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Amended by :

- Law No. (50) of 2014
- Legislative Decree No.(28) of 2015
- Law No. (1) of 2018
- Legislative Decree No. (53) of 2018
- As per Law no. (50) of 2014:
  "Minister of Industry and Commerce" has been replaced by the expression "Minister concerned with trade affairs"; "Minister of Trade" has been replaced by the expression "Ministry concerned with trade affairs"; and "Sixty days" has been replaced by the expression "fifteen days".
- As per Law no. (1) of 2018:
  "Bahrain Stock Exchange" has been replaced by the expression "the Securities Exchange"; and "Bahrain Monetary Agency" has been replaced by the expression "Central Bank of Bahrain".

LEGISLATIVE DECREE NO. (21) OF 2001
PROMULGATING THE COMMERCIAL COMPANIES LAW

We, **Hamad Bin Isa Al Khalifa, the Amir of the State of Bahrain,**

Having perused the Constitution,

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* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019.

** This is an unofficial translation and in the event of any conflict or discrepancy between the English text and the Arabic text, the Arabic text shall prevail.

And Amiri Order No. (4) of 1975,

And Decree No. (1) Finance of 1961 with respect to Establishing the Commercial Registry, as amended,

And the Civil and Commercial Procedures Act, promulgated by Legislative Decree No. (12) of 1971, as amended,

And Legislative Decree No. (14) of 1971, with respect to Notarization,

And the Law Establishing the Bahrain Monetary Agency, promulgated by Legislative Decree No. (23) of 1973, as amended,

And the Commercial Companies' Law, promulgated by Legislative Decree No. (28) of 1975, as amended,

And the Labour Law for the Private Sector, promulgated by Legislative Decree No. (23) of 1976, as amended,

And Legislative Decree No. (4) of 1987 Establishing and Regulating the Bahrain Stock Exchange,

And the Law of Commerce, promulgated by Legislative Decree No. (7) of 1987, as amended,

And the Bankruptcy and Composition Law, promulgated by Legislative Decree No. (11) of 1987,

And Legislative Decree No. (17) of 1987 with respect to Insurance Companies and Organizations, amended by Legislative Decree No. (35) of 1996,

And Legislative Decree No. (10) of 1992 with respect to the Commercial Agency, amended by Legislative Decree No. (8) of 1998,

And Legislative Decree No. (26) of 1996 with respect to Auditors,

And the Civil Code, promulgated by Legislative Decree No. (19) of 2001,

And upon the submission of the Minister of Commerce and Industry and Industry,

And after consulting the Shura Council,

And with the approval of the Council of Ministers,

Hereby decree the following law:

Article One

The provisions of the attached Law with respect to Commercial Companies shall come into effect.

Article Two

The Commercial Companies' Law, promulgated by Legislative Decree No. (28) of 1975, shall be repealed, as well as any other provision conflicting with the provisions of the attached Law.

Article Three

The Minister of Commerce and Industry shall issue the Implementing Regulations and orders necessary to implement the provisions of this Law. Until such time these Implementing Regulations and orders are issued, the orders already in force at the time when this Law was promulgated shall continue to be applicable.

Article Four

The Ministers, each in his respective capacity, shall implement the provisions of this Law, which shall come into effect from the beginning of the next month after the lapse of six months from the date of it being published in the Official Gazette.

Hamad Bin Isa Al Khalifa

The Amir of the State of Bahrain

Issued: at Rifaa Palace

On 28 Rabi'e Al Awwal 1422 Hijri
Corresponding to: 20 June 2001

THE COMMERCIAL COMPANIES LAW

PART I

GENERAL PROVISIONS

Article (1)

A company is a contract whereby two persons or more undertake to participate in an economic venture which is oriented to make profit, with each of them contributing a share in the form of money or work to divide up the profits made or losses sustained as a result of such venture.

Notwithstanding the provision of the foregoing paragraph, a company may consist of a single person in pursuance of the provisions of this Law.

Article (2)

a) A commercial company that is set up in the State of Bahrain must take one of the following forms:
   1) General Partnership Company
   2) Limited Partnership Company
   3) Association in Participation (Joint Venture)
   4) Shareholding Company
   5) Limited Partnership by Shares
   6) Limited Liability Company
   7) Single Person Company
   8) Holding Company

b) Every company that does not take any of the foregoing forms shall be deemed null and void, and the persons who have entered into contract in its name shall be personally and jointly liable to third parties in respect of obligations resulting there from.

Article (3)

All the provisions applicable to commercial companies shall apply to civil companies which take a commercial form, whatever their objectives.

Article (4)

Each commercial company, of whatever type, established in Bahrain or is based in it, shall be subject to the provisions of this Law.

However, as an exception to some, or all, of the provisions of this Law, companies may be established, in pursuance of a decree or law, between the governments of other states or between the Government of the State of Bahrain and another state or other states.

Each company established in the State of Bahrain shall be domiciled in Bahrain. Such company shall be of Bahraini nationality, but this does not necessarily entail that the Company is entitled to the rights exclusive to Bahrainis.

Article (5)

All commercial companies in general shall be subject to the provisions included in this Part, but without any prejudice to the special provisions applicable to each commercial company, as set out in this Law.

Article (5) bis

"As added by Law No. (50) of 2014

Any person may apply with the Competent Ministry for commerce affairs to reserve a certain name to use it when setting up a company in accordance with the provisions

of this Law. Reservation shall be for thirty days which may be renewed two equivalent times in accordance with the procedures, conditions and situations specified in an order by the Minister concerned with trade affairs.

A fee shall be chargeable on the reservation application and another fee on the application to renew the reservation, which fees shall be specified in a resolution issued by the minister concerned with trade affairs, subject to the Council of Ministers' approval.

Article (6)

Except for Associations in Participation (Joint Ventures), the company's memorandum of association and any amendment thereto must be drawn up in Arabic and must be legalized by the Notary Public, or else such Memorandum of Association and its amendment shall be null and void.

Companies may not plead before third parties for the invalidity of the Memorandum of Association or the amendment thereof which has not been established in the manner aforesaid.

Invalidity shall have no effect among partners except from the date the partner has institute legal proceedings to declare that the Memorandum of Association is invalid

The persons who have entered into contract in its name shall be personally and jointly liable for all their acts.

In all cases, the provisions of the Memorandum of Association shall apply in liquidating the company that has been adjudged null and void and in settling the rights of partners towards each other.

Article (7)

Except for Associations in Participation (Joint Ventures), the managers or directors shall publish the company's Memorandum of Association and any amendments thereto in accordance with the provisions of this Law. If the Memorandum of

Association is not published in the manner aforesaid, it shall not be effective towards third parties. If failure to make publication applies only to one or more than one particular which should be published, only such particulars shall not be effective towards third parties. The company's managers or directors shall be jointly liable for damages sustained by the company, partners or third parties as a result of such non-publication.

Article (8)

Unless otherwise provided for in the Law, except for an Association in Participation (Joint Venture), all commercial companies shall acquire a juristic entity by being registered with the Commercial Registry

Article (9)

The share of the partner may be a certain amount of money (cash share), and it may be in specie (in-kind share). However, in cases not provided for in this Law, it may be in the form of work, but it may not be in the form of his influence or financial standing. Only cash and in-kind shares form the company's capital.

Article (10)

Unless otherwise provided for by way of agreement or in custom, the partners' shares shall be of equal value and that the shares shall be considered as owned and not utilized.

Article (11)

Every partner shall owe the company the value of the share he has undertaken to pay; if he fails to pay the value on the date fixed therefor, he shall be liable to compensate the company for any damages arising as a result. If the partners have defined the value of compensation in advance, such compensation shall be left to the court to determine.

Article (12)

If the partner's share is in the form of a title, usufruct or any other in-kind right, the provisions of bills of sale shall apply in terms of registration procedures and in securing the share against any destruction, if it becomes due or if a defect or shortage is discovered therein.

However, if the share is in the form of usufruct of the funds, the provisions governing lease shall apply thereto.

Article (13)

If the share provided by a partner is in the form of debts owed to him by third partners, his obligation towards the company shall not be discharged unless these debts are collected, and the partner shall be liable, on top of this, for paying compensation for any damages sustained by the company if such debts are not paid on their maturities.

Article (14)

If a partner undertakes to provide his share in the company in the form of services, he must render the services he has undertaken to provide and submit an account of what he has gained, since the company was established, from the services which he has provided as his share. Any gain made as a result of such services shall inure to the company. However, a partner by way of services shall not be obliged to surrender to the company any patent rights, unless there is an agreement to the contrary.

Article (15)

If the company's Memorandum of Association does not specifically state the shares of each partner in profits and losses, the share of each of them shall be pro rata his share in the capital. However, if the Memorandum of Association states only the share of the partners in the profit, such share shall be in the losses also, and the same

applies if the Memorandum only states each partner's share in the loss. If the share of one of the partners consists of his services only, and the Memorandum does not specify his share in profits or losses, he may ask for an evaluation of his services. Such evaluation shall form the basis for the determination of his share in the profits or losses, unless custom provide otherwise. If the partner provides, in addition to his services, cash or an in-kind shares, he shall have a share in the profits or losses for his shares in the services and another share for his cash or in-kind shares.

Article (16)

If it is agreed that one partner will not have a share in the company's profits, or that he will be exempted from losses, such agreement shall be null and void. However, a partner who has not provided except his services may, by way of agreement, be exempted from sharing losses, provided that no remuneration shall have been determined for his services.

Article (17)

A personal creditor of any partner may not satisfy his rights out of his debtor's shares in the company's capital, but may recover his right from the said debtor's share in the profits in accordance with the company's balance sheet. If the balance sheet is not yet prepared, the creditor may garnish his debtor's share in the profits. If the company is wound up, a personal creditor may recover his rights from the share inured to his debtor out of the company's assets after dissolution. He may, prior to dissolution, seek a garnishment over the debtor's share in such proceeds.

Article (18)

In all types of commercial companies, the claims against partners shall be time-barred after five years from winding up the company, or from the date one of the partner withdraws from the company, in respect to the claims against the said

partner. This period of limitation shall start from the date the company is completely registered with the Commercial Registry in all cases in which registration is required and from the date of the registration of the completion of liquidation in cases arising from the liquidation itself.

Article (18bis)

"As added by Law No. 50 of 2014 and Law No. 1 of 2018"

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 single person company, as the case 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 association or Articles of Incorporation or in its dealing with third parties, or in any of its documents, which would prejudice 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 incurring obligations by the company 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 government or to public entities or organizations, 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 of association or Articles of Incorporation.

8- If he exceeded its authority or committed a fraud or gross negligence in carrying out his duties.

9- If he is not acted as a prudent person in such circumstances.

b) Liability shall not be precluded if the violation has been committed as a result of a resolution adopted during the meeting of the board of directors, the constituent assembly or general assembly, unless he opposed the resolution 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 case of multiplicity of those who committed the violation.

Article (18) ter

"As added by Legislative Decree No. (28) of 2015 and amended by Law No. 1 of 2018)"

Subject to the provisions of the Corporate Governance Code, a partner may be a partner in more than one competing company without being involved in the management of more than one company, unless otherwise provided for in the Company's Memorandum of Association or Articles of Incorporation.

Article (19)

If fictitious profits are distributed among partners, the company's creditor may ask every partner to refund what he has received even though such partner may have acted in good faith.

The partner may not, however, be obliged to repay the real profits which he has actually received even through the company may have suffered losses in subsequent years.

Article (20)

If any of the shareholders or partners or their representatives withdraw from the meeting of the General Assembly after the quorum has been obtained, such withdrawal shall not affect the validity of the meeting or the resolutions adopted by the General Assembly, regardless of the number of the withdrawing shares or stocks.

Article (21)

The Competent Minister for commerce affairs may issue, by an order, a special form of Memorandum of Association or Articles of Incorporation for all, or some, types of companies. Such form shall contain all the particulars and conditions prescribed by the Law or its Implementing Regulations in this respect. It shall also specify the conditions and requirements which the partners and founders must comply with and those which they may not comply with. They may also add any other conditions which do not conflict with the provisions of the Law or its Implementing Regulations.

Article (21) bis

"As added by Law No. (50) of 2014"

a) The Competent Minister for commerce affairs may issue an order specifying a minimum capital for any type of the companies established in accordance with the provisions of this Law.

b) The Competent Minister for commerce affairs may issue an order 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 (22)

The particulars which are required by law to be published shall be published in the Official Gazette and in one of the local newspapers, in accordance with the terms to be specified by order of the Competent Minister for commerce affairs.

Article (23)

If the provisions of this Law require a certain quorum to establish a company, and one partner or more withdraw after the company is established, such company may continue between the remaining partners without prejudicing the obligations it has undertaken before the withdrawal of any partner.

Article (23) bis

"As added by Law No. (50) of 2014"

a) It may be provided in the company's Memorandum of Association or Articles of Incorporation 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 should be taken which ensure the following:
   1) Verifying the identity of the participant in the meeting and the validity of any power of attorney on the basis of which the proxy is participating.
   2) Enabling the partner or the 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 which may be specified in an order by the Minister concerned with trade affairs.

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

Article (24)

The provisions of Article (333) of the Civil and Commercial Procedures Act shall be observed in the calculation of the periods provided for in this Law.

PART II
GENERAL PARTNERSHIP COMPANY

Article (25)

A general partnership company is a company formed between two persons or more under a specific name, and in which the partners assume joint responsibility to the extent of all their funds for the partnership's obligations.

However, without prejudice to the provisions of laws in force in respect of regulating the practice of self-employment professions, general partnership companies, of whatever types, may be established amongst Bahraini or non-Bahraini partners in accordance with the conditions and requirements prescribed by an order issued by the Competent Minister for commerce affairs.

Article (26)

The Memorandum of Association of a general partnership shall include the following details:

a) Company's address and commercial name, if any.
b) The company's head office and branches.
c) The company's objects.
d) The partners' names, surnames and their nationalities and domiciles.
e) The names of managers authorized to manage the company and sign on its behalf, whether from amongst the partners or otherwise, and their functions and prerogatives.
f) The company's capital and each partner's share in it.
g) The manner in which the profits and losses are to be distributed among partners.
h) The company's term, if any.
i) The beginning and end of the company's financial year.
j) The manner in which the company shall be liquidated and its assets divided up.

Article (27)

"As amended by Law No. 1 of 2018"

The name of the general partnership shall consist of the names of all partners or the name of one of them and adding (& Co.) or any expression indication this meaning. The name of the company may also be in any manner acceptable to competent Ministry for commerce.

The name of the company, wherever it may occur, shall be followed by (a Bahraini Partnership Company), and the name of the company shall always conform to its current status.

Article (28)

Every non-partner, whose name has been included in the company's name with his knowledge, shall be jointly liable for its obligations towards any other person who has acted in good faith on such name.

Article (29)

Partners may draw up Articles of Incorporation for the company, and such Articles of Incorporation shall be evidenced in a notarized written instrument. They shall include the detailed provisions they agree upon for the purpose of administration of the company, and a copy of the said articles shall be attached to the company's Memorandum of Association.

Article (30)

The company's Memorandum of Association and any amendment thereto shall be entered in the Commercial Registry in compliance with the regulations of the Commercial Registry. A summary of the Memorandum of Association and any amendment thereto shall be published in the Official Gazette at the company's expense.

Article (31)

The summary of the company's Memorandum of Association shall include, in particular, the following details:

a) The company's name, objective, head office and branches, if any.
b) The partners' names, domiciles, occupations and nationalities.
c) The company's capital and a sufficient indication of the share each partner has undertaken to provide and the date on which it is becoming due.
d) The names of the managers and authorized signatories.
e) The date of the company's incorporation and its duration.
f) The beginning and end of the financial year.

Article (32)

Each partner in the general partnership company assumes the nature of a trader, and he shall be treated as undertaking business activities under the company's name. The bankruptcy of the company shall entail the bankruptcy of all partners.

Article (33)

The partners' shares may not be represented in negotiable instruments. A partner may not assign his shares in the company to a third party save with the consent of all partners or in conformity to all the conditions provided for in the company's Memorandum of Association. Registration and publication procedures for such assignment shall be in accordance with the provisions of Articles (7)& (30) herein. Any agreement providing for assignment of shares without any restrictions shall be deemed null and void.

Article (34)

Company employees or workers who share its profits instead of their wages for all, or some, of their work are not considered partners.

Article (35)

The creditors of the company shall have the right of recourse against its property, and they shall have also the right of recourse against the private property of any partner at the time of contracting. All partners shall be jointly liable towards the company's creditors, and any agreement to the contrary shall not be valid towards third parties.

Article (36)

a) If a partner joins the company, he shall be jointly liable with other partners, to the extent of his property, for the company's debts before and after his joining it,

and any agreement among the partners to the contrary shall have no effect towards third parties.

b) If a partner withdraws from the company, he shall not be liable for the company's liabilities that may arise after the publication of his withdrawal.

c) If a partner assigns his shares in the company, he shall not be discharged of any liability for the company's obligations towards its creditors unless they have approved such assignment.

Article (37)

No execution may be made against a partner's property due to the company's liabilities except after obtaining a court judgment and after serving a notice on it to discharge these liabilities. Such court judgment shall be considered a proof against the partner.

Article (38)

a) A partner may not, without the consent of the other partners, engage for his own account or for the account of third parties, in activities competing with those of the company, or be a partner in another general partnership company or a partner or a sleeping partner in a limited partnership company or a company with limited liability if such companies are carrying on business activities competing with those of the company.

b) If a partner fails to honor his obligations provided for in the preceding paragraph, the partnership may claim compensation from him or consider the activities conducted by him for his own account to have been carried out for the company's own account, in which case he shall hand over to the company the profits generated as a result of these activities without setting them off against the profits due to him from the company.

Article (39)

1) If a partner takes or retains any of the company's funds, he shall undertake to refund them together with compensation, if necessary.
2) If a partner provides the company with money from his own private funds, or spends it in good faith for the benefit of the company, the company shall refund him the money together with compensation equal to the benefit gained by the company from such money.

Article (40)

Management of the company shall be undertaken by all partners, unless the partners appoint, in the Memorandum of Association or in a separate contract, a manager or more from among the partners or otherwise, to manage the company.

Article (41)

The company's managers shall undertake the activities necessary for management and shall perform the acts which fall under the ambit of the company's objective within the limits prescribed by the company's Memorandum of association and Articles of Incorporation. If the company's managers are several, and their powers are not specified and there is no provision that none of them may manage the company exclusively alone, each of them may individually perform any management acts, provided that the other managers shall have the right to object to such act before it is completed, in which case the numerical majority of the managers' opinions shall prevail. In the event of a tie, the matter must be referred to the partners.

Article (42)

If managers are several and it is stipulated that they shall undertake management jointly, their resolutions shall not be valid except if they are unanimously adopted,

unless the Memorandum of Association provides for a special majority. This condition may not be violated except in the case of an exigency the lapse of which will incur the company a considerable loss or cause it to lose a substantial profit.

Article (43)

If there is no specific provision as to how the company is to be managed, each partner shall be authorized by other partners to manage the company, and he shall have the right to undertake management without reference to other partners, provided that such partners or any of them shall have the right to object to any act before it is completed. The majority of partners shall also have the right to reject such objection.

Article (44)

a) If the manager is a partner appointed by virtue of the Memorandum of Association, he may not be removed except by a court judgment on the request of the majority of partners, and provided there shall be a justifiable reason for his removal. Any agreement to the contrary shall be considered null and void. In this case, the removal of the manager shall entail the dissolution of the company unless the Memorandum of Association provides otherwise.
b) However, if the manager is a partner appointed by virtue of a separate contract, or if he is a non-partner, whether he is appointed by virtue of the Memorandum of Association or a separate contract, he may be removed by a resolution adopted by the majority of partners, and such removal shall not entail the dissolution of the company.
c) If the manager is employed against remuneration and has been removed at an inopportune time or for an unjustifiable reason, he may claim compensation from the company for any damages he may have sustained.

d) The removal of the manager, and also the appointment of any new manager, shall be entered in the Commercial Registry in accordance with Articles (7) & (30) herein.

Article (45)

a) If the manager is a partner appointed by virtue of the Memorandum of Association, he may not resign his office for an unacceptable reason, otherwise he shall be liable for compensation. The resignation of the manager in such case shall entail the dissolution of the company, unless the Memorandum of Association provides otherwise.

b) If the manager, whether he is a partner or non-partner, is appointed by virtue of a separate contract, he may resign his office provided that this should be at an opportune time and he should serve a notice on the partners to this effect, or else he shall be liable for compensation. His resignation in such case shall not entail dissolution of the company.

Article (46)

A partner who is not a manager may not interfere in the management of the company. However, he may get himself acquainted, in its head office, with the running of its affairs and he may inspect its books and documents and obtain a summary of the company's financial position from such books and documents and may provide its manager with advice on the best methods to serve the company's stocks. Any agreement to the company shall be deemed null and void.

Article (47)

The company shall be bound by whatever acts performed by its manager which fall within his functions and powers, if he attaches his act to the company's commercial

name, even if such act is for his own account, so long as third parties who have dealt with him were acting in good faith.

