle East regional teams and our international network to deliver advice that is both commercially pragmatic and legally rigorous.

### What We Do

**Early-stage strategy:** Market entry analysis, partner due diligence, and structuring advice from the inception of a transaction.

**NDA and MOU drafting and negotiation:** Protecting your position from the outset.

**Full transaction document suite:** SHA, constitutional documents, commercial agreements, delegation of authority, and all ancillary documents — in English and Arabic as required.

**Regulatory navigation:** MCIIP, Competition Authority, and sector-specific regulator engagement.

**JVCo formation and completion:** End-to-end corporate establishment and completion mechanics.

**Ongoing governance support:** Board advisory, reserved matter guidance, and dispute resolution.

**Exit and restructuring:** When circumstances change, we help parties restructure, exit, or wind down JVs efficiently and with minimal disruption.

## Why Trowers & Hamlins?

**Dual-perspective advantage:** We regularly act for both Omani and international partners — we understand what matters to both sides of the table.

**Sector depth:** Energy and natural resources, infrastructure and real estate, financial services, technology, healthcare, and government.

**Arabic-language capability:** Our Muscat team includes Arabic-speaking lawyers able to advise on Omani law and engage with regulators directly.

**Integrated service:** Corporate, commercial, regulatory, real estate, employment, and dispute resolution — all under one roof.

## Our team



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## Links

[Navigating M&A in Oman: A practical guide for investors and businesses](#)

[Foreign direct investment in Oman: a legal and regulatory guide for foreign investors](#)