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**Law No. (50) of 2014 amending certain Provisions of Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001**

We, Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain.

Having reviewed the Constitution;

Legislative Decree No. (21) of 2001 promulgating the Commercial Companies Law;

And Law No. (64) of 2006 promulgating the Central Bank of Bahrain and Financial Institutions Law,

The Shura Council and the Council of Representatives have approved the following Law, which we have ratified and enacted:

**Article One**

The provisions of Articles: (55), (65), (75) Clause (d), (84), (109), (119), (173) first paragraph - Clause (c), (175) first paragraph, (187) Paragraph (a), (197), (203), (228), (234), (249) Clause (e), (264), (290), (293), (347), and (348) of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, shall be replaced with the following texts:

**Article (55):**

The Memorandum of Association of the company Shall specify the general partners and the silent partners.

**Article (65):**

Bahraini public companies may be created with the participation of foreign capital or foreign expertise.

It is possible - by decision of the Minister concerned with commercial affairs - to determine the percentages of participation of foreign capital or foreign expertise in certain sectors or activities.

**Article (75) Clause (d):**

d- The names of the promoters, provided that their number shall not be less than two persons, except for companies incorporated exclusively by the Government.

**Article (84):**

Taking into account the provisions of the Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. (64) of 2006 and its Implementing Regulations, the promoters shall subscribe for shares representing at least 10% of the company’s capital and shall pay - before the publication of the subscription statement - the amount equivalent to the percentage required to be paid by the public for each share on subscription.

**Article (109):**

Taking into account the provisions of Article (21 bis) of this Law, the company’s capital shall be specified by the promoters and shall be adequate to realise its objectives.

And such capital shall be specified in the Bahraini currency. However, subject to the approval of the Minister concerned with commerce affairs, the company’s capital may be specified in another currency denominated in the Bahraini currency.

The company's capital shall be divided into equal shares, and the implementing regulations shall specify the nominal value of the share.

**Article (119):**

Trading, registration, deposit, transfer of ownership, clearing, settlement, mortgaging, and seizure of shares, as well as the company’s purchase of its shares, shall be in accordance with the provisions of the Central Bank of Bahrain and Financial Institutions Law, promulgated by Law No. (64) of 2006, and its Implementing Regulations.

**Article (173) First Paragraph - Clause (c):**

c- Any other conditions specified in the company's Memorandum or Articles of Association.

**Article (175) First Paragraph:**

Any person who owns 10% or more of the company's capital may appoint members on the Board of Directors for the same percentage of the company's capital he owns, with fractions of this number rounded off to the nearest whole number, and he forfeits his right to vote in respect of the percentage for which he is appointed. Each person who has not exercised his right to appoint members on the Board of Directors, or who does not own a percentage qualifying him to appoint another member may use that percentage in voting. His right to appoint members shall be forfeited in case he does not exercise it in any election or to appoint members on the Board of Directors, in each case separately, unless the company's incorporation contract or statute provide otherwise.

**Article (187) Paragraph (a):**

a- It is the company's right to bring a liability lawsuit against members of the Board of Directors for errors that cause damage to all shareholders. A decision needs to be taken by the General Assembly to initiate a lawsuit, provided that the President of the Board of Directors is in charge. If the President of the Board of Directors is among those litigated by the company, the General Assembly shall appoint another member from the Board to institute the lawsuit. If the lawsuit is instituted against all members of the Board, the General Assembly shall appoint a person from non-members to represent it in instituting the lawsuit.

The shareholder may, in case the company does not institute a lawsuit against the members of the Board of Directors, file a lawsuit singly for any damages he may have sustained due to such wrongdoing. The shareholder shall notify the company of such wrongdoing at least thirty days before instituting the lawsuit.

**Article (197):**

Taking into account the provisions of the Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. (64) of 2006 and its Implementing Regulations, the Minister concerned with commerce affairs may dissolve the Board of Directors of the company with a reasoned decision in any of the following cases:

a) If the company experienced poor financial or administrative conditions or if it sustained heavy losses that prejudiced the rights of shareholders or its creditors.

b) If gross violations of the provisions of this Law have been committed. However, what is mentioned in the two preceding cases shall be evidenced in a report to be prepared by whoever may be delegated by the Minister to inspect the business activities and the accounts of the company in accordance with this Law.

c) If the Board of Directors has lost its quorum, rendering it impossible to convene, or if the General Assembly is unable to elect a new Board of Directors.