Article (48)

a) Resolutions of a general partnership shall be adopted by the unanimous vote of the partners unless the Memorandum of Association provides for majority, in which case the numerical majority will prevail, unless the Memorandum of Association provides otherwise.
b) Resolutions relating to the amendment of the company's Memorandum of Association shall not be valid unless they are adopted by the unanimity of the partners' votes.

Article (49)

a) Profits and losses and the shares of each partner in them shall be determined at the end of the company's financial year on the basis of the balance sheet and the profit and loss account.
b) Every partner shall be considered a creditor of the company for his share in the profits as soon as such share is determined once the balance sheet is approved.
c) Any shortage in the company's capital resulting from losses shall be covered from the profits of subsequent years unless there is an agreement otherwise. In any case, no partner may be obliged to cover any shortage from his shares in the capital without his consent.

PART III

LIMITED PARTNERSHIP COMPANY

Article (50)

A simple partnership company is a company established between one partner or more, who are jointly and severally liable for the company's obligations in all their

fortune, and another partner or more who have invested capital in the company but are not undertaking management, and are called sleeping partners, who shall not be liable for the company's obligations save to the extent of their shares in the capital.

Article (51)

The company shall be registered with the Commercial Registry and make publication of this registration in pursuance of the provisions of Article (30) of this Law. However, the summary of company's Memorandum of Association needs not contain the names of the sleeping partners, but must include a sufficient description of their shares in the capital and the values thereof.

Article (52)

The provisions applicable to a general partnership shall apply to a limited partnership company even in respect of the sleeping partners in terms of the incorporation of the company, management, winding up and liquidation, provided that the following provisions should be complied with.

Article (53)

The name of the limited partnership company shall only include the names of the joint partners, and if there is only one single partner who is liable for all his fortune, the words (& Co.) shall be added to his name. A sleeping partner's name may not be included under the company's name, and if his name is included with his knowledge, he becomes liable as a joint partner to third parties acting in good faith.

Article (54)

A sleeping partner may not interfere in the management of the company even by virtue of a letter of authority, or else he shall become a joint partner with other joint partners for the obligations of the company arising from his management. However, he may bind himself for all, or some, of the company's obligations, depending on

the extent of such acts and the frequency thereof, and depending on the trust held in him by third parties by virtue of such acts.

However, supervision of the acts made by the company's managers and the advice provided to them and the authority granted to them to perform acts beyond the scope of their functions and powers shall not be deemed as interference.

Article (55)

"As amended by Law No. (50) of 2014"

The names of joint partners and sleeping partners shall be stated in the company's memorandum of association.

PART IV

ASSOCIATIONS IN PARTICIPATION(JOINT VENTURES)

Article (56)

An association in participation (joint venture) is a company which conceals itself from others, which does not have a juristic entity and is not subject to publication procedures.

Article (57)

The Memorandum of Association of an association in participation (joint venture) shall specify the rights and obligations of partners and the manner of allocation of profits and losses among them and any other terms and conditions. The company may not issue shares or negotiable instruments.

Article (58)

The existence of a Memorandum of Association of an association in participation (joint venture) may be established by any means, including evidence and presumption.

Article (59)

Third parties shall not have a legal relationship in respect of the company's activities except with the partner or partners whom they have dealt with. Thereafter, the partners may have recourse against each other in respect of the company's activities and in respect of their association with it and in the share of each partner in profit and loss in accordance with what they have agreed upon in the contract drawn up among them.

Article (60)

Without prejudice to the provisions of the preceding paragraph, a third party may invoke the Memorandum of Association if the company has dealt with him in this capacity.

Article (61)

If the partner who is dealing with third parties is not of Bahraini nationality, he shall be sponsored by a Bahraini in these dealings.

Article (62)

a) Unless otherwise agreed, every partner shall continue to be owner of the shares he has undertaken to subscribe for.
b) If the shares are of a specified in-kind form, and their partner in possession has been declared bankrupt, their owner shall have the right to redeem them from bankruptcy after paying his share in the company's losses. However, if the shares are not divisible, their owner shall only be a party to the bankruptcy proceedings

in his capacity as a creditor for the balance of the value thereof after deducting his share in the company's losses.

PART V
SHAREHOLDING COMPANIES

GENERAL PROVISIONS

Article (63)

A shareholding company consists of a number of persons who subscribe in it by way of negotiable shares. These shareholders shall not be liable for the company's debts and liabilities except to the extent of the value of their shares.

Article (64)

"As repealed by Law No. (50) of 2014"

Article (65)

"As amended by Law No. (50) of 2014"

Bahraini public shareholding companies may be established with the participation of foreign capital or expertise. Subject to an order by the Minister concerned with trade affairs, the percentages of participation of foreign capital or expertise in certain sectors or activities may be specified.

Article (66)

Every shareholding company shall have a specific commercial name indicating its objectives. Such name shall not be derived from the name of a natural person, unless the company's objective is to utilize a patent registered legally in the name of that person, or unless the company acquires, on its incorporation or thereafter, a business

establishment and adopts its name as its own. The company's name shall be followed wherever it appears by the phrase 'A Bahraini Shareholding Company.'

Article (67)

A shareholding company may change its name by virtue of a resolution adopted by the extraordinary general assembly. The new name shall be registered with the Commercial Registry in pursuance of the provisions of the Law, and it shall also be published in the Official Gazette and in one of the local newspapers. The change in the company's name shall not entail any prejudice to its rights of obligations or any prejudice to the legal proceedings taken by the company or which have been taken against it.

Article (68)

a) Save for companies in which the State participates, a public service may not, in a personal capacity, be combined with a membership of the board of directors of a shareholding company, nor may a civil servant take part in the formation thereof or undertake any activity therein, either permanently or temporarily, and with or without remuneration.
b) A violator of this provision shall be obliged to pay to the State Treasury what he has received from the company, in addition to liability for administrative penalties.

Article (69)

1) A member of any of the councils representing government organizations or bodies shall not, in his personal capacity or on behalf of third parties, be a member of the board of directors or work as a manager or undertake, on a permanent or temporary basis, an activity or provide advisory services in any of the shareholding companies which has, among its objectives, the use of one of the

public utilities in the jurisdiction of the council which he is a member of or is associated with it through a public works contract or a monopoly contract.

2) A member shall be considered to have resigned from the company once he is elected to the said council. The violator shall pay, to the State Treasury, what he has received from the company.

Article (70)

The Competent Minister for commerce affairs shall issue an order regulating shareholding companies of variable capital.

Chapter One
Incorporation Of The Company

Article (71)

a) A promoter is anyone who actually takes part in the incorporation of the company for the purpose of incurring liability as a result thereof.

b) A person shall be considered to be promoter if he, in particular, signs a preliminary memorandum or has applied to license a company or has offered an in-kind share on the incorporation of the company.

Article (72)

The promoters shall submit the application for the incorporation of the company to the Ministry of Commerce and Industry and Industry.

Article (73)

There shall be maintained, at the Directorate of Commerce and Companies' Affairs at the Ministry of Commerce and Industry and Industry, a special register to enter

the applications for shareholding companies, and such applications shall be given serial numbers.

Article (74)

An application for incorporation of the company shall be accompanied with sufficient particulars about it, drawn from the preliminary Memorandum of Association and Articles of Incorporation. Such application shall also state the name, occupation and address to which to be sent any correspondence relating to incorporation, of the person authorized by the promoters to handle incorporation procedures, and the same application shall also be accompanied with the following:

a) A copy of the preliminary Memorandum of Association and Articles of Incorporation signed by the promoters. In these two documents, the model form referred to in Article (21) herein shall be followed.
b) If there are in-kind shares, the application shall be accompanied with an evidence of the evaluation thereof in accordance with Article (99) of this Law.
c) If the name of the company is derived from that of a natural person, the application shall be accompanied with an evidence that any of the intellectual properties or patents which the company is going to utilize has been registered in the name of the said person, or with an evidence that this company owns a commercial establishment that has used the name of the patent as its name.
d) If the company carries the name of another company, then the application shall be accompanied with evidence that the second company is in the process of winding up, and that it approves of the name.
e) If there is a corporate person among the promoters, the application shall be accompanied with a certified copy of the document of the incorporation of such corporate person and a proof of the approval of the competent parties in it to take part in incorporation.

Article (75)

"As amended by Law No. (50) of 2014"

The company's preliminary Memorandum of Association shall include the following details:

a) The company's name.
b) Its head office
c) The objectives for which it has been incorporated.
d) The names of the promoters, provided that their number shall not be less than two, except for companies incorporated exclusively by the government
e) The authorized and issued capital, the paid capital on incorporation and the number of shares into which the capital is divided.
f) The company's term, if any.
g) Details about each in-kind share, and all conditions related to the contribution of such share, the name of the person contributing it and the real rights attached to such share.
h) An approximate estimate of the expenses, wages and costs the company has paid or undertakes to pay in the course of its incorporation.

Article (76)

There shall be excluded from the provisions of this Law the companies exclusively incorporated by the Government or those in which the Government holds not less than 50% of the capital and those the ownership of whose shares inures to the State or to other corporate entities which have been chartered by an Amiri Decree, except to the extent that these companies are not repugnant with the conditions which were observed in the incorporation thereof and the provisions of their Articles of Incorporation.

Article (77)

The Ministry of Commerce and Industry shall verify, when the application referred to in Article (72) of this Law is filed, that the incorporation of the company is based on sound grounds, and that the preliminary Memorandum of Association and the draft Articles of Incorporation do not contravene with the provisions of the Law.

To this end, the Ministry may ask the promoters to provide additional particulars and documents to substantiate these particulars, whenever it deems necessary. Further, it may also ask that amendments be made to the Articles of Incorporation of the company to make them consistent with the provisions of this Law or compliant with the model form referred to in Article (21) herein.

Article (78)

a) The Competent Minister for commerce affairs shall decide on the application within thirty (30) days from it being submitted; if the said period lapses without the approval being issued, the application shall be considered rejected.
b) In case the application is rejected, which rejection must be justified, it may be appealed before the High Civil Court within thirty (30) days from the date of a notice of the rejection being served or the from the date the application is deemed to have been rejected. The Court's judgment, either upholding the rejection or overturning it, shall be considered final.
c) The promoters may not apply to incorporate the company once again except after the removal of the reason for rejection or after the lapse of six months from the date of the Court's rejection judgment.

Article (79)

If the company's draft Memorandum of association and Articles of Incorporation have been approved, the promoters shall notarize the Memorandum Association and Articles of Incorporation, in accordance with the latest amendment, with the

competent notarization authority, and return the same to the Ministry of Commerce and Industry for the purpose of issuing the incorporation order.

Article (80)

If the incorporation order is issued, it shall be published in the Official Gazette at the company's expense, and a copy of which shall be served upon the promoters.

Article (81)

The company shall assume a corporate entity from the date of publication of the said incorporation order in the Official Gazette.

Article (82)

The issue of the order incorporating the company shall imply at the same time approval of its Memorandum of Association and Articles of Incorporation and the other particulars contained in the application.

Article (83)

The promoters shall commence subscription for the shares once the order has been published in the Official Gazette.

Article (84)

"As amended by Law No. (50) of 2014"

Subject to 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 prospectus, the amount equivalent to the percentage required to be paid by the public for each share on subscription.

Article (85)

Before inviting the public to subscribe for the company's shares, the promoters shall submit to the Ministry of Commerce and Industry, a certificate from the bank proving that they have subscribed for the company's shares in accordance with the percentages prescribed in the preceding article, and that they have actually paid, in the company's account, the amount equivalent to the percentage required to be paid by the public for each share on subscription, as provided for in the Articles of Incorporation, and the payment of such amount shall be stated in the subscription prospectus. The said certificate issued by the bank shall be accompanied with a subscription prospectus which the promoters shall prepare, in accordance with the following article, and after completing this process, the Ministry of Commerce and Industry shall give permission for the publication of the prospectus in one of the local newspapers.

Article (86)

On offering shares for public subscription, the promoters shall issue a prospectus, approved by the Ministry of Commerce and Industry and the Securities Exchange, containing an invitation to the public for subscription, and such prospectus shall include the particulars contained in the Implementing Regulations.

The subscription prospectus shall be published in one of the local newspapers at the company's expense at least five (5) days before subscription commences. The promoters who signed the application for incorporation of the company shall sign the subscription prospectus, and they shall be jointly liable for the accuracy of the particulars published therein.

Article (87)

Subscription shall be undertaken through one or more than one commercial bank licensed to operate in Bahrain, or through one of its branches or representatives

abroad, or through securities companies or other parties approved by the Ministry of Commerce and Industry.

Article (88)

The installments due on subscription shall be paid to the bank and such payments shall be registered in a special account to be opened in the company's name. Subscription shall remain open for a period of not less than ten (10) days and not more than three (3) months. Subscription shall close once the shares are fully subscribed for, provided that the minimum period has lapsed.

Subscription shall not close, in the case of full subscription in any period, except after the lapse of five (5) days from the date of the publication of a notice that subscription for shares has been fully completed.

Article (89)

The shareholder's subscription shall be evidenced in a document in which there shall be mentioned the number of shares he is subscribing for, his acceptance of the company's Memorandum of Association and Articles of Incorporation and his elected domicile, and any other particular considered necessary, and the subscriber or his representative shall sign the subscription document.

The subscriber shall submit the document to the bank, and shall pay the installments due against a receipt signed by the bank which shall indicate the subscriber's name and elected domicile, date of subscription, the number of shares subscribed for and the installments paid. Subscription shall be considered final when this receipt has been received, and the subscriber may not go back on his subscription, without derogating from the provisions of Article (102) of this Law.

Article (90)

A printed copy of the company's Memorandum of Association and Articles of Incorporation shall be given to each subscriber against an amount prescribed in the company's Articles of Incorporation, and such amount shall be mentioned in the receipt referred to in the preceding article.

Article (91)

The bank shall retain all the proceeds received from the subscribers for the account of the company under incorporation, and it may not hand them over except to the first board of directors, in accordance with the provisions of this Law, once the oversubscribed capital is immediately refunded after allotment of shares in pursuance of Article (94) herein.

Article (92)

The bank, through which subscription is being undertaken, shall undertake all acts related to subscription in accordance with the company's Articles of Incorporation, and it shall be responsible for compliance with its provisions and for any act made in contravention thereof.

Article (93)

a) When it is incorporated or when its capital is increased, a shareholding company may have one underwriter or more for subscription.
b) If the entire shares offered for subscription have not been subscribed for during the subscription period, the subscription underwriters may buy all, or some, of the shares offered by subscription which have not been subscribed for, and may offer to the public the shares they have subscribed for without being bound by the procedures and restrictions governing dealings in shares provided for in this Law.

An order shall be issued by the Competent Minister for commerce affairs specifying the procedures, conditions and requirements governing the provision of this Article.

Article (94)

If, after subscription is closed, it becomes clear that shares offered have been oversubscribed, the shares shall be allotted among subscribers in the manner agreed upon by the promoters and the underwriters or in the manner defined in the company's Articles of Incorporation. The Competent Minister for commerce affairs may decide on allotment of a number of shares to all subscribers not exceeding fifteen percent (15%) of the company's capital, and thereafter allocation shall be made in accordance with the preceding paragraph.

Article (95)

Every interested party may apply for a court order invalidating every subscription made in contravention of the preceding provisions within thirty (30) days of the close of subscription.

A court order for such invalidation may be issued even so the company is in a state of liquidation.

Article (96)

a) The promoters shall invite the subscribers for a constituent assembly to be held within twenty one (21) days from the date of the subscription closure, and the provisions of Article (199) herein shall apply to the procedures of sending out the invitation.
b) Each subscriber, regardless of the number of shares he owns, shall have the right to attend the constituent assembly.

c) The assembly shall be chaired by whoever is elected by a majority of the votes of those present.

Article (97)

The constituent assembly shall, in particular, consider the promoters' report on the incorporation of the company and the expenses incurred and the evaluation of the in-kind shares. It shall also elect a board of directors, appoint the auditors and announce that the company is finally incorporated.

Article (98)

a) For the meeting of the constituent assembly to be valid, a number of subscribers representing at least half (50%) the capital must be present.
b) If the quorum provided for in the preceding paragraph is not obtained, an invitation shall be sent out to convene a second meeting to be held within twenty one (21) days from the date of the first meeting, in which the procedures for sending out the first invitation shall be followed, and the second meeting shall be valid regardless of the number of the subscribers present thereat.
c) Resolutions by the assembly shall be passed by the absolute majority of the shares represented thereat.

Article (99)

If the capital of the company, on incorporation or when its capital is increased, includes in-kind shares, either material or intangible, the promoters or the board of directors, as the case be, shall verify, with the assistance of experts, the accuracy of the evaluation of the in-kind shares in pursuance of the conditions and provisions laid down in the Implementing Regulations.

The evaluation of the shares shall not be final unless it is approved by the constituent assembly or the partners holding two thirds of the shares above-mentioned, and the

providers of these shares shall not have the right to vote on the evaluation decision even though they are owners of the cash shares.

If it becomes clear that the evaluation of the in-kind shares is less by more than ten percent (10%) of the value provided therefor, the company must reduce the capital by an amount equivalent to this shortfall. However, the share provider may pay the difference in cash, and he may also withdraw from the company.

If the in-kind share is provided by all subscribers or by the partners, their evaluation of the same shall be final, without the need for any other procedure.

However, if it becomes clear that the estimated value is higher than the actual value of the in-kind shares, these subscribers or partners shall be liable towards third parties for the difference between the two values.

The owner of the shares shall be given paid-up shares.

Article (100)

The first board of directors shall provide the Ministry of Commerce and Industry and the Securities Exchange with the following particulars:

a) A statement certifying subscription for the full capital and the amount paid by the subscribers of the value of the shares, a list of their names and elected domiciles and the number of shares each of them has subscribed for.
b) Minutes of the meeting of the constituent assembly signed by its chairman.
c) Resolutions of the assembly approving the promoters' report, evaluation of the in-kind and intangible shares, if any, and election or appointment of the members of the first board of directors and appointment of the auditors.
d) The documents substantiating the validity of the incorporation procedures.

Article (101)

a) The first board of directors shall register the company's Memorandum of Association and Articles of Incorporation in the Commercial Registry in accordance with the articles of this Law.
b) The members of the first board of directors shall be held jointly liable for any damages resulting from the failure to affect registration as provided for in the preceding paragraph.

Article (102)

a) If the company is not incorporated, the subscribers may recover the amounts they have paid, and the promoters shall be held jointly responsible for refunding these amounts, in addition to compensation, if necessary. The promoters shall also be liable for all the expenses incurred in the course of incorporation of the company and shall be held jointly liable towards third parties for the acts and undertakings made by them during incorporation period.
b) If the company is incorporated, all the effects of the acts made by the promoters in the course of its incorporation shall be transferred to the company, and the company shall bear all the expenses incurred by them.

Article (103)

No act shall be effective towards the Company, after it is incorporated, that is carried out between the company under incorporation and its promoters, unless such act is approved by the company's board of directors if all members of the board have nothing to do with the promoters who have performed such act or if they have no interest in such act, or by the partners or by a resolution adopted by the company's general assembly in a meeting held in which the promoters with interest have no numerical votes.

In all cases, the interested promoter shall reveal to the party approving the act all the facts relating thereto.

Article (104)

Without prejudice to the provisions of the preceding Article, contracts and acts executed and performed by the promoters in the name of the company under incorporation shall be effective against the company after it is incorporated if they are necessary for incorporation.

Article (105)

A promoter shall exercise the due care and diligence of the ordinary person in his dealings with the company under incorporation or for its own account, and the promoters shall be jointly liable for any damages that may be sustained by the company or third parties as a result of failure to comply with this provision.

If the promoter has received any funds or information pertaining to the company under incorporation, he must repay the company these funds or any profits he may have made as a result of his utilization of such funds or information.

Article (106)

The promoters shall be held jointly liable for what they have undertaken to do.

Article (107)

The company's Articles of Incorporation shall be maintained in its premises, and any person may obtain a true copy thereof against a reasonable charge.

All the contracts entered into by the company, and all its correspondence, bulletins, notices and any other publications issued by it shall indicate clearly the company's name, type, head office, date of its incorporation, the authorized, subscribed and paid-up capital, and its registration number in the Commercial Registry.

Article (108)

If a shareholding company is incorporated in a manner repugnant to the Law, any interested party may serve a notice on it to rectify the situation within one month of the notice. If the remedial measure is not effected within this period, that party may apply with the High Court to pass a judgment invalidating the company within one year from the date of its incorporation.

However, the partners may not plead against third parties for the invalidation of the company, and the company shall be liquidated as a going concern, but without this prejudicing the right of any interested party to institute legal proceedings for joint liability against the promoters, members of the first board of directors and the first auditors.

Chapter Two
Company's Capital

Article (109)

"As amended by Law No. (50) of 2014 and Law No. 1 of 2018"

Subject to the provisions of Article (21bid), of this Law, the company's capital shall be specified by the promoters, and shall be adequate to realize its objectives.

The capital shall be divided into equal shares, and the Implementing Regulations shall specify the nominal value of the share.

