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**Legislative Decree No. (28) of 2015 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, particularly Article (38) thereof;

Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, as amended by Law No. (50) of 2014;

And the Central Bank of Bahrain and the Financial Institutions Law promulgated by Law No. (64) of 2006;

And upon the submission of the Prime Minister,

And after the approval of the Council of Ministers;

**Hereby Decree the following Law:**

**Article One**

The texts of Articles (286 Paragraph c) and (361 Paragraph d) of the Civil and Commercial Procedures Law promulgated by Legislative Decree No. (21) of 2001 shall be replaced with the following two texts:

**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's report to the Ministry concerned of commercial affairs, within six months after the end of financial year; or shall send an official letter according to 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 exceed half of its capital, the managers and the auditor shall 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 properly 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 with any required financial information, documents, reports or required letters according to paragraph (c) of Article (286) of this Law.

**Article Two**

A new Articles shall be added to the Commercial Companies Law, promulgated by Legislative Decree number (21) of 2001 and shall take the numbers (18 bis1) and (345) and (345 bis) which reads as follows:

**Article (18 bis 1):**

Taking into consideration the regulations of The Corporate Management and Governance Code, the partner shall be allowed to be a partner in other companies without interfering in the management of more than one company. This is 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 (4) of this Law and the provisions of the Central Bank of Bahrain Law with respect to the financial institutions, it may be permissible to establish companies as provided for 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 who 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 areas chosen as the location of the company's headquarters to conduct its business.

b) The activities mentioned in paragraph (a) of this Article, which can be carried out by any company with foreign capital, shall be determined through a decision by the Cabinet of Ministries, based on submission of the Minister concerned with commercial affairs, and subsequent to the coordination with the Minister concerned with the administrative body which is to grant license in respect of the activity or to control it..

c) The Minister concerned with commercial affairs shall have the right to issue a decision - after the approval of the Council of Ministers- for licensing the establishment of companies with a foreign capital to carry out a specific activity or more mentioned in Paragraph (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 Minister concerned with the administrative body which is to grant license in respect of the activity or to control it, in accordance with the controls, requirements and procedures of the Implementing Regulations.

d) Foreign capital companies shall be exempted from the minimum required share capital set by Law and capital currency may be in non- Bahraini currency, provided it can be denominated by the Bahraini currency. The foreign capital company's Boards of Directors and their ordinary and extraordinary General Assembly shall be allowed to hold their meetings outside the Kingdom of Bahrain, provided they adhere in their meetings to all the provisions mentioned in this Law.

**Article (345 bis):**

As an exception to the provisions of this law related to establishing companies, it is allowed to establish companies with initial objective that they shall be ready to carry out objectives to be determined by them and to get licensed to practise their activities at a later stage after their establishment. However, such companies cannot carry out any activity without obtaining the approval from the concerned authorities and registering 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 provisions in particular to the Shelf Company without prejudice to the provisions of this Law.

**Article Three**

The Prime Minister and the ministers -each within his jurisdiction- shall implement 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,**

**Prime Minister**

**Khalifa bin Salman Al Khalifa**

Issued at Riffa Palace:

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