In all cases, the decision dissolving the company’s Board of Directors shall include appointing an ad-hoc committee from among those who have experience and expertise to manage the company for not more than a six-month term and specifying a date for convening the General Assembly in order to elect a new Board of Directors.

Every interested party may object to the dissolution decision within fifteen days from the date of its issue before the High Civil Court, and the Court shall resolve the lawsuit on an urgent basis.

**Article (203):**

Each shareholder, regardless of the number of shares he holds, shall have the right to attend the General Assembly, and he shall have a number of votes equal to the number of shares he holds in the company. Any condition or decision to the contrary shall be null and void.

A shareholder may delegate a person from among the shareholders or from non-shareholders to attend the General Assembly on his behalf, provided that the agent shall not be the President, from among the members of the Board of Directors, or from among the Company’s employees. However, this shall not prejudice the right to appoint an agent from relatives to the first degree of relationship. This shall be done by virtue of a special written authorization prepared by the company for this purpose.

Persons lacking capacity or under legal incapacity shall be represented by their legal representatives. The company shall prepare special cards for the number of shares a shareholder holds and for the shares he represents on behalf of other shareholders. Proxies and the capacity of the delegation with the company shall be made at least twenty four hours before the meeting. No member may vote for himself or on behalf of whoever he represents on issues in which he has a personal interest or on a dispute existing between him and the company.

**Article (228):**

Taking into account the provisions of Article (21 bis) of this Law, the company’s capital shall be specified by the promoters and shall be adequate to realise its objectives.

**Article (234):**

Shares of closed shareholding companies may not become negotiable except after payment of the full value of the shares. Excluded from this shall be the negotiation of shares among promoters.

**Article (249) Clause (e):**

e- Taking into account the provisions of Article (21 bis) of this Law, the company’s capital shall be specified by the promoters and shall be adequate to realise its objectives.

**Article (264):**

Taking into account the provisions of Article (21 bis) of this Law, the company’s capital shall be specified by the partners, be adequate to realise its objectives, and be divided into shares of equal value.

**Article (290):**

The one person company shall have Articles of Association that define its provisions, details, and procedures for registration and publicity, the promulgation of which shall be contained in a decision issued by the Minister concerned with commerce affairs.

**Article (293):**

Taking into account the provisions of Article (21 bis) of this Law, the company’s capital shall be specified by the promoters, be adequate to realise its objectives, and be paid in full. The capital may include in-kind shares, the value of which shall be estimated by a competent expert.

**Article (347):**

a) Companies incorporated outside Bahrain may set up branches, agencies, or offices in Bahrain under the following conditions:

1) The foreign company shall obtain a prior license from the Ministry concerned with commerce affairs to set up the branch, agency, or office.

2) The branch, agency, or office shall be registered with the Commercial Register in accordance with the provisions of the Law.

3) Any other conditions that may be laid down in a decision issued by the Minister concerned with commerce affairs.

b) If the branch, agency, or office undertakes business activities before the completion of the procedures provided for in Paragraph (a) of this Article, the persons who have undertaken these businesses shall be personally and jointly liable therefor.

**Article (348):**

a) The branch, agent, or office shall provide a security from the head office to ensure performance of its obligations. The Minister concerned with commerce affairs may specify, in a decision issued by him, one additional security or more for the branch, agent, or office.

b) The branch, agent, or office shall deposit with the Ministry concerned with commerce affairs a copy of the Memorandum of Association of the head office and every amendment made thereto. It shall also deposit a copy of the audited financial statements of the head office within six months from the expiry of the financial year.

**Article Two**

New Articles shall be added to the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, carrying the following numbers: (5 bis), (18 bis), (21 bis), (23 bis), (358 bis), and (358 bis 1). In Addition, a new Clause shall be added to Article (361) of the same Law that will carry the number (j), which reads as follows:

**Article (5 bis):**

Any person may request the Ministry concerned with commerce affairs to reserve a specific name to be used when establishing a company in accordance with the provisions of this Law. The reservation shall be for thirty days, which may be renewed two similar times in accordance with the procedures, conditions, and situations specified in a decision by the Minister concerned with commerce affairs.

A fee shall be chargeable on the reservation application and another fee on the application to renew the reservation, and these fees shall be specified by a decision issued by the Minister concerned with commerce affairs after the approval of the Council of Ministers.