Article (110)

The company shall have an issued capital. The company's Articles of Incorporation may specify an authorized capital exceeding the issued capital by not more than ten times, and the Implementing Regulations may also specify a minimum for the issued capital for each type of the business activity undertaken by the company as well as what is paid thereof on incorporation. The issued capital must be fully subscribed

for, and each subscriber must pay at least one fourth of the nominal value of the cash shares, provided that the remaining balance of such value shall be paid within a period of not more than five (5) years from the date of incorporation of the company.

Article (111)

The Articles of Incorporation under incorporation may provide, or a resolution may be passed by the numerical majority of the extraordinary general assembly of partners representing at least two thirds of the capital on increasing the capital, some benefits for some shares either in voting, profit or the proceeds of liquidation or any other rights, provided that the shares of the same type shall be equal in rights, benefits or restrictions. The rights, benefits or restrictions attaching to any type of the shares may not be amended except by a resolution of the extraordinary general assembly by the said majority. The Competent Minister for commerce affairs shall issue an order defining the conditions, requirements and criteria used in issuing preference shares.

Article (112)

No jouissanceshares may be issued except by companies the Articles of Incorporation of which provide for the depreciation of the shares thereof before the expiry of the term thereof as a result of the company's business activity being related to the exploitation of one of the natural resources or a public utility granted to it within a limited period of time, or to a form of exploitation of anything that is depreciated with use or that expires after a certain period of time.

Article (113)

The shares shall be issued in their nominal value, and they may not be issued in a lesser value. However, if they are issued for a higher value, the increase shall be

allocated first to pay up the expenses of incorporation and then to the statutory reserve.

Article (114)

Shares shall be indivisible, but two persons or more may jointly own a share or a number of shares provided that they should be represented by one person towards the company. Partners in the share or shares shall be jointly liable for the obligations entailed by this ownership.

Article (115)

"As added by Legislative Decree No. (53) of 2018"

Shares shall be issued in the name of their owner and shall be negotiable.

Article (116)

a) The shareholder shall undertake to pay the value of the shares on the due dates therefore, and interest shall be charged for delay in payment once the date falls due, without the need for serving a notice.
b) If a shareholder does not pay the installment due of the value of the share on the appointed date, the board of directors may carry out execution on the share by serving the shareholder a notice, by registered mail with a delivery note, to pay the installment due. If the shareholder does not pay within ten (10) days from the date of receiving the notice, the company may sell the share on the Securities Exchange or in a public auction. However, the defaulting shareholder may, until the date appointed for public auction, pay up the installment due from him plus the costs incurred by the company.
c) The company shall deduct, from the sale proceeds, the overdue installments and costs and return the balance to the shareholder. If the proceeds are not

sufficient to meet the amounts, the company may claim the balance from the shareholder by using the normal methods.

Article (117)

The first board of directors shall give each shareholder, within three months from the date on which the publication that the company has finally been incorporated, an interim certificate representing the shares owned by him. Such interim certificate shall include, in particular, the shareholder's name and the number of shares he has subscribed for, the method of payment of the value thereof and the amount paid from such value, the date of payment, the serial number of the interim certificate, and the company's capital and its head office.

The board shall deliver, within three (3) months from the date the last installment is paid or the entire value is paid-up, a final share certificate which shall be given serial numbers and signed by two members of the board of directors and stamped by the company's seal. The share certificate shall include, in particular, the registration number of the company in the Registry of Commerce, the authorized, issued and paid capital, the number of shares it is divided into and their nature, and the company's head office and term, if any. The Competent Minister for commerce affairs may give exception from all, or some, of these particulars.

Share certificates need not be issued in a certain form, so long as they satisfy the particulars above-mentioned.

Article (118)

The company shall maintain a register, in which the names of shareholders and their nationalities and domiciles, together with the numbers and serial numbers of the shares, and any disposals carried out on the said shares. A copy of the said particulars shall be forwarded to the Ministry of Commerce and Industry and the Securities Exchange.

Chapter Three
Transfer, Disposal, Mortgage and attachments of Shares

Article (119)

"As amended by Law No. (50) of 2014"

Trading in shares, registering and depositing them, transfer of the title thereto, making a set-off involving them, settling them, registering mortgages thereon and distraining them, as well as the company's purchase of its own shares, shall be in pursuance of the Central Bank of Bahrain and Financial Institutions Law, promulgated by Law No. (64) of 2006, and its Implementing Regulations.

Article (120)

"Asadded by Law No. 1 of 2018"

Shares of a public Joint Stock Company may not be purchased by any of its subsidiaries.

Without derogating from the provisions of the Central Bank and Financial Institutions Law, for the purposes of this law a company is deemed a subsidiary if it is controlled directly or indirectly by its parent company through ownership by the parent company of more than half of its share capital or its ownership of rights or a number of shares or stocks that enables it to exercise control over the subsidiary's decisions, formation of its board of directors or appointment of its managers.

Article (121)

"As repealed by Law No. (50) of 2014"

Article (122)

"As repealed by Law No. (50) of 2014"

Article (123)

"As repealed by Law No. (50) of 2014"

Article (124)

"As repealed by Law No. (50) of 2014"

Chapter Four
Variation of the Capital

1. Increase of the Capital

Article (125)

The company's authorized capital may be increased by a resolution adopted by the extraordinary general assembly. Subject to a resolution by the ordinary general assembly, the company's issued capital may be increased up to the limit of the authorized capital, if any, provided that the issued capital must be paid in full before the increase. The increase of the issued capital must be actually effected within the next three (3) years following the passing of the resolution allowing the increase. Such period shall be computed for each increase decided or authorized before this Law came into effect, commencing with this date. However, in the events specified in the Implementing Regulations, certain companies may be authorized to issue new shares before the full payment of the value of the shares of previous issues, subject to the approval of the ordinary general assembly and the Competent Minister for commerce affairs.

The Ministry of Commerce and Industry and the Securities Exchange shall be notified of the reports and the reasons requiring such increase.

Article (126)

The capital may be increased in one of the following method:

a) Issuing new shares for the amount of the increase.
b) Transferring the reserve to the capital, and such transfer shall be effected in one of two methods:
    1) Increasing the nominal value of the original shares without the company requiring the shareholders to pay the difference, but paying it from the reserves, and the shares shall be marked with their new value.
    2) Issuing new shares for the increase amount and the company shall distribute these shares to the original shareholders without consideration, each in proportion to the original shares he owns.

Article (127)

The nominal value of the new shares shall be equal to that of the original shares, and the extraordinary general assembly may decide to add an issue premium to the nominal value of the shares and specify it. The net proceeds of this premium shall be added to the legal reserve even if it amounts to half the company's capital.

Article (128)

a) Shareholders shall have priority right to subscribe for the new shares, and any provision to the contrary shall be considered as non-existent.
b) A statement shall be published in one of the local newspapers indicating that shareholders have priority in this subscription and its opening and closure dates and the value of the new shares. In addition, shareholders may be notified of this priority by way of registered letters.
c) Each shareholder shall express his desire to exercise his right of priority to subscribe for the new shares within fifteen (15) days from the date of publication of the statement mentioned in the foregoing paragraph.
d) The right of priority may be assigned to third parties against a material consideration agreed upon by the shareholder and the assignee.

Article (129)

a) The new shares shall be distributed among the shareholders who applied to subscribe therefor in proportion to the shares they own in the company, provided that this proportion shall not exceed the new shares they have applied for.
b) The remaining new shares shall be distributed among the shareholders who have applied for more than they own in pursuance of the preceding paragraph.
c) Any remaining new shares shall be offered for public subscription, and the same provisions relating to public subscription on the company's incorporation shall apply.

Article (130)

a) In case new shares are offered for public subscription, a prospectus shall be issued which shall contain, in particular, the following particulars:
    1) Reasons for capital increase.
    2) The resolution of the extraordinary general assembly or the ordinary general assembly, as the case be, increasing the capital.
    3) The company's capital at the time when the new shares are issued, the amount of the proposed increase, the number of new shares and the issue premium, if any.
    4) A statement of the in-kind shares, if any.
    5) A statement on the average profits distributed by the company within the last three years preceding the capital increase.
    6) A declaration from the auditor certifying the particulars contained in the prospectus.
b) The prospectus shall be signed by the chairman of the board of directors and the auditor, who shall be jointly liable for the accuracy of the particulars contained therein.

Article (131)

The board of directors shall publish the resolution adopted increasing the capital in the Official Gazette and in one of the local newspapers, and it shall also be entered in the Commercial Registry within one month from increasing the capital.

2. Reduction of the Capital

Article (132)

The company may, by a resolution adopted by the extraordinary general assembly, reduce its capital if it is in excess of its needs or if there has been a loss and the company decides to reduce capital to the actual value.

The resolution reducing the capital shall not be passed except after reading out the board of directors' report and the auditor's report on the reasons justifying the reduction and on the liabilities of the company and the effects of such reduction on these liabilities.

The Ministry of Commerce and Industry shall be furnished with a copy of the board of directors' report and the auditor's report.

Article (133)

Capital reduction shall be effected in one of the following methods:

a) Reducing the nominal value of the share.
b) Canceling a number of the shares equal to the amount by which the capital will be reduced.

Article (134)

Capital reduction is effected if it is in excess of the company's needs by reducing the nominal value of the shares, either by refunding a portion thereto to the

shareholders equivalent to the percentage to be reduced from the capital, or by discharging them of the unpaid portion of the share installments equivalent to the intended reduction. If reduction is to be effected due to the company's losses, a number of shares equivalent to the value of the capital reduction shall be cancelled. In all cases, the nominal value of the shares must not be less than the legally prescribed minimum.

Article (135)

If capital reduction is effected by way of cancellation of a number of the company's shares, a number of shares owned by each shareholder equivalent to the same percentage of reduction must be cancelled. However, this should not deprive the shareholder from participation in the company, and the company shall, within one month of the cancellation, recover the cancelled share certificates from shareholders and destroy them and make an entry thereof in the Shareholders Register and notify the Ministry of Commerce and Industry and the Securities Exchange accordingly.

Article (136)

Every resolution passed effecting reduction of the company's capital shall be entered in the Commercial Registry in accordance with the provisions of the regulations governing the Commercial Registry and shall be published in the Official Gazette and in one of the local newspapers.

Article (137)

The company may not use reduction to plead against the creditors who expressed their opposition within sixty (60) days from the date of the publication of the reduction resolution in the Official Gazette and provided their documents within the prescribed period, unless these creditors have been paid their due debts or have been provided with adequate guarantees for the payment of their deferred debts.

Chapter Five
Loans

Article (138)

A public shareholding company and a closed shareholding company, in which the Government or one of the public organizations owns at least 30% of the shares, may borrow loans by issuing loan bonds subject to a resolution issued by the ordinary general assembly on a recommendation submitted by the board of directors indicating the company's requirement of borrowing and the special conditions regulating the issue of such loan bonds. The approval of the Central Bank of Bahrain should be obtained before issuing bonds denominated in foreign currencies or those denominated in the local currency and will be offered for subscription on the international markets.

The general assembly may authorize the board of directors to choose the date of issue, provided that this should be within the next two years from issuing the general assembly's resolution. The Ministry of Finance and National Economy's approval of the company is borrowing by issuing loan bonds must be obtained, and the Central Bank of Bahrain shall be the authority competent to issue the approval if the company is one of those companies subject to its supervision.

Article (139)

Loan bonds shall be issued in the name of their owners, shall be negotiable and of values or categories equal in issue and for maturities of not less than two years. Loan bonds of the same issue shall confer equal rights upon their holders towards the company, and any provision to the contrary shall be non-existent.

Article (140)

The company may not issue loan bonds except after the issued capital has been paid-up in full and after the balance sheet and the profit and loss account have been issued for at least two financial years, unless such loan bonds are guaranteed by the State or by one of the public bodies or organizations.

Article (141)

The total value of the existing loan bonds issued by the company shall not exceed the issued and fully paid-up capital and the un- distributable reserves in accordance with the latest balance sheet approved by the general assembly.

Excluded from this shall be loan bonds guaranteed by the State or by one of the public bodies or organizations, as well as the loan bonds issued by banks and companies which are subject to the supervision of the Central Bank of Bahrain.

Article (142)

The company may cover the value of the loan bonds by using one of the two following methods:

a) By offering the loan bonds for public subscription, in which case the procedures and provisions regulating subscription for shares shall be followed, and in a manner that does not conflict with the nature of these loan bonds.
b) By selling these loan bonds through banks, finance and investment companies and subscription underwriters, in which case the procedures and practices commonly used in this respect shall be followed and in a manner that does not conflict with the provisions of the law.

Article (143)

Invitation for public subscription for loan bonds shall be by way of a prospectus approved by the competent government authority and published in one of the local newspaper. Such prospectus shall contain the following particulars:

a) The general assembly's resolution authorizing the issue and the date of such resolution and the approval of the competent government authority.
b) The total loan amount.
c) The material particulars contained in the loan bond certificates in accordance with the provisions of this Law.
d) A summary of the balance sheet and the profit and loss account for the last two years preceding the issue of loan bonds.
e) The value of the previous bonds issued by the company before the recent issue and which it has not yet settled the value thereof.
f) The party through which subscription for loan bonds is to be undertaken.
g) The amount to be paid from the value of the loan bond in case such value is to be paid in installments.
h) The prescribed time limit for subscription.
i) The time limit during which the owners of loan bonds transferable to shares may express their desire for such transfer, provided that such time limit should not exceed the time limit for the amortization of the loan bonds.
j) Whether the shareholder has the right to subscribe for the bonds transferable to shares.
k) Whether the company has the right to amortize the bond and the condition of such amortization.
l) A statement of the names of the members of the board of directors.

Such particulars must be mentioned in all the advertisements and literature relating to the loan and the prospectus must be signed by the chairman of the board of directors and the auditor, who shall be jointly liable for the accuracy of the contents thereof.

Article (144)

If 50% or more of the bonds offered for public subscription is covered during the prescribed time limit or any other time decided by which to extend such subscription, subscription shall be considered complete, otherwise the general assembly may either go back on the loan and refund the amounts to the subscribers or consider the portion of the bonds subscribed enough and accordingly cancel the remaining balance.

Article (145)

The bond certificates shall contain the following details:

a) The name of the issuing company, the number of its commercial registration and the address of its main office.
b) The capital of the issuing company.
c) The total loan amount.
d) The name of the bondholder, if the bonds are issued in the names of their owners.
e) The nominal value of the bond and the number thereof.
f) The interest rate or return and the times appointed for payment thereof, or the annual share allocated to the bond from the company's profit.
g) The loan bond securities, if any.
h) The conditions and times for amortization of the bonds.
i) If the loan bonds are transferable to shares, the time limits prescribed for exercise, by the holder of the loan bond, of his right to such transfer and the procedures and conditions under which such transfer shall be effected.

Article (146)

In case of violation of the conditions and procedures provided for in this Law in respect of the issue of loan bonds and subscription therefor, any interested party may apply with the court to issue an order invalidating subscription and obliging the

company to refund the value of the bonds, in addition to payment of compensation for any damages this party may have sustained.

Article (147)

A bondholder shall have the right to be paid interest or a specific return at specific times, as well as the right to redeem the nominal value of the bond at its maturity date. The company may issue bonds the return on which is a share in the annual profit made by the company.

Article (148)

The company may issue bonds subscription for which is effected for less than their nominal value, and the company undertakes to pay the nominal value of the bond and to calculate the prescribed interest on the basis of such value.

Article (149)

A company, the shares of which are negotiable on the Securities Exchange, may issue bonds which are transferable to shares by a resolution of the extraordinary general assembly on an explained recommendation made by the board of directors, according to the following procedures:

a) Rules should be specified on the basis of which bonds are to be transferred into shares, and in particular the value of the share on the basis of which transfer is to be effected.
b) The bond issue value shall not be less than the nominal value of the share.
c) The value of the bonds to be transferred into shares, in addition to the value of the company's shares, must not exceed the company's authorized capital.
d) The period during which a request can be made to transfer bonds into shares.
e) The right of the bondholder to recover the value thereof in case he does not wish to transfer his bonds into shares.

Article (150)

The company's shareholders shall have the priority right to subscribe for the bonds transferable into shares if they express their desire to do so within a period not exceeding fifteen (15) days from the date of their invitation to exercise such right. A shareholder may exercise his priority right to subscribe for such bonds not in excess of his shareholding in the company's capital if the offered bonds allow this.

Article (151)

Bondholders wishing to transfer them into shares have to express their desire to do so within the period prescribed in the resolution passed to issue the bonds and specified in the subscription prospectus, and the transfer of bonds into shares shall be made in accordance with the procedures and conditions laid down in a resolution passed by the extraordinary general assembly contained in the prospectus. The company shall honor the value of the bonds the owners of which wish to transfer into shares, at their maturity date.

Article (152)

The company may not, after the issue of the resolution of the extraordinary general assembly, issue bonds transferable into shares and until the date of their transfer or the payment of the value thereof, pay out bonus shares or dividends from the reserves or issue new bonds transferable into shares, except after taking whatever is necessary to preserve the rights of holders of bonds transferable into shares who elect to transfer them by giving them bonus shares or dividends from the reserves or some of these bonds as if these bondholders were shareholders.

Subject to the provisions of Article (150) above, if the resolution of the general assembly issuing the bonds transferable into shares, referred to in the foregoing article, provides for abolishing the priority right of shareholders to subscribe, the

approval of the body representing the holders of bonds transferable into shares must also be obtained.

Article (153)

The company may not, after the issue of the resolution of the extraordinary general assembly, issue bonds transferable into shares and until the date of their transfer or the payment of the value thereof, reduce its capital or increase the distributable percentage as a minimum profit among shareholders. In case the company's capital is reduced on the account of losses by way of cancelling a number of shares or by reducing the nominal value of the shares, the rights of the bondholders who elect to transfer them into shares shall be reduced by the same percentage the company's capital is to be reduced, as if these bondholders were shareholders, without the need to obtain the approval of the body representing bondholders.

Article (154)

Shares which are given to bondholders as a result of the transfer of their bonds shall have a share in the dividends paid out for the financial year during which transfer was effected, from the date of the transfer until the end of the financial year.

Article (155)

The company may issue bonds the holders of which shall have the priority right to subscribe for any increase in the capital, just as shareholders, and this shall be undertaken for whoever wishes to do so, within a period not exceeding fifteen (15) days from the date of notifying bondholders of this, and the priority right shall be limited to subscription for shares the nominal value of which does not exceed the value of bonds owned by whoever exercises such right.

Article (156)

If the company issues bonds secured by mortgages on its property or any other securities, legal procedures for mortgage or security shall be completed for the account of the bondholders or a trustee representing them before issuing bonds for subscription, and the company shall undertake such measures or they may be undertaken by the party providing the security in case it is provided by a party other than the company. The company shall, during a period of no more than one month from the expiry of the period specified for subscription, take the necessary measures to make a notation of the value of the loan represented by the bonds, and all other particulars related thereto, in the register in which the mortgage has been entered.

Article (157)

The company may not put forward or put back the date of honoring the bonds, unless it is provided in the resolution passed in connection with the issue of the bonds and the subscription prospectus. However, in case the company is wound up for reasons other than merger, bondholders may require that the value of their bonds be paid before their maturity date, and the company may also offer to do so, and if honoring the value of the bonds is effected in any of these two cases, interest for the remaining period of the loan time shall lapse.

Article (158)

If the payment of the value of the bond is made in installments and the bondholder defaults on the payment of any of such installments in the appointed time, the company may sell the bond and recover its rights in accordance with the procedures and provisions set out in Article (116) herein.

Article (159)

The company shall maintain a special register wherein bonds for each issue and the names of their owners, if they are in the name of their owners, shall be entered, and entries of all acts carried out in relation to these bonds shall be effected in such register.

Article (160)

Bonds in the names of their owners shall be traded by following the procedures provided for in this Law in respect of dealing in shares, and bonds to their holders shall be traded by way of the transfer of the title thereof from the seller to the buyer. The company shall honour the value of the bond to holder on maturity, and the procedures and provisions included in the byelaws of the Securities Exchange in respect of dealing in bonds quoted on the Stock Exchange shall be observed.

Article (161)

The company may accept its loan bonds as a way of discharge of its debts, even if this is made before the maturity dates of these bonds, and the company shall have the right to re-sell these bonds unless there is a ban on such sale in the company's Articles of Incorporation or by a resolution issued by the general assembly.

Article (162)

A body of bondholders of each issue shall be formed to represent the common stocks of its members, and shall have a legal representative from amongst its members or to be elected from third parties. The representative of the body shall not have a direct or indirect interest in the company. The company shall, within one month from the date of the completion of subscription for bonds, invite the body of bondholders to approve the statues of the body and elect or choose its representative, and such invitation shall be made by way of publication in a daily newspaper.

If the company does not invite the body to convene within the period specified in the preceding paragraph, every interested party shall have the right to apply with the Ministry of Commerce and Industry to summon the body to convene within a period not exceeding fifteen (15) days from the date of filing such application.

