

**The Official Gazette**

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**Legislative Decree Number (28) for the year 2015**

**Amendments of few regulations in relation to the Commercial Companies Law Issued by legislative decree number (21) for the year 2001**

We, Hamad bin Isa Al-Khalifa King of Bahrain,

Having examined the Constitution, specifically article (38),

The Commercial Companies Law, issued by Legislative Decree number (21) for the year 2001, amended by number Legislative Decree number (50) for the year 2014;

The Law of the Central Bank of Bahrain and Financial Institutions, issued by Law number (64) for the year 2006;

And based on the presentation of the Prime Minister,

And after the approval of the Cabinet of Ministries;

**We decreed the following:**

**Article (1):**

The provisions of Article 286 paragraph C and Article 361 paragraph D of the Commercial Companies Law, issued by Legislative Decree number (21) for the year 2001, shall be replaced by the following provisions:

**Article (286 paragraph C):**

C- Each of the managers and the auditor shall provide a copy of the balance sheet, profit and loss statement, annual report, and the auditor report to the Ministry concerned of commercial affairs, within six months after the end of financial year; or shall send an official letter according a form prepared by the Ministry, in relation to financial position of the company, signed and stamped by the auditor. In case the losses of a company exceeds half of its capital, the managers and the auditor have to send the Ministry a copy of the auditor's report, which is signed and stamped by the auditor.

In all cases, the Ministry concerned of commercial affairs may request for any financial information, documents, reports, or any additional information it may deem necessary.

**Article (361 paragraph D):**

Every member in the board of directors, manger or auditor who participated in the preparation or approbation of the balance sheet, or sent the Ministry a letter in accordance with the provisions of paragraph C of Article (286) of this Law in a way that does not reveal, to a turn, the truth in the financial position or in an account of the profit and loss statement of the company for the financial year. Or did not provide the Ministry any required financial information, documents, reports or required letters according to paragraph C of Article (286) of this Law.

## **Article (2)**

New Articles to be added to the Commercial Companies Law, issued by Legislative Decree number (21) for the year 2001 and shall take the numbers (18 repeated 1), (345) and (345 repeated) with the following provisions:

Article(18 repeated 1):

Taking into consideration the regulations of The Corporate Management and Governance Code, the partner is allowed to be a partner in other companies without interfering in the management of more than one company. Unless otherwise provided in the company's memorandum of association or its articles of association.

## **Article (345):**

- a- With exclusion of regulations of any other law, and with consideration to the regulation of the third paragraph of Article number (4) of this Law and the regulations of the Central Bank of Bahrain Law with respect to the financial institutions, it may be permissible to establish companies as provided in this Law to be owned partially or wholly by non-Bahraini partners to carry out activities which are exclusively licensed for Bahrainis, or activities that non-Bahraini cannot carry out without having a Bahraini partner owns the majority of the shares in the company, or to carry out any of those activities according to the company's share capital or the jurisdictions chosen as the location of the company's head quarter to conduct its business.
- b- The activities mentioned in provision (a) of this Article, which can be carried out by any company with foreign capital, shall be determined through a resolution by the Cabinet of Ministries, based on presentation by the Minister who is responsible of commercial affairs, and subsequent to the coordination with the concerned Minister, where carrying out such activity will be licensed, administrated and controlled by that concerned Ministry.
- c- The Minister who is responsible of commercial affairs shall have the right to issue a resolution – subsequent to the approval of the Cabinet of Ministries- for licensing the establishment of companies with a foreign capital to carry out a specific activity or more which are note mentioned in provision (b) of this Article, where the Minister estimates the strategic and economic importance, or profitable benefits to the economy of the Kingdom. Subsequent to the coordination with the concerned Minister, where carrying out such activity is licensed, administrated and controlled by that concerned Ministry and in accordance with the controls, conditional stipulations and procedures of the Implementing Regulations.
- d- Foreign capital companies are exempted from the minimum required share capital set by Law and it capital currency can be in non- Bahraini currency provided it can be denominated by the Bahraini currency. The foreign capital company's Board of Directors and their Ordinary and Extra Ordinary General Assembly are allowed to hold their meetings outside of the Kingdom of Bahrain, provided they adhere in their meetings to all the regulations mentioned in this Law.

**Article (345 repeated):**

As an exception to the regulations of the establishing companies, which are provided in this Law, it is allowed to establish companies with initial object to be ready to carry out activities, which shall be determined by the company and licensed for after its establishment. However, such companies cannot carry out any activity without obtaining the approval from the concerned authorities and register the specific activity to be licensed for in the Commercial Registration. For the purposes of this Law, such companies shall be referred to as Shelves Companies until they are licensed for any activity. The company's name and its legal status shall be followed by the phrase "Shelf Company" and apart from any provision mentioned in another law, the Company Registration of the Shelf Company shall not be deleted for the reason of not carrying out any activities.

The Implementing Regulations shall clarify the regulations in particular to the Shelf Company without prejudice to the provisions of this Law.

**Third Article**

The Prime Minister and the Ministers- within their competence and capacity- shall implement the regulations of this Law

This Law shall come into force on the day following its publication in the Official Gazette.

**King of Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa**

**The Prime Minister**

**Khalifa Bin Salman Al Khalifa**

**Issued in Riffa Palace**

**7<sup>th</sup> of October 2015**