**Article (18 bis):**

a) The promoter, partner, capital owner, the company’s manager, or the member of the Board of Directors in the shareholding company, closed shareholding company, limited liability company, or one person company, as the case may be, shall be liable to the extent of all his funds for any damages that may be sustained by the company, partners, shareholders, or third parties in any of the following cases:

1) If he has provided false or untrue particulars about the company’s capital in its Memorandum or Articles of Association, in its dealings with third parties, or in any of its documents, which would affect the financial confidence in the company.

2) If he uses the company for fraudulent or illegitimate purposes.

3) If he treats the company’s funds as his own personal funds.

4) If he does not separate his personal interest from the company’s interest.

5) If he causes the company to incur obligations despite the fact that he certainly or purportedly knows that the company is not able to perform such obligations on their maturity, or if such obligations have been incurred due to his gross negligence or wrongdoing.

6) If he causes the company’s inability to pay the taxes and fees due to the Government, authorities, or public institutions, and he knows certainly or purportedly this, or if the company’s inability to pay such taxes and fees is due to his gross negligence or wrongdoing.

7) If he violates the provisions of the Law or the company’s Memorandum or Articles of Association.

b) Liability shall not be precluded if the violation has been committed as a result of a decision adopted during the meeting of the Board of Directors, the Constituent Assembly, or the General Assembly, unless he opposed the decision that gave rise to the liability and recorded his objection in the minutes of the meeting. The absence of a member from the meeting in which the resolution was passed shall not be a reason for exemption from liability, unless he proves his lack of knowledge of the resolution or that he had knowledge of it but was unable to object to it.

c) The liability referred to in Paragraph (a) of this Article shall either be personal relating to the promoter, partner, capital owner, manager, or member of the Board of Directors, or joint in the event of multiple perpetrators of the violation.

**(Article 21 bis):**

a) The Minister concerned with commerce affairs may issue a decision specifying a minimum capital for any type of company established in accordance with the provisions of this Law.

b) The Minister concerned with commerce affairs may issue a decision specifying a minimum capital for companies conducting business in certain sectors or economic activities after consulting with the authority concerned with supervision over such economic sector or activity.

**Article (23 bis):**

a) It may be provided in the company’s Memorandum or Articles of Association that any of the prescribed meetings in accordance with the provisions of this Law may be convened using any of the electronic or telephonic means of communication, provided that measures are taken to ensure the following:

1) Verifying the identity of the participant in the meeting and the validity of any power of attorney on which the proxy is participating.

2) Enabling the partner or shareholder to participate fully in the meeting, as if he was present at the venue of the meeting. This shall include knowledge of everything discussed during the meeting and expressing opinion and participating in deliberations.

3) Duly recording any statement or voting by the participant in the meeting.

4) Any other measures that may be specified in a decision by the Minister concerned with commerce affairs.

b) The provisions of Paragraph (a) of this Article shall not apply to the meetings of the general assemblies of public shareholding companies or to the voting proceedings conducted secretly in accordance with the Law.

**Article (358 bis):**

The Ministry concerned with commerce affairs may maintain the originals of any documents or papers deposited with it or the data, information, or records related to its business in the form of an electronic record.

**Article (358 bis 1):**

a) A charter for corporate management and governance shall be issued by a decision of the Minister concerned with commerce affairs in accordance with the best internationally recognised management and governance principles.

b) The charter for corporate management and governance of companies shall apply to all commercial companies governed by the provisions of this Law, save for shareholding companies, which are governed by governance principles issued by the Central Bank of Bahrain.

**Article (361) Clause (j):**

j- Every person to whom any of the cases provided for under Clause (a) of Article (18 bis) of this Law shall apply.

**Article Three**

The phrase “the Minister concerned with commerce affairs” shall replace the phrase “Minister of Commerce and Industry,” the phrase “the Ministry concerned with commerce affairs” shall replace the phrase “Ministry of Commerce and Industry,” and the phrase “fifteen working days” shall replace the phrase “sixty days” wherever they occur in the provisions of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001.

**Article Four**

Articles (64), (120), (121), (122), (123), (124), (174), (177), (245), and (345) of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001 shall be repealed.

**Article Five**

The Prime Minister and the ministers - each within his jurisdiction- shall implement the provisions of this Law, and it shall come into force from the day following the date of its publication in the Official Gazette.

**King of the Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued at Riffa Palace:

On: 16 Dhul-Qa'dah 1435 A.H.

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