Article (163)

The body shall convene whenever it is necessary upon the request of its representative, the company or a number of bondholders owning ten percent (10%) of their value. Invitation shall be made in the manner specified in the foregoing paragraph, and shall include an agenda. Resolutions passed at the meeting shall not be valid unless the meeting is attended by a number of bondholders representing two thirds of the issued bonds. If such quorum is not obtained, the body shall be invited to convene a second meeting for the same agenda, and such meeting shall be valid if it is attended by bondholders representing one third of the bondholders. Resolutions shall be issued with the majority of the votes of bondholders present. If the resolution is in connection with the extension of the maturity of bonds, reduction of the return or the debt amount, or with the reduction of securities, or if it prejudices, in any way whatsoever, the bondholders' rights, it shall be valid if only approved by bondholders owning two thirds of the loan bonds. In all cases, the body may not pass a resolution resulting in the increase of liabilities of its members or prejudice the principle of equality among them.

Article (164)

The body representative shall have the right to attend the company's general assembly meetings. The company shall send to him the same invitation sent out to shareholders, and he shall have the right to participate in the discussions, but without

voting on resolutions. The body representative may take, whenever necessary, the required measures to safeguard bondholders' rights.

Article (165)

If a bond issued to its owner or holder is lost or damaged, its owner whose name is registered in the company's register, or its holder, may apply for the issue of a new bond in replacement of the lost or damaged one. The owner shall publish the serial numbers of the lost or damaged bonds and the number thereof in a local newspaper. If no objection is submitted to the company within fifteen (15) days from the date of publication, it may issue new bonds to the owner in which it shall be noted that they are issued in lieu of the lost or damaged ones, and the new bonds shall confer upon their holder the same rights, and shall entail the same obligations attached to the lost or damaged bonds.

Article (166)

Whoever objects to the issue of a bond in replacement of the lost or damaged one referred to in the preceding paragraph shall lodge legal action before the competent court within fifteen (15) days from the date of his objection being submitted to the company, failing which his objection shall be null and void, and the court shall resolve the case as soon as possible.

Chapter Six
Membership of the Company

Article (167)

Promoters who signed the company's Articles of Incorporation, together with the shareholders who have subscribed for its shares, shall be considered members of the company, and they shall all enjoy equal rights and shall be subject to the same liabilities, with due observance of the provisions of this Law.

Article (168)

"As added by Law No. (1) of 2018"

Shares shall confer equal rights and liabilities. The member shall, in particular, enjoy the following rights:

a) To receive the profits paid out to shareholders.
b) To receive a share in all the company's property on liquidation. When dividends are distributed to shareholders, the company shall distribute dividends to the last shareholder registered as the latest owner of shares registered in the company's books at the time of approval by the general assembly of the financial statement and the distribution of profit. As regards the company's assets, the last owner of shares registered in the company's registers shall have the sole right to receive the amounts due as his share in these assets.
c) To participate in the management of the company, whether at the meetings of general assembly or the board of directors, in accordance with the company's Articles of Incorporation.
d) To receive a printed pamphlet containing the balance sheet of the financial year ended, the profit and loss accounts, the board of directors' report and the auditor's report.
e) To institute legal proceedings to invalidate every resolution passed by the general assembly or the board of directors in contravention of the Law, the public order, Memorandum of Association or Articles of Incorporation.

f) To dispose of the shares owned by him and have the priority right to subscribe for new shares in accordance with the provisions of the Law.
g) The right of access to the company's registers and obtain copies or extracts of the particulars thereof in accordance with the conditions and requirements specified in the Articles of Incorporation, provided that the use thereof shall not entail any prejudice to the company's interest or to its financial status or third parties.
h) Other rights set out in the company's Memorandum of Association or Articles of Incorporation.

Article (168bis)

(As added by Law No. 1 of 2018)

A shareholder may institute legal proceedings against the company, for the court to rule as it deems appropriate, on the ground that the affairs of the company are being or have been conducted in a manner which is unfairly prejudicial to the interests of one or more of the shareholders (including at least shareholders himself) or that any actual or proposed act or omission by the company (including an act or omission on its behalf) is or would be so prejudicial.

Article (169)

A member shall, in particular, have the following obligations:

a) To pay the installments due and delay interest once the due date has lapsed, without the need to serve a notice.
b) To pay the expenses incurred by the company in the course of collecting the unpaid installment and sale of shares.
c) To refrain from doing any act intended to harm the company.
d) To implement any resolution lawfully adopted by the general assembly.

Article (170)

The shareholders' general assembly may not do the following:

1) Increase the shareholder's financial liability or increase the value of the shares except within the limits of the provisions of the Law.
2) Reduce the percentage to be distributed from the net profits to shareholders as specified in the company's Articles of Incorporation.
3) Introduce new terms other than those outlined in the Articles of Incorporation in connection with the shareholder's right to attend the meetings of general assemblies and vote thereat.
4) Restrict the shareholder's right to institute legal proceedings against all members of the board of directors, or against some of them, to claim compensation for any damage he has sustained in accordance with the provisions of the law.

Article (171)

The company shall maintain a register for its shareholders in which all the members' names and their addresses, the number of shares each of them owns, the amount paid for each share, the date on which each member was registered in the register, the date of his separation from the company and the method of such separation, shall be entered.

The said register shall be maintained at the company's head office, and every member shall have the right of access thereto free of charge, and any other person shall also have the right of access to it against the payment of a reasonable amount, except in the cases forbidden by the Law.

Every interested person shall have the right to seek correction in the register if a person is registered therein or if his name is deleted therefrom without any justification.

Chapter Seven

Administration ofthe Shareholding Company

1. Board of Directors

Article (172)

As amended by Law No. 1 of 2018

Management of the company shall be undertaken by a board of directors the formation and term of which shall be specified by the company's Articles of Incorporation. The number of members of the board of directors shall not be less than five (5), and the term of membership to the board shall not be more than three (3) years which may be renewed. The Board of Directors must include independent directors and non-executive directors in accordance with rules specified in a regulation issued by the Central Bank of Bahrain with respect to companies which are licensed by the Central Bank and a regulation issued by the competent Minister for commerce with respect to other companies.

Upon a reasoned request by a board of directors, the term of the board of directors may be extended for up to six (6) months by virtue of a resolution issued by the Central Bank of Bahrain with respect to companies which are licensed by the Central Bank and a regulation issued by the competent Minister for commerce with respect to other companies.

Article (173)

"As amended by Law No. 1 of 2018"

A member of the board of director shall fulfill the following conditions:

a) He must have full legal capacity to act.
b) He must not have been convicted in a crime involving negligent or fraudulent bankruptcy or a crime affecting honor or involving a breach of trust or in a crime

on the account of his breach of the provisions of this law, unless he has been reinstated.

c) He is not prohibited from assuming a directorship of a Joint Stock Company pursuant to this law on any other law in force in the Kingdom.

d) With respect to the chairman and the deputy chairman, he must not assume simultaneously such position and the position of the most senior executive in the company.

e) Any other conditions specified in a regulation applicable to the executive, non-executive and independent directors of companies that are not licensees of the Central Bank of Bahrain as specified in a regulation issued by the competent Minister for commerce.

f) Any other conditions specified in a regulation applicable to the executive, non-executive and independent directors of companies that are licensees of the Central Bank of Bahrain as specified in a regulation issued by the central Bank of Bahrain subject to Article 65 of the Central Bank and Financial Institution Law.

g) Any other conditions that may be specified in the company's Memorandum of Association or Articles of Incorporation.

Article (174)

"As repealed by Law No. (50) of 2014"

Article (175)

"As amended by Law No. (50) of 2014and Law No. 1 of 2018"

Any person, who owns ten percent (10%) or more of the capital, may appoint members on the board of directors for the same percentage of the capital he owns, by rounding the digits of the number to the nearest round figure. If he exercises this right, he shall lose his right to voting for the percentage for which he appointed a

proxy. 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 this 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, all unless it is provided otherwise in the company's Memorandum of Association or Articles of Incorporation.

In all cases, due observance shall be given in the formation of the board of directors to the rules under the Articles of Incorporation and those specified under the first paragraph of Article 172 of this law.

Article (176)

"As amended by Law No. 1 of 2018"

The general assembly shall elect members of the board of directors by cumulative voting in a secret ballot.

Cumulative voting means that each shareholder shall have a number of votes equal to the number of shares he owns and he shall have the right to elect to use them to vote for one person or distribute them to those candidates he chooses.

Subject to the Central Bank and Financial Institutions Law, it may be provided that no more than half of members of the first Board of Directors be made up of founders of the company.

Article (177)

"As repealed by Law No. (50) of 2014"

Article (178)

a) The company's Articles of Incorporation shall specify the conditions of terminating membership to the board of directors.

b) The general assembly may remove all, or some, of the members of the board of directors even if the company's Articles of Incorporation provides otherwise. A request for this purpose shall be submitted by a number of shareholders representing at least ten percent (10%) of the capital, and the board of directors shall submit the request to the general assembly within no more than one month from the date it is submitted, or else the Ministry of Commerce and Industry shall send out the invitation. The general assembly may not debate the removal request if it is not listed on its agenda, unless serious developments take place during the meeting. The member removed may claim compensation from the company if his removal is made without an acceptable reason or at an inopportune time.

c) The member of the board of directors may resign his office provided that this should be at a suitable time, or else he shall be liable to pay compensation.

Article (179)

a) If the office of one of the members of the board of directors becomes vacant, the board member coming next to him in the number of votes in the latest board election shall replace him. The new member shall complete the unexpired term of his predecessor. In other than this case, the board of directors shall elect, by secret ballot, a member to replace him from among the candidates, after being recommended by at least two members of the board of directors until the next meeting of the general assembly.

b) However, if the vacant offices are equal to one quarter (25%) of the original offices, the board of directors shall invite the ordinary general assembly to convene within two months from the date of the last office becoming vacant to fill them.

c) If vacant offices exceed more than half the number of the members of the board of directors, the board shall be deemed to be dissolved, and a call shall be sent out to elect a new board of directors for the company.

Article (180)

The board of directors shall convene at the invitation of the chairman or upon the request of at least two of its members. The meeting of the board shall not be valid unless it is attended by half (50%) the members, provided that the number of those present are not less than three, unless the company's Articles of Incorporation provides for a higher number or percentage.

A member of the board of directors may not give proxy to any other person to attend on his behalf unless this is allowed by the company's Articles of Incorporation, in which case he should be from among the board members or the representative of the corporate body represented by the principal member. Proxy may not also be given to more than one two members, provided that the number of members present in person shall not be less than the number of the members of the board, and that the chairman of the board of directors shall be present among them. Proxy shall be personal and established in writing and shall be sent to the board of directors at least three days before the meeting.

Resolutions of the board of directors shall be passed by the majority of the members present. In the event of a tie, the chairman shall have a casting vote, and the dissenting member shall prove his objection in the minutes of the meeting. The board of directors shall meet at least four (4) times within the financial year, unless the company's Articles of Incorporation provide for more times.

Article (181)

The board of directors shall elect, by secret ballot, one chairman and deputy chairman for one year, unless the company's Articles of Incorporation provide for another period. The board of directors may elect, by secret ballot, a managing director or more, who shall have the right to sign on behalf of the company, either jointly or severally, in pursuance of the board's resolution. The Ministry of Commerce and Industry shall be furnished with a copy of the resolutions electing the chairman and his deputy and the managing directors.

Article (182)

The board of director may undertake the powers and perform the acts necessitated for the administration of the company in accordance with its objectives. These powers and acts shall not be limited except as provided by the Law, the company's Articles of Incorporation or the resolutions of the general assembly.

The Articles shall specify the extent of the prerogatives of the board of directors in executing loans of more than three years of term, selling the company's property or business, mortgaging the same, providing guarantees for third parties, discharging the company's debtors of their liabilities or reaching a composition with them therefor or donating the company's property. If the company's Articles of Incorporation do not contain provisions to this effect, the board may not perform the aforesaid acts except by a permission from the general assembly, unless such acts are falling within the ambit of the company's objects.

Article (183)

The board of directors shall be the head of the company who shall represent it before third parties, and whose signature shall be that of the board of directors in the company's relations with third parties, unless the company's Articles of Incorporation provide for including another member or another person authorized

by the board of directors to co-sign with the chairman. The chairman shall execute the board's resolutions and abide by its recommendations. The deputy chairman shall act for the chairman during his absence.

Article (184)

The board of directors may allocate work for all its members as necessitated by the nature of the company's business. The board of directors alone shall have the powers to do the following:

a) Delegate any of its members, or a committee composed of its members, to carry out a certain assignment or more or supervise one of the company's businesses or exercise some of the powers or authorities granted to the board.
b) Delegate a member or more to perform actual management, and the board shall specify the powers of the member so delegated.

Article (184bis)

"As added by Law No. 1 of 2018"

a) An audit committee shall be formed by a resolution of the board of directors which shall tasked with reviewing the company's financial and accounting practices and its account s auditing and all that is related thereto, in addition to the extent of compliance with the provisions of the law and polices of the company. The management and corporate governance code shall specify rules for the formation of the audit committee, its duties, and its work procedure and remuneration of its members.
b) For the purposes of carrying out its duties, the audit committee may inspect the company's records, documents, correspondence, and accounts and may request any clarifications or statements from members of the board of directors or the executive management.

c) It shall be included in the annual report a statement on the business of the audit committee, which shall include all particulars, specified in the management and corporate governance code.

Article (185)

"As amended by Law No. 1 of 2018"

The chairman and members of the board of directors and managers of the company shall be liable tothe company, shareholders and third parties in accordance with Article 185 of this law. Any provision to the contrary shall be void ab initio. A resolution by the general assembly absolving any of the foregoing of liability shall not preclude the instituting of action of liability against him.

Article (186)

The liability referred to in the foregoing article shall either be personal relating to one member in particular, or joint against all members of the board of directors, in which case members shall be jointly liable to pay compensation, unless some of them opposed the resolution that gave rise to the liability and recorded their 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. If more than one member commit the wrongdoing, they shall be jointly liable towards the company.

Action of liability shall be time-barred after the expiry of five years from the date of the meeting of the general assembly in which the board of directors submitted an account for its administration.

Article (187)

"As amended by Law No. 1 of 2018"

a) Subject to paragraphs (b) and (c) of this article, it shall be the right of the company to raise a lawsuit against the chairman, board of directors and the managers for liability to losses incurred by the company in any of the cases under paragraph (a) of Article (18bis) of this law. The general assembly must pass a resolution to commence legal action, which shall be handled by the chairman of the board of directors. If the chairman is among those litigated against by the company, the general assembly shall appoint another member from the board to prosecute the case. If the case is instituted against all members of the board, the general assembly shall appoint a person from non-members to represent it in instituting the case.

b) A shareholder may individually institute legal proceedings against the Board of Directors in the event that the company fails to raise a law suit as provided under paragraph (a) of this article if such failure would cause him harm as a shareholder provided that he has served the company by a registered letter with acknowledgment of delivery a thirty (30) days notice of his intention to institute legal proceedings. Any contrary provision in the Articles of Incorporation shall be null and void. The shareholder may during the proceedings table a request to compel the defendant or a third party to present any documents or categories thereof that are in his possession and are related to the subject matter of the lawsuit.

c) Where the company is bankrupt, the right to raise the lawsuit in respect of the liability under paragraph (1) of this article shall be to the bankruptcy administrator, and where the company is under liquidation, the liquidator is required to raise the lawsuit without a need for a resolution by the general assembly.

Article (188)

The company's Articles of Incorporation shall provide for the manner of specifying remuneration of the members of the board of directors. The total of these remunerations may not exceed ten percent (10%) of the net profit after deducting statutory reserves and after distributing a profit of not less than five percent (5%) of the company's paid capital.

The general assembly may decide to pay an annual remuneration to the chairman and members of the board of directors during the years in which the company does not post any profit or during the years in which it does not pay out dividends to the shareholders, subject to the approval of the Competent Minister for commerce affairs. The board of directors' report to the general assembly shall contain a full account of everything paid to the members of the board of directors during the financial year in the form of salaries, dividends, allowance for attendance, allowance for representation and expenses, etc. Such report shall also contain what the members of the board have received in their capacities as staff members or administrators or what they have received in consideration for technical or administrative work or any other work.

Article (189)

"As amended by Law No. 1 of 2018"

a) The chairman and members of the board of directors shall inform the board of his personal interest, either direct or indirect, in matters before the board, along with a detailed statement particularizing such interest and any material facts, and he may not participate in the deliberation or attend the meeting or vote on resolutions in this regard, and such declaration shall be recorded in the minutes of the meeting.

b) The chairman, any member of the board of directors or its any of the company's managers may not have a personal interest, either directly or indirectly, in the

transactions or contracts concluded for the company's account or to which the company is a party without an authorization by the board of directors. The Central Bank of Bahrain may issue additional rules with respect to authorizing such transactions or contracts if the company is licensed by the Central Bank of Bahrain.

c) The chairman of the board of directors shall notify the general assembly, at its first meeting after the completion of the business transaction or the execution of the contract, of the results of the business transactions and contracts which have been approved pursuant to in paragraph (b) of this article. Such notification must be accompanied with a special report prepared by the external auditor. The company shall disclose these transactions and contracts in its financial statements and annual report, including details of such transactions and contracts and identify the member with the interest together with the nature and extent of the interest, whether such person is the chairman or member of the board of directors or its any of its managers.

d) Without prejudice to rights of good faith, the prohibition referred to under paragraph (b) of this article shall result in a right to claim the annulment of the transaction if its conditions were unfair or involves a conflict, and to order the offender to pay damages and return to the company any profit or benefit realized from the violation. Without prejudice to the provision of Article 18bis and Article 186 of this law, the Board of Directors shall be jointly and severally liable with offender for all the foregoing if it authorized the violation or knew or had reason to know of the violation.

e) Shareholders holding a minimum of 10% of the company's capital shall be entitled to access papers and documents in relation to contracts and transaction referenced in paragraph (b) of this article and to obtain copies or extracts therefrom.

Article (190)

The amounts due to the representative of the board of directors of the company in any form whatsoever shall inure to the corporate person he is representing, and the chairman of the board of directors shall pay such amounts to the treasury of the public corporate body within one week from the date of them becoming due.

The public corporate body may specify the remunerations and benefits to be paid to these representatives.

Article (191)

Subject to the provision of Article (215) of this Law, a member of the board of directors of a shareholding company or its managers may not participate in any business activity competing with the company, without obtaining a special and justified permission there for from the general assembly, which shall be renewed annually, or else the company may claim compensation from him or consider the transactions concluded for his own account as having been concluded for the company's account.

The chairman and members of the board of directors of the company and its managers may not divulge the secrets of the company they are privy to.

Without prejudice to the penalties imposed in the Penal Code and in this Law, each member of the board of directors shall forfeit his membership if he violates the ban provided for in this Article, and shall pay compensation.

Article (192)

The company may not give any cash loans whatsoever to any of the members of its board of directors or guarantee a loan concluded by him with third parties. Excluded from this shall be banks and other credit companies which, in the course of the

business activities which are falling within the ambit of their objects, in pursuance of the guidelines of the Central Bank of Bahrain, and under the same terms and conditions applied by the company to the general public, extend loans to any of the members of the board or open a letter of credit for him and guarantee the loans he contracts with third parties.

The auditor's statement shall be put at the disposal of the shareholders for their own use, in the period specified in the last paragraph of Article (195) of this Law, in which they shall state that the loans, letters of credit or guarantees have been concluded without breach of the provisions of the previous paragraph.

Any contract concluded in contravention of the provisions of this Article shall be invalid, without any prejudice to the shareholders' right to claim compensation from the violator, if necessary.

Article (193)

"As amended by Law No. 1 of 2018"

a) No person may be appointed a member of the board of directors unless he states his acceptance in writing. Such acceptance must include a disclosure of any business he is engaged in, directly or indirectly, competing with that of the company, names of the companies or bodies in which he is engaged and any directorship he occupies in such companies or bodies.

b) If it is found that a member of the board of directors has been elected, or appointed, in contravention of the provisions of this Law, or has abused his membership by being engaged in business competing with that of the company in a manner causing an actual damage to it, the company's general assembly shall convene to consider dropping his membership within forty five (45) days from the date of the violation being discovered.

Article (194)

The minutes of the meetings of the board of directors shall be entered in a special register, and such minutes shall be signed by the members present at the meeting and the secretary of the board.

The member who object to any resolution adopted by the board shall record his objection in the minutes of meeting, and the signatories of the minutes of meetings shall be answerable for the accuracy of the information contained in the register.

Article (194bis)

"Added by Law No. 1 of 2018"

a) Except for mortgage and cases in which the disposition is for a subsidiary company, it is not permissible in the ordinary course of the company's business to dispose more than half of the company's assets unless it is approved by the Board of Directors, and it shall be presented to the General Assembly for its approval taking into consideration the provisions of paragraph (b) of this Article. The invitation for the Extraordinary General Meeting must include sufficient details of such disposal, its terms and its conditions. For the purposes of this paragraph, the assets of the company include the assets of any subsidiary.

b) Without prejudice to any rights of any third party that have good faith, the Board of Directors shall not be required to complete the transaction after the approval of the Extraordinary General Assembly in accordance with the provisions of paragraph (a) of this Article, if justified. The Board of Directors shall explain the reasons for not completing the disposition to the General Assembly at its first meeting following the resolution of the Board of Director approving the transaction.

