

Commercial Companies Law

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Joint Stock Company

- A BSC : either a public shareholding company or a closed one.
- Similarities:
 - Limited liability;
 - Banking/insurance activities are allowed;
 - Local operations are allowed;
 - Local office presence is required;
 - Local sponsor is not required; and
 - Annual submission of audited financial statement is required.

Joint Stock Company

Differences:

Features	BSC - Public	BCS - Closed
Minimum share capital	BD1,000,000	BD250,000
Minimum number of partners and promoters	7	2
Minimum number of directors	5	3
Foreign ownership	<ul style="list-style-type: none">• GCC nationals can own 100%• Non-GCC nationals may acquire up to 49%	<ul style="list-style-type: none">• GCC nationals can own 100%• Non-GCC nationals may acquire up to 100%

Joint Stock Company

- Five broad steps of commercial registration process:
 - The selection of business activity, the selection of legal structure and the selection of company name;
 - Activity licensing and approval;
 - Application for commercial registration
 - Notarization of company documents;and
 - Issuance of Commercial Registration (CR), publication in Official Gazette and BCCI Registration.

Joint Stock Company

- Selection of Business Activity:
 - Some activities are prohibited in Bahrain, eg, gambling, alcoholic drinks manufacturing, narcotics manufacturing, weapons manufacturing, cigarettes manufacturing, etc.
 - Some activities are only allowed to Bahraini citizens/companies, real estate services and rental and management of land and property, goods land transport, passenger land transport, driving instruction, etc.
 - Business activities allowed only for Bahraini and GCC citizens and companies, eg, fishing, book keeping and accounting services, etc.

Joint Stock Company

- Selection of Business Activity:
 - Other restrictions:
 - Trade and Retails: minimum of 51% Bahraini ownership. For GCC companies and partners, a Bahraini partner is required
 - Travel and Tourism Offices: Bahraini partner is required.
 - Medical clinics and centres: licensing is confined to Bahraini and GCC citizens resident in Bahrain with medical qualifications (Restriction does not apply to hospitals)
 - Pharmacies: a minimum of 50% of the company's capital must be owned by a Bahraini pharmacist.

Joint Stock Company

- Selection of Legal Structure:
 - Banking/Insurance activities = BSC or BSC (c)

Joint Stock Company

- Selection of Company Name:
 - It shall not be registered in the name of third party with MOIC
 - It shall not imply any violation of public morals, customs, traditions or religious belief
 - It shall not denote any activity contradicting the activity carried out by the business
 - It shall not be similar to famous [brand] name
 - It shall not be similar to another commercial name registered at MOIC
 - It shall not be a name that is already registered at the Directorate of Industrial Property (except by special permission)

Joint Stock Company

- Selection of Company Name:
 - It shall be in conformity with the phrase indicating the legal form of the institution or company, which bears the name
 - It shall not be composed, in a whole or in part, of some expression or names of political connotations or that are related to the regime of any country such as royalty or constitution
 - The phrase: insurance, re-insurance, investment, bank and derivative names thereof may not be used unless a prior authorisation from the concerned part is obtained
 - A branch of a foreign company or a representative office must have a commercial name that is identical to the name of the original company followed by the suitable phrase

Joint Stock Company

- Activity Licensing and Approval:
 - Phase I: The application form accompanied by all relevant information is to be submitted to the CBB. Within approximately 60 days and once the CBB is satisfied that the applicant meets its requirements, the CBB should give an initial “in principle” approval. This “in principle” approval does not commit the CBB to issuing a license.
 - Phase II: provided the required documents (including the completed personal questionnaire for the CEO, the COO, the GM and any other person applying to undertake controlled functions, the draft copy of MOA and AOA, the letter of guarantee) are submitted in the proper order, the process should take about 30 days.

