

## Abstract

The Public subscription of shares is considered a way of gathering capitals for the public corporations, therefore it is a passport for practicing its trade activity. That is the reason for its importance; the public corporations own huge capitals which influence the economies of countries, so the subscription process of shares should be organized in an accurate legislative organization; protecting the applicant for shares from one side and the national economy from the other.

The public subscription of shares is based on important fundamental principles represented by freedom of subscription; obligation of offering the remainder of the shares for public subscription after the founders underwrite; and obligation of holding the subscription through a bank which adds confidence to the subscription process.

Despite the availability of all these important principles, in practical implementation the corporations put some restrictions in some cases, such as restricting the participation of the founders in the subscription and determining the maximum and minimum limitations for public subscription.

Subscription as a legal action is an submission contract between the applicant for shares and the company, having in it the objective general conditions of contracts

which are eligibility, satisfaction, object and reason, in addition to the objective specific conditions that the subscription should be complete, serious and absolute.

Moreover, the application submitted by the applicant for shares to underwrite company shares is considered the offer in the subscription contract, while the acceptance in the contract is the acceptance on the applicant for shares to underwrite or issue the shares he/she subscribed.

The subscription is a civil act; it is an act where the characteristics of speculation and habituation are negative.

*existence during and after the subscription period.*

The commercial laws organize the subscription and its procedures, they impose on the public corporations to issue a prospectus as an introductory to the public. They determine the conditions of this prospectus and data included, and responsibility on it. It also impose on the public corporations that the subscription should be done through banks, that is to ensure the seriousness of the subscription and add confidence in it. The laws also determine the duration of subscription, and allows its extension, while some legislations allow discontinuance of subscription when it includes more than the offered shares.

At the end of subscription period, it may discern that the subscription was equal to the offered shares, or even exceeded that, then the process of assigning the shares is achieved. Or the subscription could fail if its minimum which should be covered by



law or company bylaws was not covered and in this case the corporation should not be established and should return the paid money to the applicants for shares.

The subscription is like any other contract, plans its results at the moment of its declaration, it gives rights to the applicants for shares during and after the subscription period, as they become shareholders in the company. It also gives the founders their rights during and after the subscription period and gives also rights to the company. It also imposes on the applicants for shares, founders and the company abidance during and after the subscription period.

When studying the subscription of shares of the public corporations in the West Bank and Gaza Strip, it was noticed that the fundamental principles on which the subscriptions are based were restricted, moreover these corporations are not abiding the absolute obligations of the legal conditions mentioned in the commercial laws valid in the West Bank and Gaza Strip; and leaving lots of organizational issues for the rules of corporations law, without stating it in their prospectus to inform the public.