Article (195)

Each company shall prepare, for every year, a detailed list approved by the chairman of the board of directors and the managing director, of the names of the chairman of the board and its members and their designations and the names of the company's managers. The company shall keep a copy of this list and send the original to the Ministry of Commerce and Industry, accompanied with the annual report prepared by the board of directors, the company's balance sheet and its profit and balance account statement. The company shall notify the said Ministry of any alteration occurring on the said list throughout the year.

The board of directors shall prepare, for every financial year, within no more than three (3) months from the date of its expiry, a report on the company's activities during the financial year and about its financial position, the balance sheet and profit and loss account, and the said report, balance sheet and profit and loss account shall be signed by the chairman of the board of directors and one of the members. Members of the board of directors shall be answerable for implementing this.

Article (196)

The chairman of the board of directors of a public shareholding company shall publish the balance sheet, the profit and loss account and an adequate summary of the annual report and the full text of the auditor's report in a local Arabic language newspapers at least fifteen (15) days before the meeting of the general assembly.

Article (197)

"As amended by Law No. (50) of 2014"

Without prejudice to the provisions of the Central Bank of Bahrain and Financial Institutions Law, promulgated by Law No. (64) of 2006, and its Implementing Regulations, the Competent Minister for commerce affairs may dissolve the board of directors of the company, for a justifiable cause, in any of the following cases:

a) if the company has fallen on hard times or has been mismanaged, or if it has sustained heavy losses prejudicing 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 must 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 order 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 months' term, and shall include 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 order, within fifteen (15) days from the date of its issue, before the High Civil Court, and the Court shall resolve the case on an urgent basis.

2. General Assembly

A. Ordinary General Assembly

Article (198)

"As amended by Law No. (1) of 2014"

a) The ordinary general assembly of the shareholders shall convene upon an invitation from the chairman of the board of directors at the time and place prescribed in the Articles of Incorporation. The general assembly shall convene

at least once a year during the first three (3) months following the end of the company's financial year.

b) The board of directors may decide to summon the ordinary general assembly to convene if so requested by the auditors or a number of shareholders representing ten percent (10%) of the company's capital.

c) The competent Ministry for Commerce affairs may summon a meeting of the general assembly where:
   1) One month has lapsed from the prescribed date for a meeting, without such a meeting being held.
   2) The number of members of the board of directors is less than the number required for a quorum.
   3) the Board of Directors has failed convene a general assembly within one (1) months following the date of a request tabled in accordance with paragraph (b) of this article.
   4) The competent Minister for commerce affairs finds there is a justification for summoning the general assembly to convene.
   5) The competent body responsible for overseeing the activity of the company (where such competent body competent Ministry for Commerce)

Article (199)

"As amended by Law No. (1) of 2014"

a) The summons to the shareholders to convene the general assembly shall be published in at least two daily Arabic newspapers, one of them must be local, and such publication shall be made at least twenty (21) days before the date fixed for the meeting, and the summons to the meeting shall contain the agenda.

b) Copies of the summons documents shall be sent to the Ministry of Commerce and Industry at least ten (10) days before the meeting of the general assembly.

Article (200)

The promoters shall prepare the agenda for the constituent general assembly, while the board of directors shall prepare the agenda for the ordinary or extraordinary general assembly. In cases in which the general assembly may be convened at the request of the shareholders, the auditors or the Ministry of Commerce and Industry, the agenda shall be prepared by whoever requested the meeting, and no issues may be debated if they are not listed on the agenda.

Article (201)

The meeting of the general assembly shall be presided over by the chairman of the board of directors, or his deputy or by whom is delegated for this purpose by the board of directors or the general assembly. The meeting shall not be valid unless it is attended by a number of shareholders representing more than half the company's share capital. If this quorum is not available, an invitation shall be sent out to a second meeting to discuss the same agenda to be held after no less than seven (7) days and no more than fifteen (15) days from the date fixed for the first meeting, and the second meeting shall not be valid unless it is attended by shareholders who have the right to vote representing at least more than thirty percent (30%) of the share capital. The third meeting shall be valid regardless of the number of attendees. It may be possible not to send out a new invitation to the second and third meetings if dates for which were already specified in the invitation for the first meeting, provided that publication shall be made in at least two Arabic daily newspapers, one of them is a local newspaper, that none of these meetings has been held.

Article (202)

"As amended by Law No. (1) of 2014"

The Ministry of Commerce and Industry may nominate its representative to attend meetings of the general assembly. The representative shall not have no vote in the deliberationsand shall submit a report to the Ministry containing his observations to the Ministry. The competent Minister for commerce affairs shall issue a regulation - after approval of the Council of Ministers- specifying the fee for attendance of attendance of the representatives at the general assemblies.

The Central Bank of Bahrain may nominate any of its employees to attend meetings of the general assembly of companies that are subject to its oversight.

Article (203)

"As amended by Law No. (50) of 2014"

Each shareholder, regardless of the number of the 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 provision or resolution 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, if the proxy shall not be the chairman or 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 a proxy for relatives to the first degree of relationship. This shall be by virtue of a special power of attorney evidenced in writing designated for this purpose by the company.

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 must be made before at least twenty four (24) hours before the meeting. No member may

vote for himself or on behalf of whoever he represents on issues in which he has personal interest or on a dispute existing between him and the company.

Article (204)

Voting at the general assembly shall be conducted in the manner specified by the company's Articles of Incorporation, and voting shall be by a secret ballot if the resolution is related to election of members of the board of directors or their dismissal or to instituting liability action against them, or if this is so requested by the chairman of the board of directors or a number of shareholders representing at least one tenth (10%) of the votes present thereat.

Article (205)

Members of the board of directors may not vote on resolutions of the general assembly relating to the specification of their salaries or remuneration or to discharging them or to exempting them of liability for their management..

Article (206)

Except those reserved by the Law for the extraordinary general assembly, the ordinary general assembly shall be competent to debate all matters relating to the company and pass the appropriate resolutions in respect thereof. It shall, in particular, debate the following:

a) Electing members of the board of directors and dismissing them.
b) Specifying remuneration for the members of the board of directors.
c) Debating and approving the board of directors' report on the company's activities and financial position during the financial year ended.
d) Absolving the directors from any liability or otherwise.

e) Appointing one auditor or more for the next financial year and specifying his/their remuneration or authorizing the board of directors to fix it.
f) Reviewing the auditor's report on the company's financial accounts for the financial year ended.
g) Approving the profit and loss account, the balance sheet, the board of directors' report, the statement specifying the allocation of the net profits and specifying the dividends.
h) Discussing the recommendations relating to the issue of bonds, borrowing, mortgaging, issuing guarantees and deciding thereon.

Article (207)

"As amended by Law No. (1) of 2014"

a) The general assembly may not deliberate matters other than those listed on the agenda except where:
   1) It is of an urgent nature that arose after the agenda was prepared.
   2) Arose during the course of the meeting.
   3) If requested in writing to be included in the agenda by the competent government authority responsible for overseeing the company, any of the public juridical person which is a shareholder in the company, the company's auditor or a number of shareholders who own at least five (5%) of the shares of those in attendance at the meeting.
b) If, in the course of discussion, it became apparent that the information related to certain matters before the assembly are not adequate, the meeting shall be adjourned for no more than ten (10) business days if so requested by a number of shareholders owning one fourth (25%) of the shares which represented the quorum of the meeting.

c) The resolution passed by the general assembly in the urgent matters that had arisen shall be submitted to the competent Ministry for commerce affairs, or to the Central Bank of Bahrain in respect of its licenses, within five (5) business days following the meeting of the general assembly.

Article (208)

A minutes of meeting shall be prepared containing an adequate summary of the deliberations of the general assembly and everything that has taken place during the meeting, a record of the quorum of the meeting, the resolutions passed by the general assembly, the number of votes approving or contesting them and everything the shareholders request to be contained therein. The number of the attendees shall also be entered in a special register in which their presence shall be established, and whether it was in person or by proxy, and such register shall be signed, before the meeting, by the auditor, the numerators of the votes and the chairman of the general assembly. The company shall be bound to maintain all documents and papers substantiating what is contained in the minutes of meeting and a copy of the minutes of meetings of the general assembly shall be forwarded to the competent government authority within fifteen (15) days from the date of the meeting. A shareholder shall have the right to seek copies of the minutes of meeting of the general assembly if he has interest in requesting it.

B. Extraordinary General Assembly

Article (209)

The provisions relating to the ordinary general assembly shall apply to the extraordinary general assembly, subject to the provisions set out in the following articles.

Article (210)

"As amended by Law No. 1 of 2018"

The following matters shall be reserved for the extraordinary general assembly:

a) Amending the company's Memorandum of Association or the Articles of Incorporation or extending the company's term.
b) Reducing or increasing the company's capital including the issuance of new shares;
c) Disposing of more than half in value of the company's assets subject to Article 194bis of this law.
d) the entire project undertaken by the company or disposing of it in any other way.
e) Winding up the company or merging it with another company.

The extra ordinary general assembly may not amend the company's memorandum of association or articles of incorporation resulting in a change to the company's nationality, relocation of its head office outside the kingdom or increasing liabilities of the shareholders except increasing its capital. Any provision to the contrary shall be invalid.

Article (211)

The extraordinary general assembly shall convene upon the summons of the board of directors or upon the written request sent to the board by a number of shareholders representing at least ten percent (10%) of the company's shares.

The board of directors shall, in these cases, call the general assembly to convene an extraordinary meeting within one month from the date of receiving such request, failing which the Ministry of Commerce and Industry shall call for the meeting within fifteen (15) days from the date of the expiry of that date, with due observance of the provisions of Article (199).

Article (212)

The extraordinary meeting of the general assembly shall not be valid unless it is attended by shareholders representing at least two thirds of the company's shares. If such quorum is not available, an invitation shall be sent out for a second meeting to be held within the next fifteen (15) days of the first meeting, and such meeting shall be valid if attended by more than one third of the shares. If the quorum is not available for the second meeting, an invitation shall be sent out to a third meeting to be held within fifteen (15) days from the date of the second meeting, and the third meeting shall be considered valid if attended by one fourth (25%) of the shareholders. It may be possible not to send out a new invitation to the second and third meetings if dates for which were already specified in the invitation for the first meeting, provided that publication shall be made in at least two Arabic local newspapers, one of them is local newspaper, that none of these meetings has been held. Resolutions of the meeting of the extraordinary general assembly shall be passed by the majority of two thirds of the shares represented at the meeting unless the resolution is in connection with increasing or decreasing the company's capital, extending the term of the company, winding it up, converting or merging it with another company, in which cases the resolutions shall not be valid unless approved by three quarters (75%) of the shares of the shareholders present with whose attendance the meeting was valid. Resolutions of the extraordinary general assembly shall not become valid except after they are approved by the Ministry of Commerce and Industry.

Article (213)

The extraordinary general assembly may pass a resolution falling within the powers of the ordinary general assembly, provided that the quorum and majority required

for the ordinary general assembly meeting are available, and that the issues subject of the resolution are included in the agenda.

C. Common Provisions

Article (214)

a) Resolutions passed by the general assembly in accordance with the provisions of the Law and the Articles of Incorporation shall be binding upon all shareholders, whether they attended the meeting at which the resolutions were passed or were absent, and whether they voted for or against them.
b) The board of directors shall implement the resolutions adopted by the general assembly.

Article (215)

(As amended by Law No. 1 of 2018)

a) A shareholder may institute legal proceedings to annul, and claim damages where applicable, any resolution of the company's ordinary general assembly or extra ordinary general assembly, if the resolution contravenes the law, public order, company's Memorandum of Association or Articles of Incorporation. Without prejudice to the rights of any party of good faith, a ruling of annulment shall result in the resolution of the general assembly becoming invalid ab initio and the board of directors shall have an obligation to publish the annulment ruling in one of the daily newspapers.
b) During the proceedings of the case for annulment referred to under paragraph (a) of this article, a shareholder may petition the court to order the defendant to produce all documents or categories of documents that are relevant to the case and are under his control.

c) An action for annulment under paragraph (a) shall be subject to prescription sixty (60) days after the shareholder obtained knowledge of the resolution or one year after the resolution was made whichever comes first. Commencement of an action for annulment shall not result in the suspension of the resolution unless the court orders otherwise.

Article (215bis)

(As added by Law No. 1 of 2018)

a) A shareholder may institute legal proceedings to annul, and claim damages where applicable, any resolution of the company's ordinary general assembly or extra ordinary general assemblyif it is for the benefit of a category of the shareholders, is of a particular benefit to members of the board of directors or others, made with intent to harm a certain category of the shareholders or is unfair to the rights of the minority without regards to the interest of the company.

b) Without prejudice to the rights of any party of good faith, a ruling of annulment in accordance with paragraph (a) of this article, shall result in the resolution of the general assembly becoming invalid. However, except where the resolution contravenes the law, the court may uphold, amends or annuls or annuls the resolution or may suspends its application until a suitable settlement is concluded for the purchase of the shares of those objecting shareholders with due regards to rules applicable to the purchasing by the company of its own shares.

c) During the proceedings of the case for annulment referred to under paragraph (a) of this article, the shareholder may petition the court to order the defendant to produce all documents or categories of documents that are relevant to the case and are under his control.

d) An action for annulment under paragraph (a) shall be subject to prescription sixty (60) days after the shareholder obtained knowledge of the resolution or one year

after the resolution was made whichever comes first. Commencement of an action for annulment shall not result in the suspension of the resolution unless the court orders otherwise.

Article (216)

Shareholders' names shall be entered in a special register designated for this purpose at the company's head office at least twenty four (24) hours before the time fixed for the general assembly meeting, and such register shall include the names of shareholders and the number of shares they own, the number of shares they represent, the names of their owners and the letter of authority. A shareholder shall be given an attendance card to attend the meeting, which card shall mention the number of votes he is entitled to, either in person or by proxy.

3. Auditors

Article (217)

a) The company shall have one or more than one auditor from those licensed to practice their profession who shall be appointed by the ordinary general assembly, which shall specify their remuneration and the term for which they were appointed. The company's promoters may appoint an auditor who shall undertake his assignment until the constituent general assembly is held. If more than one auditor is appointed, each of them shall undertake his auditing business separately. If the auditor appointed by the general assembly does not start his task for any reason whatsoever, the board of directors shall, if necessary, appoint another auditor to replace him, provided that such matter shall be put before the general assembly at its first meeting to resolve it.

b) Auditors, if they are several, shall be jointly liable for their auditing.

c) No person may be an auditor and at the same time be a chairman or member of the board of directors of the company the accounts of which he is auditing, or a managing director or a person assigned to undertake any administrative work or supervisor of its accounts, or a relative to the second degree of a person supervising the company's administration or accounts. He may not also buy shares in the companies the accounts of which he is auditing, or sell them throughout his auditing.

In all cases, the company's auditor may not become a member of the company's board of directors or one of its staff members before the lapse of two years from the date of the discharge of his liability.

Article (218)

a) The auditor shall have, at all times, the right of access to all the company's books, registers and documents, and to ask for the particulars which he deems necessary to obtain. He shall also have the right also to verify the company's assets and liabilities.

b) The board of directors shall enable the auditor to carry out his duties specified in the foregoing paragraph. If he is unable to exercise these rights, he shall prove this in writing in a report which he shall submit to the board of directors. If the board of directors does not facilitate the auditor's task, the latter shall invite the ordinary general assembly to look into the matter.

c) The auditor shall, in all cases, furnish the Ministry of Commerce and Industry with copies of his reports and observations, of whatever nature, whether they are financial or administrative, and shall advise it whether there have been any breaches of any nature whatsoever, and such other reports, whether they have been submitted to the general assembly or to the company's board of directors.

Article (219)

The auditor shall attend the general assembly and state his opinion on everything related to his work, and in particular the balance sheet. He shall read out his report before the general assembly. Such report shall be prepared in accordance with the international auditing standards and practices or in accordance with the standards approved by the competent authority, and shall include, in particular, the following details:

a) Whether the auditor has obtained the information he deems necessary for performing his duties satisfactorily.
b) Whether the balance sheet and the profit and loss account are conforming with the facts, that they have been prepared in accordance with the International Accounting Standards, or in accordance with the standards approved by the competent authority, whether they include all that is provided for by the Law and the company's Articles of Incorporation, and that they reflect honestly and clearly the company's actual financial position.
c) Whether the company maintains regular accounts.
d) Whether the stock tacking undertaken by the company has been carried out in accordance with the recognized standards.
e) Whether the particulars contained in the board of directors' report are in conformity with what is contained in the company's books.
f) Whether there have been violations of the company's Articles of Incorporation or the provisions of the Law during the financial year in a manner affecting the company's activities or its financial position, and stating whether such violations are continuing, to the extent of the information made available to him.

If the company has more than one auditor and they do not agree on one report, each of them should prepare his separate report. The auditor's report shall be read out at

the general assembly, and each shareholder shall have the right to discuss the said report and ask for clarifications on its contents.

Article (220)

The auditor shall be answerable, in his capacity as the representative of all the shareholders, for the accuracy of the particulars contained in his report. Each shareholder shall the right, during the general assembly meeting, to discuss the auditor's report and seek clarifications from him on the contents therein. The auditor shall be liable, towards the company, for any damage sustained by the company as a result of the wrongdoing he commits in the course of performing his work. If the company has more than one auditor and they are partners in the wrongdoing, they shall all be jointly liable towards the company.

Action of civil liability referred to in the foregoing shall be barred after the lapse of one year from the date of the meeting of the general assembly in which the auditor's report was read out, and if the action attributed to the auditor is a criminal act, action of liability shall not lapse except with the lapse of the general action.

The auditor shall also be liable to pay compensation for the damages which may be sustained by the bona fide shareholder or third parties as a result of professional wrongdoing or of not complying with the accounting principles and standards which should be complied with.

Article (221)

The board of directors or a number of shareholders representing at least twenty five percent (25%) of the capital may request the replacement of the auditor during the financial year, and the board of directors shall call for a meeting of the ordinary general assembly to discuss the request after the lapse of fifteen (15) days from the date of filing it. The request to replace the auditor shall be sent, during this period,

to the auditor to prepare his reply thereto, in writing, and such reply shall be sent to the company at least five (5) days before the general assembly meeting. The chairman of the board of directors or any member he delegates shall read out, before the general meeting, the request and the reasons thereof and the auditor's reply thereto in order to pass a resolution thereon accordingly. Any resolution passed in respect of the replacement of the auditor shall be invalid if these procedures are not complied with.

Article (222)

The auditor may tender his resignation during the term of his appointment in an opportune time in a written request submitted to the board of directors. If there are matters which he must bring the attention of the company's shareholders and debtors to, he shall prepare a report on such matters and submit it to the general assembly. The board of directors shall call the ordinary general assembly to meet to discuss the report within a period not exceeding thirty (30) days from the date of the report being filed. The auditor shall be answerable for any damages sustained by the company as a result.

4. Financial Procedures

Article (223)

The company shall have a financial year that shall commence on 1st January and shall end on 31st December of each year, unless the company's Articles of Incorporation provide otherwise. Excluded from this shall be the company's first financial year, which shall commence on the date the company was finally incorporated, and shall end with the expiry of the financial year.

Article (224)

A ten percent (10%) of the net profits shall be deducted every year and set aside to the statutory (legal) reserve, unless the Articles of Incorporation specify a higher percentage.

Such deduction may be suspended if the reserve amounts to fifty percent (50%) of the paid-up capital, unless the company's Articles of Incorporation provide for a higher percentage. However, if the statutory reserve falls below the said percentage, deduction shall resume until the reserve reaches the said percentage.

The statutory reserve may not be distributed among shareholders, but may be utilized to guarantee the distribution of profits among shareholders of not more than five percent (5%) of the paid-up capital in the years when the company's profits do not allow payment of profits of this percentage.

Subject to the approval of the general assembly, a certain percentage of the net profits realized by the company as a result of the sale of fixed assets or any compensation in lieu thereof may be distributed, provided that this will not lead to the company being unable to restore its assets to their original condition or to acquire new fixed assets.

Article (225)

The general assembly may, upon the board of directors' recommendation, decide to allocate every year a portion of the net profits for the voluntary reserve account. The said voluntary reserve shall be utilized for the depreciation of the company's assets or for the fall of the value thereof or for the purposes determined by the general assembly.

Closed Shareholding Companies

Article (226)

A closed shareholding company consists of a number of persons- not less than two- who subscribe in it for negotiable shares which are not offered to the public for subscription.

Article (227)

All the provisions contained in this Law in respect of a shareholding company, which do not conflict with the provisions contained in this Part, shall apply to the closed shareholding company.

Article (228)

"As amended by Law No. (50) of 2014"

Subject to the provisions of Article (21bis), of this Law, the company's capital shall be specified by the promoters, and shall be adequate to realize its objectives

Article (229)

a) The promoters shall subscribe for all the capital shares.
b) The promoters shall deposit, in one of the accredited banks, the full value of the shares, or at least fifty percent (50%) thereof, provided that they shall pay the remaining value of the shares within a period of not more than three (3) years.

Article (230)

The closed shareholding company shall not acquire a corporate entity, and it may not commence its operations except after being registered in the Commercial Registry and publishing the resolution issued in respect of its incorporation in the Official Gazette at the company's expense.