Joint Stock Company

- Activity Licensing and Approval:
 - In this regard it is important to ensure that the requirements for Phase II must be fulfilled within 6 months of obtaining the “in principle’ approval.
 - Once the applicant obtains a Phase II approval, it may then work on the practical steps of starting a business, such as forming the companies and appointing suitable executive staff that satisfy the CBB’s requirements.
 - Notes - CBB may introduce new requirements (e.g., 4 versions of Vol 3)

Joint Stock Company

- Application for CR:
 - For companies, the CR application can be made at the Bahrain Investors Centre (“BIC”).
 - The following documents have to be submitted:
 - Copy of the shareholders’s CR;
 - Copy of the shareholders’s MOA and/or AOA;
 - Most recent audited financial statement of each shareholders;
 - Respective Shareholders’ Board of Directors resolution to join as partner;

Joint Stock Company

- Application for CR:
 - The following documents have to be submitted:
 - Power of attorney of registration agent (if not already included in the Resolution);
 - Draft of MOA & AOA of the new company;
 - Copy of CPR or Passport of the proposed directors of the new company;
 - Capital Deposit Certificate; and
 - Financial auditors reports for in-kind capital, if any

Joint Stock Company

- Application for CR:
 - Bahraini company, the copy of the above document are sufficient.
 - GCC company, the Board Resolution has to be attested by the Bahrain Embassy in the respective jurisdiction. If the Board of Resolution is not attested OR does not include the resolution appointing the two persons named above to act as registration agent, then POA is needed.

Joint Stock Company

- Application for CR:
 - The POA from foreign countries needs to be attested by the Ministry of the Foreign Affairs then attested by Bahraini Embassy in the respective jurisdiction.

Joint Stock Company

- Application for CR:
 - Pay the registration fee of BD20. The processing time usually takes one working day. The law, however, stipulates that the MOIC has one month from the date of the submission of the application to either approve or reject the application. Any appeal against rejection (or assumed rejection if no response has been received from the MOIC after lapse of one month period) must be brought before the High Civil Court within 30 days after the rejection or the date of assumed rejection. Similar application cannot be submitted until the cause of rejection is removed or after the lapse of 6 months from the Court's judgment confirming the rejection.

Joint Stock Company

- Notarisation:
 - When approved, the initial MOA and AOA have to be notarised. Notarisation is carried out at the Ministry of Justice's Notary Public at the BIC. All documentation for notarization should be in Arabic or Arabic and English. A minimum of three copies is required. The notarization fees for BSC are BD200 for the first two copies and each additional copy is charged at BD2

Joint Stock Company

- Issuance of CR:
 - After being notarized, the documents are to be re-submitted to the MOIC for the later to issue the CR.
 - All Bahraini registered companies are required to have a registered address in Bahrain. Therefore, before the Ministry will give its final approval, the applicant must provide proof of a registered address in the Kingdom by way of a lease agreement.

Joint Stock Company

- Issuance of CR:
 - The CR must be renewed on annual basis. The annual renewal fee of BD20 is applicable.
 - Once issued, it shall be published in the Official Gazette at the cost of BD 30 per page. For that purpose, the MOIC will supply the request letter addressed to the Ministry of Information. The company assumes its legal entity from the date of the publication of the incorporation order in the Official Gazette.

Joint Stock Company

- Issuance of CR:
 - Finally, the new company has to register for BBIC membership. The following documents have to be submitted:
 - Membership application form
 - Copy of CR
 - Copy of passport
 - Copy of Personal Card
 - Copy of notarized MOA and AOA
 - Copy of Power of Attorney and letters indicating the authorised signatories (if applicable)
 - annual membership fee of BD20 (annually)

References:

- Commercial Companies Law 2001
- Related regulations available at:
<http://www.moic.gov.bh/MoIC/En/Regulation/Company+Laws.htm>
- CBB regulations - see: www.cbb.gov.bh
- Investing in Bahrain: A Step by Step Guide, issued jointly by EDB, BIC & MOIC