Article (231)

a) The promoters shall call for a constituent assembly meeting to be held within seven (7) days from the date of issue of the Ministry of Commerce and Industry's approval of its incorporation, and the procedures governing the summons shall be in accordance with the provisions set out in Article (199) of this Law.
b) The constituent assembly shall be chaired by whoever is elected by the numerical majority of the members present.

Article (232)

The constituent assembly shall discuss, in particular, the report prepared on the company's incorporation process and the expenses necessitated thereto and the evaluation of the in-kind shares. It shall also elect a board of directors and appoint the auditors and announce the company's final incorporation.

Article (233)

The provisions of Article (116) hereof shall apply to the payable installments of the shares value, and in case shares are sold, preference of purchase shall be given to the company's shareholders in accordance with the provisions contained in this Part.

Article (234)

"As amended by Law No. (50) of 2014"

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

Article (235)

The Articles of Incorporations of a closed shareholding company may contain all, or some, of the following restrictions on the shareholder's right to dispose of his shares unless the company is listed on the Securities Exchange.

a) The stipulation that preference shall be given to the company's shareholders to buy the shares the owner of which wishes to sell.
b) The stipulation that the board of directors shall approve the buyer of the shares.

Excluded from these restrictions shall be disposal of shares among shareholders, spouses, ascendants and descendants.

If the company's Articles of Incorporation contain any of these restrictions, the company shall not be listed on the Securities Exchange.

Article (236)

If the Articles of Incorporation of a closed shareholding company provide for preference to shareholders to buy shares, the shareholder shall, before disposal thereof, notify the company of the conditions of sale, and disposal of shares shall not become effective before the lapse of fifteen (15) days from the date of notification without any shareholder applying to buy the shares.

If one of the shareholders applies to buy the shares, this shall be against the announced price; in case no agreement is reached, the price shall be fixed in accordance with the rules followed by the Securities Exchange.

Article (236bis)

"As added by Law No. 1 of 2018"

Shares of a closed Joint stock Company that is listed in a securities exchange many not be purchased by any of its subsidiaries.

Article (237)

If the Articles of Incorporation of a closed shareholding company contain a stipulation for the approval of the board of directors of the purchaser of the shares, the board shall, in case of refusing the buyer of the shares, buy the shares for the company's accounts within fifteen (15) days from the date of the date of approval, and purchase in this case shall be against the announced price without prejudice to the provisions regulating the purchase of a company of its own shares.

Article (238)

a) In case the company's capital is increased, shareholders shall have priority right to subscribe for the new shares, and any provision to the contrary shall be considered null and void.
b) Shareholders shall be notified in registered letters of their priority to subscribe for shares and of the date of opening subscription and closure thereof and of the price of the new shares.
c) Each shareholder shall express his desire to exercise his right of priority to subscribe for the new shares within fifteen (15) days from the date of sending the registered letter mentioned in the preceding paragraph.
d) Priority right may be assigned to third parties against material consideration to be agreed upon between the shareholder and the assignee if the Articles of Incorporation so provide, or if the company's general assembly so decides.

Article (239)

a) The new shares shall be distributed among the shareholders who have applied to subscribe therefore in proportion to the shares they own in the company, provided that this proportion shall not exceed the new shares they have applied to subscribe for.

b) The remaining new shares shall be distributed among the shareholders who have applied for more than they were allocated in proportion to the shares they own; if all the new shares are not distributed among the shareholders, the board of directors may allot them to new shareholders provided that the value thereof shall be paid in cash. The un-allotted new shares shall be deemed as abolished if three (3) months have lapsed from the date of opening subscription and they have not been subscribed for.

Article (240)

"As amended by Law No. 1 of 2018"

a) Management of the company shall be undertaken by a board of directors the formation and term of which shall be specified by the company's Articles of Incorporation. The number of members of the board of directors shall not be less than three (3), and the term of membership to the board shall not be more than three (3) years which may be renewed. For closed joint stock companies that are listed in a securities exchange and other closed Joint Stock that fall within those categories specified in a regulation issued by the competent Minister for commerce or the Central Bank Companies, as the case may be, the Board of Directors must include independent directors and non-executive directors.

b) A member of the board of director shall fulfill the following conditions:
   1) He must have full legal capacity to act.
   2) He must not have been convicted in a crime involving negligent or fraudulent bankruptcy or a crime affecting honor or involving a breach of trust or in a crime on the account of his breach of the provisions of this law, unless he has been reinstated.
   3) He is not prohibited from assuming a directorship of a Joint Stock Company pursuant to this law on any other law in force in the Kingdom.

4) With respect to the chairman and the deputy chairman, he must not assume simultaneously such position and the position of the most senior executive in the company.
5) Any other conditions specified in a regulation applicable to the executive, non-executive and independent directors of companies that are not licensees of the Central Bank of Bahrain as specified in a regulation issued by the competent Minister for commerce.
6) Any other conditions specified in a regulation applicable to the executive, non-executive and independent directors of companies that are licensees of the Central Bank of Bahrain as specified in a regulation issued by the central Bank of Bahrain subject to Article 65 of the Central Bank and Financial Institution Law.
7) Any other conditions that may be specified in the company's Memorandum of Association or Articles of Incorporation.

Article (241)

The board of directors shall convene at the summons of the chairman of the board or any of its members, and the quorum shall be available with the presence of half the members, provided that the number of those present shall not be less than two (2).

Article (241bis)

"As added Law No. 1 of 2018"

An audit committee shall be formed by a resolution of the board of directors for those closed joint stock companies that are listed in a securities exchange and other closed joint stock companies that fall within the categories specified in a resolution issued by the competent Minister for commerce affairs.,

Article (241bis1)

"As addedLaw No. 1 of 2018"

a) Except for mortgage and cases in which the disposition is for a subsidiary company, it is not permissible in the ordinary course of the Closed Joint Stock Company's business to dispose more than half of the company's assets unless it is approved by the Board of Directors, and it shall be presented to the General Assembly for its approval taking into consideration the provisions of paragraph (b) of this Article. The invitation for the Extraordinary General Meeting must include sufficient details of such disposal, its terms and conditions. For the purposes of this paragraph, the assets of the company include the assets of any subsidiary.

b) Without prejudice to any rights of any third party that have good faith, the Board of Directors shall not be required to complete the transaction after the approval of the Extraordinary General Assembly in accordance with the provisions of paragraph (a) of this Article, if justified. The Board of Directors shall explain the reasons for not completing the disposition to the General Assembly at its first extra ordinary general assembly following resolution of the Board of Director approving the disposition.

Article (242)

"Amended by Law No. 1 of 2018"

A call for convening the general assembly shall be made through registered letters, with acknowledgment of receipt, or other or by any other mean that establishes knowledge of the date, place and agenda of the meeting, at least twenty (21) days before the meeting. A general assembly of the company must be convened at least once during the first three (3) months after the end of the financial year for

companies that are listed in a stock exchange and those that are licensed by the Central Bank, or six (6) months for other companies.

Article (243)

The ordinary general assembly meeting shall not be valid unless attended by a number of shareholders representing more than half the shares. If such quorum is not available, the meeting shall be valid with those present at a meeting held after half an hour from the time specified for the first meeting.

Article (244)

The extraordinary general assembly meeting shall not be valid unless attended by shareholders representing at least two thirds (2/3) of the company's shares. If such quorum is not available, an invitation shall be sent out for a second meeting to be held within the next ten (10) days of the first meeting, and such meeting shall be valid if attended by more than one third of the shares.

If the quorum is not available for the second meeting, an invitation shall be sent out to a third meeting to be held within the next ten (10) days from the date of the second meeting, and the third meeting shall be considered valid if attended by one fourth (25%) of the shareholders.

It may be possible not to send out a new invitation to the second and third meetings if dates for which were already specified in the invitation for the first meeting, provided that the shareholders are notified that the first meeting has not been held. Resolutions of the meeting of the extraordinary general assembly shall be passed by the majority of two thirds of the shares represented at the meeting.

Article (244bis)

"As added by Legislative Decree No. (53) of 2018"

Subject to the Central Bank and Financial Institutions Law promulgated by law No. 64 of 2006, the Board of Directors shall-within six (6) months after the end of the financial year - provide to the competent Ministry for commerce affairs a copy of its balance sheet, profit and loss account, annual report and the auditor's report signed and sealed by the auditor for the purpose of establishing the company's compliance with the provisions of the law, soundness of its financial position and the extent of its cooperation with the competent authorities with respect to tax compliance on the national and international level.

In all cases, the Ministry may request any additional financial information, documents or reports it deems necessary.

Article (245)

"As repealed by Law No. (50) of 2014"

PART VI

LIMITED PARTNERSHIP BY SHARES

Article (246)

A limited partnership by shares is a company which consists of two categories of partners, one of which is that of joint partners who are jointly responsible to the extent of all their funds for the company's obligations, and the other is that of those sleeping partners who are not responsible for the company's obligations except to the extent of their equity in the capital.

Article (247)

The capital of a limited partnership by shares shall be divided into negotiable, indivisible shares of equal value. The sleeping partner in it shall be subject to the

same legal provisions as a shareholder in a shareholding company to the extent that this Article does not conflict with the provisions of the limited partnership by shares.

Article (248)

The name of a limited partnership by shares shall consist of one name or more of the joint partners. However, an innovative name derived from the company's objects may be added to the company's name. The shareholding partner's name may not be added to the name of the limited partnership by shares, but if his name is added with his knowledge, he shall be considered a joint partner towards bona fide third parties.

Article (249)

"As amended by Law No. (50) of 2014"

The provisions of Articles (86) to (107) of this Law shall apply to the limited partnership by shares, with due observance to the following:

a) The license provided for in these articles is not needed to authorize the incorporation of the company.
b) The number of promoters of this type of company shall not be less than four.
c) All joint partners and other promoters shall sign the company's Articles of Incorporation, and their responsibilities shall be the same as those of promoters of shareholding companies.
d) The company's Articles of Incorporation shall include the joint partners and their surnames, nationalities and domiciles.
e) Subject to the provisions of Article (21 bis), of this Law, the company's capital shall be specified by the promoters, and shall be adequate to realize its objectives
f) The company's manager shall publish its Articles of Incorporation, and he shall be liable for any damages resulting from any failure to comply with this stipulation.

Article (250)

The provisions relating to the share certificates issued by shareholding companies shall apply to the share warrants issued by a limited partnership by shares.

Article (251)

The administration of a limited partnership by shares shall be assigned to one joint partner or more, whose names shall be mentioned in the Articles of Incorporation, and they shall be liable in their capacity as promoters of the company. The provisions applying to the dismissal of directors of general partnership companies and their prerogatives and responsibilities shall apply to those in a limited partnership by shares.

Article (252)

A shareholding partner may not interfere in the administration of the company's business activities related to third parties even though with an authorization. However, he may participate in the company's internal administration within the limits specified in the company's Memorandum of Association. If a shareholder partner violates the ban provided for in the first paragraph above, he shall be liable, to the extent of all his funds, for any obligations arising out of his administration.

A shareholder partner may be considered liable for all the company's obligations if the acts he has undertaken are of a kind that makes others believe he is a joint partner, in which case the provisions relating to joint partners shall apply to the shareholder partner If the shareholder partner performs acts of administration which he is prohibited from performing under an explicit or implicit authorization from the joint partners, these partners shall be jointly liable with him for the obligations arising from such acts.

Article (253)

The company's Articles of Incorporation shall specify the manner of remunerating the managers. If such remuneration is determined on a basis of a certain percentage of the company's profits, such percentage shall not exceed 10% of the net profits after deducting the amount stated in Article (224) of this Law.

Article (254)

a) Each limited partnership by shares shall have a supervisory board consisting of at least three members to be elected by the constituent general assembly from amongst the shareholder partners if the number of the sleeping partners exceeds ten (10).
b) The supervisory board shall ascertain that the company's incorporation procedures have been in compliance with the provisions of the Law, and its members shall be jointly answerable for this.
c) The term of the first supervisory board shall terminate with the first ordinary meeting of the general assembly. Thereafter, the election of the supervisory board shall be the responsibility of the general assembly in accordance with the provisions set out in the company's Articles of Incorporation.
d) Joint partners shall not have the right to vote to elect the members of the supervisory board.

Articled (255)

a) The supervisory board shall supervise the company's activities, and for this purpose it may request the managers to provide it with an account of their administration, examine the company's books and documents and ask for a stock-taking of its assets. It shall also give its opinions on matters submitted to it by the

company's manager and shall authorize the manager to perform the acts for which the Articles of Incorporation stipulate that his permission is required, and the supervisory board shall have the right to summon the general assembly to convene if it discovers a gross breach in the company's administration.

b) The supervisory board shall submit to the shareholders' general assembly, at the end of every financial year, a report on the results of its supervision of the company's activities.
c) The members of the supervisory board shall perform their duties without any consideration.
d) Members of the supervisory board shall not be held liable for the activities of the managers or their consequences, unless they knew of the wrongdoings committed and they did not inform the general assembly thereof.

Article (256)

A limited partnership by shares shall have one auditor or more. The provisions set out in Article (217) to Article (222) herein shall apply to the auditors.

Article (257)

A limited partnership by shares shall have a general assembly consisting of all the joint and shareholding partners. The provisions relating to the general assembly in closed shareholding companies shall apply to the general assembly of a limited partnership by shares, and the company's manager shall replace the chairman of the board of directors in calling the general assembly to convene. The general assembly many not perform any acts relating to the company's relationship with third parties or approve them without the managers' approval.

Article (258)

The extraordinary general assembly may not introduce amendments to the Articles of Incorporation of a limited partnership by shares without the consent of all the joint partners and without the presence of the quorum and the majority provided for in Article (212) of this Law.

Article (259)

The provisions of Article (64) and Article (125) to Article (166) and Article (214) to (222) of this Law shall apply to the limited partnership by shares.

Article (260)

If the position of the manager of a limited partnership by shares becomes vacant, the supervisory board in this case shall appoint a temporary manager to undertake exigent administration matters until the general assembly convenes. The temporary manager shall summon the general assembly within fifteen (15) days of his appointment in accordance with the procedures laid down in the company's Articles of Incorporation. If such period expires without summoning the general assembly, the supervisory board shall send out an invitation immediately. The temporary manager shall only be answerable for his mandate.

PART VII
LIMITED LIABILITY COMPANY
GENERAL PROVISIONS

Article (261)

A limited liability company is a company the partners of which are not more than fifty (50) who are responsible only to the extent of their shareholding in the capital.

If the number of partners fall below two, the company shall, by force of the law, to a single person company unless the company completes the number within thirty (30) days from the date of the company's shares concentrating in the hand of one partner.

A limited liability company may not be established or its capital increased or borrowing made for its account through public subscription. It shall neither issue negotiable shares or bonds, and the transfer of the partners' shares in it shall be subject to their right of retrieval and to the special terms and conditions contained in the company's Articles of Incorporation, as well as the provisions of this Law.

Article (262)

A limited liability company shall not undertake insurance or banking business activities or investment funds for the account of third parties in general.

Article (263)

A limited liability company may use a special name and its name may be derived from its objects. Its address may also contain the name of one partner or more, and the phrase 'with limited liability' must follow its name. All these details must be stated in all the company's contracts, invoices, notices, documents and publications, or else the company's managers shall be jointly liable in their funds towards third parties.

Article (264)

"As amended by Law No. (50) of 2014"

Subject to the provisions of Article (21 bis), of this Law, the company's capital shall specified by the partners, and shall be adequate to realize its objectives. The capital shall be divided into equal shares.

Chapter One

Incorporation of the Limited Liability Company

Article (265)

a) The Memorandum of Association of a limited liability company shall contain the following details:
   1) Names, surnames and nationalities of the partners.
   2) The company's head office.
   3) The company's name and address, with the phrase 'limited liability company' added to it.
   4) The objects for which the company was established.
   5) The company's capital and the cash or in-kind shares provided by each partner, with an accurate description of the in-kind shares and the value thereof.
   6) Conditions pertaining to assignment of shares.
   7) The company's term, if any.
   8) The names of those the company's administration has been entrusted with, from amongst partners or non-partners, if any, and the names of the supervisory council members in the cases where such council is required by the Law.
   9) The method of distribution of profits and losses.

b) The partners may include, in the company's Memorandum of Association, provisions regulating the right of retrieval of partners' shares and the method of their evaluation when this right is exercised, formation of reserves other than the

statutory reserve and organization of the company's financial affairs, accounts and reasons for dissolving it.

c) The Competent Minister for commerce affairs may issue an order to include details other than those stated in Paragraph (a) of this Article.

Article (266)

A limited liability company shall not be incorporated unless all cash shares are distributed among the partners and the value thereof has been paid up and the in-kind shares are delivered to the company.

The cash shares shall be deposited with one of the licensed banks in Bahrain, and shall not be withdrawn except by managers and after they submit a certificate proving that they have registered it with the Commercial Registry.

Article (267)

If the partner has provided an in-kind share, the company's Memorandum of Association shall specify its type and value, and the price the other parties have accepted for it and the name of the partner and the number of his shares in the capital against what he has paid. The provider of an in-kind share shall be liable towards third parties for the estimated value thereof in the company's Memorandumof Association, and the remaining partners shall be jointly liable to pay the difference unless they prove their lack of knowledge of this.

Action of liability stated in the previous paragraph shall lapse after five years from the date of the company being registered with the Commercial Registry.

Article (268)

The company's manager, or whoever is delegated by the partners, shall register it with the Commercial Registry and publish it in the Official Gazette and in one of the

local newspapers at the Company's expense. The company shall not assume its corporate entity except after being registered and shall not undertake any business activities before registration. Any act undertaken for the company's account before it is registered shall not be binding except upon the party performing it who shall be liable for it to the extent of all his assets. If the act is undertaken by more than one person, they shall be jointly liable for it.

Article (269)

The capital of a limited liability company shall be divided into shares of equal value of not less than Bahrain Dinars fifty (BD 50) each. A share shall be indivisible, but two or more persons may jointly own one share, provided that they shall be represented by one person towards the company. Partners in a share shall be jointly liable for the obligations resulting there from.

Article (270)

Shares of a limited liability company shall be non-negotiable. However, shares may be sold by virtue of a written instrument the signatures appended thereon are legalized, unless the company's Memorandum of Association provides otherwise. A partner who wishes to sell his shares, or some thereof, shall notify all other partners of the offer he has obtained and the conditions thereof, particularly the price and the buyer's name, or else the act shall be considered ineffective. After the lapse of two (2) weeks from notifying the other partners of the offer without any partner offering to buy the share, the partner may sell it for third parties at least for the offered price. If more than one partner express the desire to buy the shares offered for sale, they shall be divided among them in proportion to their respective shareholdings in the capital. If assignment of shares is for no consideration, the assigned shares shall not be transferred except with the consent of the majority of shareholders owning shares

representing no less than seventy five percent (75%) of the capital after deducting the shares subject of the assignment.

Article (271)

Assignment of shares shall not be effective towards partners or third parties except from the date of such assignment being entered in the Commercial Registry and its publication in the Official Gazette.

Article (272)

The share of a partner shall devolve upon his heirs or beneficiaries under a will. If the share devolves by way of inheritance or will to more than one person, resulting in the increase of the number of partners to more than fifty (50), the share of the heirs or beneficiaries shall be considered one share towards the company, unless the heirs or beneficiaries agree on the transfer of the share to a number of them falling within the maximum number of partners allowed in this Law.

However, if the company's shares are concentrated in the hand of one partner, this shall entail the conversion of the company into a single person company, unless the company is wound up.

Article (273)

If a personal creditor of one of the partners institutes execution proceedings against the share of his debtor, such share shall be offered for sale at a public auction, unless the creditor agrees with the debtor and the company on the method and terms of sale.

In case of sale by public auction, the creditor shall notify the company of the list of the sale terms and the date of the meeting to be held for hearing the objections thereto.

The company may, within ten (10) days from the date of the decision being taken accepting the highest offered bid, find a buyer, other than the successful bidder, to purchase the share for the same terms and conditions. These provisions shall apply in the event of the partner's bankruptcy.

Article (274)

There shall be maintained, at the company's head office, a special register for the partners, containing their names, domiciles, occupations, nationalities and the number of the shares each of them owns. Such register shall include the assignment of shares and the date of such assignment.

Each partner and every interested party shall have the right of access to this register. Particulars contained in the register, and every alteration occurring thereto, shall be forwarded to the Ministry of Commerce and Industry.

Chapter Two
Administration of the Company

Article (275)

The company shall be administered by one manager or more, from amongst partners or non-partners, who will be appointed for the first time by the promoters. Thereafter, they shall be appointed by a resolution of the general assembly. In all cases, the manager's or managers' services may be terminated with the approval of the of partners owning the majority of the capital. The manager's or managers' duties, obligations and responsibility shall be the same as those of the members of the board of directors in shareholding companies.

Article (276)

The company's managers shall have full powers to represent it, unless otherwise provided in the company's Memorandum of Association. Any resolution issued by the company restricting the powers of managers or changing them after it has been registered with the Commercial Registry shall not be effective towards third parties before the lapse of five (5) days from the date of it being entered in the Registry.

Article (277)

The Memorandum of Association may provide for the constitution of a board for the managers, and the Memorandum shall specify the manner in which the said board shall operate and the majority by which its resolutions are to be passed.

Article (278)

"As amended by Law No. 1 of 2018"

The directors of the company shall be liable to the company, shareholders and third parties in accordance with Article (18 bis) of this law. Any provision to the contrary shall be void ab initio. A resolution by the general assembly absolving the Director of liability shall not preclude the institution of action for liability against him.

Article (279)

The manager may not, without the approval of the general assembly of partners, engage in the management of another company competitive or having similar objects to that of the company, nor may he conduct, for his own account or for the account of third parties, business transactions that are competitive or similar to those of the company's business activities.

Violation of this provision may lead to the removal of the manager and obliging him to pay compensation.

Article (280)

If the number of partners is more than ten, and the company does not have a board of managers, the Memorandum of Association shall provide for establishing a supervisory board consisting of at least three partners for a specified period of time. The general assembly of partners may re-appoint them after the expiry of this period or appoint others from amongst the partners. The managers shall not have the right to vote on the election, or removal, of the members of the supervisory board.

The supervisory board shall examine the company's books and documents, make an inventory of the cash monies, the stock, securities and documents establishing the company's rights and ask the managers at any time to present reports on their management.

The supervisory board shall oversee the balance sheet, allocation of profits and the annual report, and present his report in this respect to the general assembly of partners at least fifteen (15) days before its meeting. It may also authorize the acts which the company's Memorandum of Association requires that its permission should be obtained for the performance thereof.

Article (281)

The members of the supervisory board shall not be liable for the actions of the managers or for the results thereof, unless they became aware of the wrongful acts but neglected to state them in their report presented to the general assembly of partners.

Article (282)

If the number of partners does not exceed ten, and the Memorandum of Association does not provide for setting up a supervisory board, the partners who are non-managers shall have the right to supervise the acts of the managers, and they may

examine the company's books and documents in accordance with the provisions stated in Article (46) of this Law. Any provision to the contrary shall be deemed null and void.

Article (283)

"As amended by Law No. 1 of 2018"

a) A limited liability company shall have a general assembly consisting of all partners.

b) The general assembly shall convene on a summons by the managers at least once every year within the six months following the end of the company's financial year.

c) The general assembly may be summoned for a meeting at any time on the request of the managers, the supervisory board, the auditors, the competent Ministry for Commerce Affairs, or a number of partners representing 10% of the share capital.

d) The summons for the general assembly to convene shall be sent out by registered letters with acknowledgment of receipt, or by any other mean that establishes knowledge of the meeting at least twenty (21) days before the meeting.

e) The summons for the general assembly must include the time, date, venue of the meetingand agenda thereof. Such agenda shall include, in particular, the reports of the managers, auditors and the supervisory board, the ratification of the balance sheet and the profit and loss account and examination of the managers' recommendations in respect of the distribution of profits.

Partners owning at least 5% of the share capital may request any matter to be included in agenda, and such request shall be accepted, and the partners shall be informed, if submitted at least five (5) business days before the meeting signed by those who has submitted it and indicating the share capital owned by each of them. The general assembly may not deliberate any matter not included on the

agenda, unless in the course of the meeting urgent matters arose requiring deliberation.

Article (284)

"Amended by Law No. 1 of 2018"

a) Each partner shall have the right to attend the meetings of the general assembly in person, or through a proxy designated by virtue of an official power of attorney, from among those who are not members or the supervisory board manager of the company. The proxy so designated shall have a number of votes equal to the number of shares that the partner, who has designated him, holds in the company.

b) The general assembly's meeting shall not be valid unless it is attended by a number of partners owning more than half of the capital, and resolutions shall not be valid unless approved by the majority of shares represented at the meeting, unless the company's Memorandum of Association provides for a bigger majority. If this majority is not available in the first meeting, the general assembly shall be summoned to convene another meeting within the next ten (10) days following the date of the first meeting and for the same agenda. This meeting shall be valid regardless of the number of shares represented thereat, and in this case resolutions shall be passed by the majority of the shares represented thereat, unless the Memorandum of Association provides otherwise. The company's manager, the auditor, and at least one member of the supervisory board, if any, may attend the meeting, but none of them shall have the right to vote on the resolutions in respect of exonerating them of liability. The competent government authority may send its representative to attend the company's general assembly meeting.

c) Minutes shall be prepared for each meeting containing an adequate resume of the deliberations and resolutions of the general assembly, which shall be signed by the chairman of the meeting. Such meetings shall be maintained in a special register to be kept at the company's head office, and this register shall be governed by the same provisions regulating commercial books. The company's manager shall be answerable for the accuracy of the particulars contained therein.

Article (285)

"As amended by Law No. 1 of 2018"

a) The Company's Memorandum of Association, may not be amended and its capital be increased or decreased, except by a resolution of the general assembly of partners to be passed by the numerical majority of partners, provided that it should be owning three quarters (75%) of the capital, unless the company's Memorandum of Association provides otherwise. However, the partners' financial obligations may not be increased except by their unanimous approval.

b) Except for mortgage and cases in which the disposition is to a subsidiary company, it is not permissible in the ordinary course of the company's business to dispose of more than half of the company's assets unless it is approved by the general assembly of its partners by a vote of partners owning at least 75% of its capital unless the Articles of Incorporation provides for a higher ratio. The invitation for the General Meeting must include sufficient details of such disposal, its terms and conditions. For the purposes of this paragraph, the assets of the company include the assets of any subsidiary.

Chapter Three

Company's Accounts

Article (286)

"As amended by Legislative Decree No. (53) of 2018"

a) The managers shall prepare, for every financial year, the company's balance sheet, profit and loss account and an annual report on the company's business activities and financial position and their recommendations as to the distribution of the profits within three months of the expiry of the financial year. The managers' report, the balance sheet, the profit and loss account and other accounts of the company must reflect the company's true financial position.

b) The managers shall sign their report, the balance sheet and the profit and loss account.

c) The managers shall provide -within six (6) months after the end of the financial year - to the competent Ministry for commerce affairs a copy of its balance sheet, profit and loss account, annual report and the auditor's report signed and sealed by the auditor for the purpose of establishing the company's compliance with the provisions of the law, soundness of its financial position and the extent of its cooperation with the competent authorities with respect to tax compliance on the national and international level.

   In all cases, the Ministry may request any additional financial information, documents or reports it deems necessary.

d) The managers may not vote on resolutions in connection with exonerating them of any liability for their administration.

Article (287)

The chairman and members of the board of directors and managers of the company shall be liable to the company, shareholders and third parties in accordance with Article 185 of this law. Any provision to the contrary shall be void ab initio. A

resolution by the general assembly absolving any of the foregoing of liability shall not preclude the instituting of action of liability against him.

Article (288)

The company shall maintain a reserve capital in accordance with the provisions prescribed for shareholding companies in Article (224) of this Law.

Article (288bis)

"As added by Law No. (1) of 2018"

The company must distribute dividends to its shareholders within thirty (30) days following its approval by the General Meeting.

PART VIII

SINGLE PERSON COMPANY

Article (289)

A single person company means, in the course of applying the provisions of this Law, every economic activity the capital of which is fully owned by one natural person or corporate body.

Article (290)

"As amended by Law No. (50) of 2014"

The single person company shall have Articles of Incorporation the provisions, details, procedures and promulgation of which shall be contained in an order issued by the Minister concerned with trade affairs.

Article (291)

"As amended by Legislative Decree No. (53) of 2018"

The single person company shall have its own commercial name or a name derived from the purpose of its incorporation, and its name shall be followed by the letters (S.P.C.)

The single person enterprise shall have the Kingdom of Bahrain as its principal office and conduct its main business activity within it.

Article (292)

The proprietor of the capital of the single person company shall not be liable except to the extent of the capital allocated for the company.

Article (293)

"As amended by Law No. (50) of 2014"

Subject to the provisions of Article (21 bis), of this Law, the company's capital shall be specified by the promoters, and shall be adequate to realize its objectives, and shall be paid in full. The capital may include in-kind shares the value of which shall be estimated by one of the specialist experts.

Article (294)

The single person company shall be managed by the proprietor of its capital, who may appoint one manager or more to represent him before the courts and third parties, and who shall be responsible for his/their management towards the proprietor.

Article (295)

The single person company shall terminate ion the death of the owner of its capital, unless the shares of the heirs are concentrated in one person or the heirs choose to continue with it in another legal form, all within no more than six (6) months from

death. The single person company shall terminate on the winding up of the corporate person owning its capital.

Article (296)

If the owner of the single person company, in a mala fide manner, liquidates it or suspends its activities before the expiry of its term or before the realization of the object for which it has been established, he shall be liable for his obligations in his personal funds. The owner shall also be liable for his personal funds if he does not separate between his own interest and the interest of the company.

Article (297)

Except as provided in the preceding articles, the single person company shall be governed by the provisions regulating the limited liability company in as far as the are not inconsistent with its nature.

PART IX

HOLDING COMPANIES

Article (298)

"As amended by Law No. (1) of 2018"

A holding company is a company the purpose of establishing it is to own shares in Bahraini or foreign shareholding companies, or to participate in the establishment of these such companies.

Article (299)

A holding company shall own more than half (50%) of the affiliated company and holding companies hall take one of the following forms:

a) A shareholding company.
b) A limited liability company.
c) A single person company.

The phrase ‘holding company’ shall be mentioned in all documents, notices, correspondence and other documents issued by it, together with its commercial name.

Article (300)

The affiliated company may not own shares or stakes in the holding company, and the holding company shall appoint its representatives on the boards of directors of its affiliated companies in proportion to its holdings, or as agreed on with the other shareholders or partners in the affiliated company.

Article (301)

The objects for which a holding company is established shall be the following:

a) To manage its affiliated companies or to participate in the administration of other companies in which it is participating and to provide the necessary support therefore.
b) To invest its funds in stock, bonds and securities.
c) To own property and chattels necessary to undertake its business activities within the limits allowed by the Law.
d) To provide loans, guarantees and financing for its affiliated companies.
e) To own industrial property rights, such as patents, commercial and industrial marks and concessions, and such other intangible rights and utilize and lease them to its affiliated companies or other companies.

Article (302)

A holding company shall be established in one of the following methods:

a) By establishing a company the objects of which shall be confined to the business activities provided for in the preceding Article, or any of them, and to establish affiliated companies or own shares in shareholding companies or stakes in limited liability companies to undertake these objects.
b) By amending the objects of a going concern to become a holding company in pursuance of the provisions of this Law.

Article (303)

A holding company shall prepare, at the end of every financial year, a consolidated balance sheet, profit and loss account for it and for all its affiliated companies, together with the notes and statements thereon, in accordance with the international accounting principles.

Article (304)

A holding company shall be governed by the provisions of the company which it has taken its form and shall be governed by its provisions set out in this Law in as far as it is not inconsistent with the provisions of this Part.

PART X

CONVERSION OF COMPANIES

Article (305)

Any company can covert from a legal form to another. If conversion is to a shareholding company, at least two (2) financial years must have lapsed since the company was registered with the Commercial Registry. The conversion resolution shall not be passed except after those undertaking management of the company

prepare a report containing its assets and liabilities and the results of the balance sheets of the last financial years, which shall be approved by the auditor and ratified by the Ministry of Commerce and Industry.

Article (306)

Conversion shall be effected by a resolution passed in accordance with the provisions and procedures governing the amendment of the company's Memorandum and Articles of Incorporation. Such resolution shall not be effective except after the lapse of sixty (60) days from the date of its publication in the Official Gazette and at least one daily newspaper and after completing incorporation procedures for the form to which the company is to be converted, and after making an entry thereof in the Commercial Registry.

Article (307)

A partner who objects to the company's conversion resolution may withdraw from the company and recover the value of his shares or stake, by submitting an application to the company, in writing within sixty (60) days from the date of completion of the publication of the conversion resolution in accordance with the foregoing article. Payment of the value of the shares or stake shall be made according to their actual or market value at the date of conversion, whichever is higher.

Article (308)

For all companies to convert, they must pay the loans and banking facilities or secure their creditors' approval of such conversion before the approval of the competent authorities of their conversion.

Article (309)

The conversion of the company shall not entail acquiring a new corporate body, but it shall be maintaining all its rights and obligations before the conversion. As regards the obligations of the joint partners before the company's conversion, the creditors' right in this security shall lapse unless they object to the conversion resolution within sixty (60) days from the date of each of them being notified, in a registered letter, with a acknowledgement of receipt, of such resolution and submit the objection, by using the normal procedures for filing legal action, which objection shall be heard by the High Civil Court. The submission of objection shall entail the continuation of the joint partners' obligations towards these objecting creditors until the objection is finally resolved.

Article (310)

Each partner, in case of conversion, shall have a number of shares or holding in the company to which the company is going to convert, equal to the value of the shares or stake which he owned before conversion. If conversion is to a limited liability company and the value of the shares or stake of the partner is less than the minimum limit for the nominal value of the share in the limited liability company, he must complete the shortage in cash.

Article (311)

A condition for the conversion of the shareholding company which has taken a loan by using bonds must be the repayment of the value of these bonds before the approval of the Ministry of Commerce and Industry of such conversion.

PART XI

MERGER OF COMPANIES

Article (312)

a) Merger shall be undertaken in one of the following methods:
   1) By amalgamation, this is winding up one company or more and transferring its or their liabilities to those of a subsisting company.
   2) By consolidation, this is winding up of two or more companies and incorporating a new company to which the liabilities of each of the merged companies shall be transferred.
b) A resolution for the merger shall be passed by each of the companies in accordance with the provisions prescribed for the amendment of its Memorandum or Articles of Incorporation.
c) In all cases, the merger may not entail any monopoly of an economy activity over a specific commodity or product.

Article (313)

The following provisions shall apply to merger by way of amalgamation:

a) A resolution shall be adopted by the merged company winding it up.
b) The merged company shall be evaluated in accordance with the provisions stated in this Law in respect of the evaluation of in-kind shares.
c) A resolution shall be passed by the merged company, or the company resulting from merger, amending its capital in view of the results of the evaluation of the merged company.
d) The surplus capital shall be distributed among the partners in the merged company pro rata their respective shares therein.
e) If the shares are represented in stocks, they may be traded upon their issue if one (1) year has lapsed since the incorporation of the merged company or the one resulting from the merger.

Article (314)

Merger by way of consolidation shall be subject to the following provisions:

a) A resolution shall be passed by each of the merged companies winding it up.
b) The new company shall be incorporated in accordance with the provisions of this Law. However, if the new company is a shareholding company, the experts' report on the evaluation of the in-kind shares shall be relied upon according to Article (99).
c) Each of the merged companies shall be allotted a number of holdings or shares equivalent to its shareholding in the new company's capital, and these holdings or shares shall be distributed among the partners in each merged company in proportion to their respective shareholdings therein.

Article (315)

Merger must be published in the Official Gazette and in one of the local newspapers, and must be entered in the Commercial Registry.

Holders of rights arising before the publication of the merger may object to the merger within sixty (60) days of the date of such publication by registered letter with acknowledgement of receipt. In this case, no argument may be used against them in respect of the results of the merger, unless the creditor waives the objection or the company takes the matter to the court which passes a final ruling rejecting it, or the company discharges the debt if it was due, or provides adequate security to satisfy the debt if it is not payable. If no objection is made within the said prescribed time limit, the merger shall be deemed effective towards creditors, and the merged company or new company resulting from the merger shall subrogate the merging companies in all their rights and liabilities.

Article (316)

In case of merger by way of amalgamation, shares given in replacement of the capital of the merged company may be traded upon their issue if one year has lapsed since the incorporation of the merging company in companies the shares of which may be traded.

In case of merger by way of consolidation, the shares of the new company resulting from the merger may be traded upon their issue if one year has lapsed since the incorporation of each of the merged companies.

Article (317)

A precedent condition for the merger of shareholding companies which have sought loans by way of issuing bonds is to obtain the approval of the bonds body of the merger resolution by the majority of two thirds of those representing the loan bonds, or else the company shall settle the debt in a manner approved by the body by the majority referred to above.

If the body does not approve the merger or settlement, or if it is impossible to convene the body, the body's representative may object to the merger resolution in accordance with the provisions of Article (315).

Article (318)

If the shareholding company participating in the merger has issued bonds transferable to shares, the holders of these bonds shall have the right to apply for their conversion to shares in the merging company or the new company, as the case be, within the time limit specified in the issue of bonds, and the procedures of conversion shall be determined by way of specifying the percentage of exchange specified in the issue rules in view of the percentage specified in the merger

agreement for the replacement of the shares in the merged company or the new company with shares in the company issuing the bonds.

Article (319)

The merging shareholding company or the new company shall replace the company issuing the bonds convertible into shares in all the obligations resulting from such bonds. The merged company or the new company shall comply with the provisions of Article (160) and (161) of this Law.

PART XII

WINDING-UP OF THE COMPANY

1. Dissolution Of The Company

Article (320)

A company shall be dissolved for any of the following reasons:

a) Expiry of its specified period, unless the company's Memorandum or Articles of Incorporation provide for its renewal.
b) Fulfillment of the objects for which it was incorporated.
c) Destruction of all its property or a sizable portion thereof, making its continuation unfeasible.
d) A unanimous resolution by the partners to dissolve the company before the expiry of its term, unless the company's Memorandum or Articles of Incorporation provide for a special majority.
e) Merger with another company.

The commercial registration of the company shall be struck off by an explained order issued by the Competent Minister for commerce affairs in case the company does not undertake its business activities despite the lapse of one year from the date of the completion of its incorporation procedures or in case of the suspension of its business activities for a continued period exceeding one year without a justifiable reason.

The Ministry of Commerce and Industry shall notify the company the commercial registration of which is to be struck off in accordance with the procedures specified in an order issued by the Competent Minister for commerce affairs.

Every interested person may appeal against the order striking off the commercial registration to the Competent Minister for commerce affairs within no more than thirty (30) days from the date of publication of the order in the Official Gazette or from the date of the concerned party being notified thereof.

A decision shall be issued on this appeal within thirty (30) days from it being submitted, and the expiry of this period without the issue of a decision in respect thereof shall be deemed to be a rejection thereof.

The complainant may appeal against the rejection of his complaint before the High Civil Court within forty five (45) days from the date of his knowledge of the rejection thereof or from the date of it being considered rejected.

Striking off the commercial registration shall not entail the termination of the obligations of the members of the board of directors, managers, partners and shareholders and the same shall remain as if the company were subsisting.

Article (321)

a) Except for public shareholding companies, the Court may, on an application filed by any partner, order the dissolution of any company if it finds serious reasons justifying such dissolution. Any provision depriving the partner from exercising

this right shall be deemed null and void. If such reasons are the result of the conduct of any partners, the Court may order the discontinuation of his membership and evaluation of his share according to the latest inventory, unless the company's Memorandum of Association provides for another method of evaluation. In this case, the company shall continue among the other partners.

b) The Court may pass an order dissolving the company upon an application filed by one of the partners for the reason of a partner not honoring his obligations.

Article (322)

a) General partnership companies, limited partnership companies and associations in participation (joint ventures) shall be dissolved for any of the following reasons:
   1) Withdrawal of one of the partners from the company if its term is indefinite. Such withdrawal shall be made in good faith, and the withdrawing partner shall give a notice thereof at a convenient time to the other partners, failing which a Court order may be obtained against the partner obliging him to continue in the company, apart from paying compensation, if necessary. If the company's term is definite, the partner may not withdraw from the company except by a Court order.
   2) Death of one of the partners or if a Court passes a distrait order against him or if he is adjudged bankrupt or insolvent.

b) A company's Memorandum of Association may provide for its continuation with the heirs of a deceased partner, even if all, or some, of these heirs are minors. If the deceased partner was a joint partner and the heir a minor, the minor shall be considered a sleeping partner in proportion to his share in those of his legator, in which case the continuation of the company will not be contingent upon a Court order keeping the minor's property in the company.

c) The Memorandum of Association of the company may also provide for its continuation with the remaining partners in case of withdrawal or death of a partner or if an order of distrait is passed against him by the Court or if he is adjudged bankrupt or insolvent. If the company's Memorandum of Association has no such provision, the partners may, within sixty (60) days from the withdrawal, death or the order of distrait or adjudication of bankruptcy or insolvency, unanimously agree on the continuation of the company among themselves. Such agreement shall not be effective towards third parties except from the date of it being entered in the Commercial Registry.

d) In all cases of continuation of the company among the remaining partners, the share of the partner who has withdrawn from the company shall be evaluated by one of the licensed auditors, unless the company's Memorandum of Association provides for another method of evaluation. This partner or his heirs shall not have a share in any new rights, except to the extent that such rights are arising from operations carried out prior to his withdrawal from the company.

Article (323)

A limited partnership by shares shall be dissolved by the withdrawal of one of the joint partners or by his death, or if an order of distrain is passed by the court or if he is adjudged bankrupt or insolvent, unless the company's Articles of Incorporation provides otherwise. If the company's Articles of Incorporation do not contain any provision in this respect, the extraordinary general Assembly may decide upon the continuation of the company. Procedures governing amendments to the Articles of Incorporation shall apply to such dissolution.

If dissolution, death, distrain, bankruptcy or insolvency applies to all joint partners in the limited partnership by shares, the company shall be dissolved unless its Articles of Incorporation provide for its conversion to another form of company.

Article (324)

A limited liability company shall not be dissolved by the withdrawal of one of the partners or more or his death or if a distrain order against him is passed by the Court or if he is adjudged bankrupt or insolvent, unless the company's Memorandum of Association provides otherwise.

2. Liquidation Of The CompanyAnd Division Of Its Assets

Article (325)

a) Each company shall be considered in a state of liquidation upon dissolution.
b) The powers of managers or the board of directors shall cease on the dissolution of the company, but after dissolution, the company's managers shall continue to manage the company and they shall be considered, towards third parties, as liquidators until a liquidator is appointed to whom they shall hand over their accounts and the company's property books and documents.

Article (326)

a) Throughout liquidation, the company shall retain its corporate entity to the extent required for liquidation.
b) The phrase 'under liquidation' shall be added to the name of the company during liquidation.
c) The company's bodies shall remain existed during liquidation, but their powers shall be confined to liquidation which does not fall within the scope of the powers of liquidators.

Article (327)

Provisions stated in the company's Memorandum or Articles of Incorporation shall be followed in liquidation. Where the Memorandum or Articles of Incorporation are silent, the provisions stated in the following articles shall apply.

Article (328)

a) The company shall be liquidated by one liquidator or more, to be appointed by the partners or the ordinary general assembly, from among partners or non-partners. Appointment of the liquidator shall be by the simple majority needed for passing the company's resolutions.
b) In case a judgment is passed winding up the company or nullifying it, the court shall specify the method of liquidation, and appoint the liquidator and specify his remuneration.
c) The liquidator's assignment shall not end upon the death of the partners or if they are adjudged bankrupt or insolvent or if an order of distrait is passed by the Court, even if he was appointed by them.

Article (329)

a) The liquidator's name and the agreement among partners in respect of the method of liquidation or the order passed to this effect shall be entered in the Commercial Registry and shall be published in one of the local daily newspapers, and the liquidator shall follow-up entry procedures.
b) The appointment of the liquidator and the method of liquidation shall not be effective towards third parties except from the following day after publication.

Article (330)

a) The liquidator's removal shall be governed by the same procedures of his appointment.

b) In all cases, the Court may, upon the request of one of the partners and for acceptable reasons, pass an order removing the liquidator.
c) Every order or judgment removing the liquidator must provide for appointing a substitute.
d) The removal of the liquidator shall be entered in the Commercial Registry and in one of the local daily newspapers, and it shall not be effective towards third parties except from the following day after publication.

Article (331)

a) The liquidator shall, immediately upon his appointment, and in agreement with the board of directors or the managers, make an inventory of the company's assets and liabilities and shall prepare a separate statement detailing this and a balance sheet signed by the liquidator, the board of directors and the managers.
b) The board of directors or the managers shall submit their accounts to the liquidator and deliver the company's funds, books and documents to him.
c) The liquidator shall maintain a register wherein he shall enter matters connected with liquidation. The provisions stated in the Law of Commerce in respect of the organization of commercial books shall apply to maintaining such register.

Article (332)

a) The liquidator shall undertake everything necessary to safeguard the company's funds and rights.
b) He shall recover the company's rights with third parties. However, partners may not be asked to pay the balance of their shares, unless this is necessitated by liquidation purposes, and provided that they are treated on an equal footing.
c) The liquidator shall deposit forthwith the amounts he receives with one of the banks for the account of the company under liquidation.

Article (333)

The liquidator shall undertake all tasks required for liquidation, particularly the following:

a) Representing the company in its relations with third parties before the courts of law and in accepting conciliation and arbitration.
b) Selling the company's movable and immovable property by public auction or by any other method, unless the document of appointment of the liquidation provides for procedures in a specific method of sale.
c) Discharging the company's debts and excluding deferred or disputed debts.

Article (334)

a) The liquidator may not initiate new business activities unless they are necessary for the completion of previous activities. If the liquidator commences new operations not necessitated by liquidation, he shall be liable for all his funds for these activities. If the liquidators are several, they shall all be jointly liable.
b) The liquidator may not sell the company's assets collectively without permission from the partners or the ordinary general assembly.

Article (335)

a) The liquidator shall notify all creditors of the commencement of liquidation and invite them to submit their claims. Such notification shall be served on them in a registered letter with acknowledgment of receipt. However, it may be served by publication in a local daily newspaper if the creditors are not known, or if their domiciles are unknown.
b) Without prejudice to the rights of preferred creditors, the liquidator shall discharge the company's debts in proportion thereof.

c) If some creditors do not submit their claims, their debts shall be deposited with the Court's treasury.
d) There shall be deposited with the Court's treasury adequate funds enough to discharge disputed debts, unless the owners of these debts obtain adequate securities or unless the distribution of the company's assets has been deferred until the resolution of the dispute in connection with the said debts.

Article (336)

If the liquidators are several, their acts shall not be valid except with their unanimous consent, unless the document relating to their appointment provides otherwise. This provision shall not be effective towards third parties except from the date of its publication in one of the local daily newspapers.

Article (337)

The company shall be bound by any act undertaken by the liquidator in its name if such act is required for liquidation purposes, even if the liquidator appends the company's seal for his own account, unless the other contracting party was acting in bad faith.

Article (338)

Every debt arising from liquidation shall have priority in payment over other debts.

Article (339)

a) The liquidator shall complete liquidation within the period prescribed therefore in the document of his appointment. If such period is not specified, each partner may take the matter to the Court to specify the period in which liquidation must be completed.

b) However, the period specified for liquidation may be extended by a resolution of the partners or the general assembly, after the examination of the liquidator's report in which he states the reasons which precluded the completion of liquidation during the period specified therefore. If the liquidation period is specified by the Court, it may not be extended except by permission from the same Court.

Article (340)

a) The liquidator shall submit an interim account to the partners and to the general assembly on the liquidation every six months.
b) He shall provide the partners with all the information or particulars required by them to the extent that does not become detrimental to the company's holdings or lead to a delay in the completion of liquidation.

Article (341)

a) The company's funds shall be divided among all partners after the settlement of the debts referred to in Article (338) and after the discharge of the rights of the company's debtors.
b) Each partner shall receive an amount equivalent to the value of the share he provided in the capital, as stated in the Memorandum of Association or in the general assembly's resolution approving its evaluation, or equivalent to the value of this share at the time of subscription thereof if the value thereof if not stated in the Memorandum.
c) If the partner's shareholding is in the form of services provided by him, or in the form of utilization of the funds he provided for the company, he shall not be entitled to anything upon division of the company's assets.

d) The remaining funds of the company shall be divided among the partners in proportion to their respective shares in the profit.
e) If the net value of the company's assets is not enough to pay the partners' shares in full, the loss shall be divided among them pro rata the share prescribed in the distribution of losses.

Article (342)

The provisions stated in the company's Memorandum of Association or Articles of Incorporation shall be applied in the division of the company's funds. If there are no provisions in this respect in the Memorandum or Articles of Incorporation, the legal provisions applicable to the distribution of common funds shall be applied.

Article (343)

a) The liquidator shall submit a final account on liquidation to the partners or to the general assembly.
b) The liquidation shall be completed on the approval of the final accounts.
c) The liquidator shall enter the completion of liquidation in the Commercial Registry and publish it in one of the local daily newspapers. Completion of liquidation shall not be valid towards third parties except from the date of such publication.
d) After the completion of liquidation, the liquidator shall apply for striking off the company's name from the Commercial Registry.

Article (344)

The company's books and documents shall be maintained for ten (10) years from the date of striking off its name from the Commercial Registry at the time specified by the partners of the general assembly.

PART XIII

FOREIGN CAPITAL COMPANIES

Article (345)

"As amended by Legislative Decree No. (28) of 2015 and Law No. 1 of 2018"

a) Notwithstanding provisions of any other Law, and with due observance to the provisions of the third paragraph of Article (4) of this Law, and subject to the provisions of the Central Bank of Bahrain Law with respect to financial institutions, a license may be issued approving the incorporation of companies provided for in this Law which are fully or partially owned by non-Bahraini partners to conduct business activities which are strictly conducted by Bahrainis or those which non-Bahrainis may not conduct without a Bahraini partner owning the majority of shares in the Company or to carry on any of those activities according to the Company's capital or the regions which the Company uses as headquarters to conduct its business activities.

b) An edict by the Council of Ministers shall be issued, upon the submission of the Minister concerned with trade affairs, in agreement with the Minister concerned with the administrative authority to which the conduct of business activities is subject to licensing by it or to its supervision, specifying the activities referred to under Paragraph (a) of this Article which may be conducted by any of the companies of foreign capital.

c) The Competent Minister for commerce affairs may, after the approval of the Council of Ministers, issue an order approving the incorporation of a company from companies of foreign capital to conduct one specific activity or more from the activities other than those referred to under Paragraph (b) of this Article in

the cases which the Minister decides that incorporation of such company shall have a strategic economic significance or a profitable return for the Kingdom's economy, in agreement with the Minister concerned with the administrative authority to which the conduct of business activities is subject to licensing by it or to its supervision and in accordance with the guidelines, requirements and procedures set out in the Implementing Regulations.

d) The competent Minister for commerce affairs may exempt companies of foreign capital from the minimum limit of capital prescribed in the law. The boards of directors of such companies and meetings of their ordinary and extra ordinary general assemblies may be convene outside the Kingdom of Bahrain, provided that such companies shall comply in respect of such meetingswith all the provisions set out in this Law.

Article (345bis)

"As added by Legislative Decree No. (28) of 2015"

Notwithstanding the provisions of this law with respect to the incorporation of companies, set out in this Law, companies may be set up the objective of which shall initially be to conduct activities decided by the Company and licensed at any subsequent time after incorporation. Such companies may not conduct any activity without the approval of the competent authorities and without registering the activity licensed in the Commercial Registry. For the purposes of this Law, such companies shall be referred to as the dormant companies until they are licensed to conduct any business. Their names and the phrase signifying their status must be followed by the expression "dormant company." Notwithstanding any other provision included in another law, the dormant company's entry shall not be struck off for not conducting any activity.

The Implementing Regulations shall specify the provisions concerning dormant companies, without any prejudice to the provision of this Law.

PART XIV
BRANCHES, OFFICES AND AGENCIESOF FOREIGN COMPANIES

Article (346)

Without prejudice to the special agreements entered into between the government and some companies, the provisions of this Law shall apply to foreign companies incorporated abroad and are carrying on business activities in the State of Bahrain, except for the provisions relating to incorporation of companies.

Article (347)

"As amended by Law No. (50) of 2014"

a) companies incorporated outside Bahrain may set up branches, agencies or offices in Bahrain under the following conditions:
   1) The foreign company must obtain a prior license from the Competent Ministry for commerce affairs to set up the branch, agency or office.
   2) The branch, agency or office shall be registered with the Commercial Registry in accordance with the provisions of the Law.
   3) Any other conditions which may be laid down in an order issued by the Minister concerned with trade affairs.

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

Article (348)

"As amended by Law No. (50) of 2014 and Law No. 1 of 2018"

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

b) The branch, agent or office shall deposit with the competent Ministry for commerce affairs a copy of the Memorandum of Association of the head office and every amendments made thereto. It shall also deposit a copy of the audited financial statements of the Bahrain branch, agent or office within six months after the end of the financial year.

Article (349)

Every branch, agency or office of a foreign company shall print on all its papers, documents and publications, in a legible Arabic, the full name of the company and its address and head office and the agent's name.

Article (350)

The provisions of Articles (21) and (68) of this Law shall apply to branches, agencies and offices.

PART XV

SUPERVISION AND INSPECTION

Article (351)

Without prejudice to the companies being subject to the rules and regulations governing supervision and licensing by the authorities concerned with their respective business activities, the Ministry of Commerce and Industry shall supervise companies governed by the provisions of this Law with respect to the implementation of this Law and the proper enforcement of its provisions and the provisions of the Memorandums of Association of these companies.

Representatives designated in an order issued by the Competent Minister for commerce affairs for this purpose shall undertake the duties of supervision, participation in general assemblies and filing reports on any violations of the provisions of this Law and referring such reports to the public prosecutor, and such representatives shall have the power of judicial enforcement.

Article (351 bis)

"As added by Legislative Decree No. (53) of 2018"

Without prejudice to companies being subject to licensing rules and provisions and oversight of authorities that are competent in respect of their respective activity, commercial companies subject to the provisions of this Law shall provide to the competent Ministry for commercial affairs,any time it requires, any documents, balance sheets or business results at any time the Ministry so requires.

Article (351 ter)

"As added by Legislative Decree No. (53) of 2018"

a) The Ministry may, on its own initiative or upon a credible communications or complaints it receives, conduct an administrative investigation into any violations of the provisions of this Law, and may conduct an investigation if there are serious indications that leads it to believe that the violation is about to occur.

   The concerned parties shall have the right to be assisted by their lawyers during the investigation.

b) The Ministry may order the companies to provide all information, clarifications and documents and may delegate any judicial enforcement officers at the Ministry to perform any task in respect of which they are authorized.

Article (352)

The Competent Minister for commerce affairs may, if necessary, or upon a request submitted by partners representing one quarter (25%) of the company's capital, delegate whoever he wants from the officers of the Ministry of Commerce, or from others, to inspect the accounts and business activities of companies governed by the provisions of this Law.

Article (353)

Partners representing at least one quarter (25%) of the capital may apply with the Competent Minister for commerce affairs to inspect a company in respect of any violations they attribute to the chairman and members of the board of directors, managers or auditors in performing the duties assigned to them by law or in the Articles of Incorporation, if they have reasons to support the application after paying the fee defined in an order issued by the Competent Minister for commerce affairs. The Ministry of Commerce and Industry shall, after verifying the reasons cited in the applications, conduct inspection on the company in pursuance of the foregoing provisions.

Article (354)

If the Ministry of Commerce and Industry responds to the partners' request to conduct inspection on the company, it shall delegate whoever it deems necessary from its officers, or from others, to carry out inspection on the company's business activities and its accounts to ensure that it is not in breach of the provisions of the Law. Whoever is delegated to conduct inspection shall have the right to access to

the company's books, records, documents and all particulars he deems necessary for inspection purposes and ask the chairman and members of the board of directors and any staff member of the company to furnish the particulars and information he deems necessary for inspection purposes, After inspection is completed, the Ministry of Commerce and Industry shall notify the company and the applicant partners of the result of inspection work on the company's business activities.

Article (355)

If the Ministry of Commerce and Industry rejects the partners' request to conduct inspection on the company, or if it does not take a decision in this respect within thirty (30) days from the date of the application being submitted to it, the partners may apply with the Judge of the Summary Proceedings Court to issue an order to conduct the required inspection and commission an expert to undertake this task and fix his remuneration, which shall be borne by the inspection applicants or whoever is proved to have been responsible for the violations cited in the application. Inspection shall be governed by the provisions contained in this Law.

Article (356)

Every concerned party may appeal against the inspection work before the High Civil Court within thirty (30) days from the date of notification. In case the appellant against the result of inspection are the inspection applicants, the appeal must contain evidence substantiating the reasons justifying conducting inspection work, and that they have not filed their application to inflict damage or defamation.

Article (357)

Members of the board of directors, managers, the company's staff and the auditors, shall make available to whoever is charged with the task of inspection in pursuance

of the foregoing Articles everything related to the company's activities, including books, documents and papers which they have in their custody or those which they have the right of access to.

In all cases, the board of directors, managers or auditors shall submit to the Ministry of Commerce and Industry any documents, papers, balance sheets or results of business activities at any time on the Ministry's demand.

Article (358)

If the Competent Minister for commerce affairs or the competent Court finds that what the inspection applicants have attributed to members of the board of directors or auditors is untrue, they may order the publication of all this in the Official Gazette, and charge the expenses to the inspection applicants, without affecting their liability to pay compensation, if warranted. If they find that the violations attributed to the chairman and members of the board of directors, managers or auditors are true, they shall order taking immediate measures and summon the general assembly immediately, in which case the meeting shall be chaired by whoever is delegated for this purpose by the Competent Minister for commerce affairs.

The general assembly may decide to remove the chairman and members of the board of directors, managers or auditors and file liability action against them. Its resolution shall be valid if approved by partners holding half (50%) of the capital after excluding the shares of those who are considered for removal among the members of the board or managers. Members of the board of directors who are removed may not be re-elected or appointed members of the board of directors or managers before the lapse of five (5) years from the date of issue of the resolution removing them.

Article (358) bis

"As added by Law No. (50) of 2014"

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

Article (358bis1)

"As added by Law No. (50) of 2014 and amendedby Law No. 1 of 2018"

a) The competent Minister for commerce shall by virtue of a regulation issue a charter for the corporate management and corporate which shall be consistent with the best internationally recognized principles of management and governance.

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 those companies that are licensed by the Central Bank of Bahrain which shall be subject to those principles issued by the said Central Bank of Bahrain.

Article (359)

a) Every concerned party may apply with the Ministry of Commerce and Industry to have access to the particulars kept by it in respect of companies subject to its supervision and inspection, and shall have the right to obtain a true copy thereof against the payment of fee specified in an order issued by the Competent Minister for commerce affairs.

b) The Competent Minister for commerce affairs may reject the application referred to in the foregoing paragraph if disclosing the required particulars will inflict damage to the company or to any other organization or to the public interest.

Article (360)

The Competent Minister for commerce affairs may define, in an order issued by him, the party that shall bear the inspection expenses of whoever he delegates from other than the Ministry staff, in cases of Articles (352), (353)&(354).

PART XVI
PENALTIES

Article (361)

"As amendedby Law No. 50 of 2014, Legislative Decree No. 28 of 2015 and Law No. 1 of 2018"

Without prejudice to the sterner penalties provided for in other laws, a prison term and the payment of a fine not less than Bahrain Dinars ten thousand (BD 10,000) and not exceeding Bahrain Dinars one hundred thousand (BD 100,000), or either, shall be imposed on:

a) Any person who has stated in the company's Memorandum or Articles of Incorporation, subscription prospectuses or other documents of the company, statements which are false or contrary to the provisions of this Law, and any person who has willfully signed such documents or distributed them.
b) Any promoter, manager or member of the board of directors who has sent out invitation to the public for public subscription for shares or bonds in contradiction of the provisions of this Law, and any person who has offered these shares or bonds for such subscription for the account of the company knowing the contravention which has been made.
c) Any partner or non-partner who has fraudulently over-evaluated in-kind shares.
d) Any member of the board of directors, manager or auditor who has taken part in preparing or approving a balance sheet, or who has forwarded to the Ministry a

letter in accordance with the provisions of Paragraph (c) of Article (286) of this Law, which does not correctly reflect the company's financial position, or a profit and loss account which does not correctly represent the company's profits or losses for the financial year, or who does not forward to the Ministry any of the financial statements, documents, reports or letters required in accordance with the provisions of Article (44bis) or Paragraph (c) of Article (286) of this Law.

e) Any member of the board of directors, manager or auditor who has distributed fictitious profits or dividends or in contravention of the provisions of this law or the company's Articles of Incorporation or has approved the distribution thereof.

f) Any manager or member of the board of directors who has taken remuneration more than that provided for in this Law or in the company's Memorandum or Articles of Incorporation.

g) Any manager, member of the board of directors, liquidator or auditor who has stated false or untrue particulars in the balance sheet or in the profit and loss account or in the reports he has prepared for the partners or the general assembly or who has defaulted on the submission of such reports or who has willfully omitted material facts therein in a manner rendering the company's financial position contrary to the truth.

h) Any manager, member of the board of directors, member of the a supervisory board, advisor, expert or auditor or any of his assistants or employees and any person who has been entrusted the task of inspecting the company and has disclosed what he has acquired ex-officio the Company's secrets or has exploited such secrets to serve his own interest or that of others.

i) Any person appointed by the Ministry of Commerce and Industry to inspect the company and has willfully stated false facts about inspection or who has willfully omitted material facts from these reports which might affect the outcome of inspection.

j) Any person to whom any of the cases provided for under Paragraph (a) of Article 18bis of this Law applies.

k) Any person who willfully enters particulars or information contrary to the truth in its candidacy for election to the Board of Directors of a Public Joint Stock Company or willfully conceals particulars or information which is required to disclose under the provisions of this law.

Article (362)

"As amended by Law No. (1) of 2018"

Without prejudice to any stiffer penalty provided for in any other law, payment of a fine of not exceeding Bahrain Dinars fifty thousand (BD 50,000) shall be imposed on:

a) Any person who has issued shares, subscription receipts, interim certificates or bonds or has offered them for trading in a manner contrary to the provisions stated in this Law.

b) Any person who has been appointed a member to the board of directors or a managing director of a shareholding company and has remained in office or has been appointed a superintendent therein, or who has held an office in it and any person who has obtained a security or a loan there from contrary to the provisions stated in this Law.

c) Any person who has established a company contrary to the provisions governing the percentage requirement for Bahraini capital.

d) Any manager, member of the board of directors, auditor or liquidator who has omitted material facts in the balance sheet or in the profit and loss account rendering the company's financial position contrary to the truth.

e) Any person who has omitted to invite the general assembly or partners to convene in case a loss being incurred by the company to the limit provided for in this Law or in the company's Articles of Incorporation, despite his knowledge of this loss.
f) Any person who has refrained from inviting the general assembly to convene or from listing issues on its agenda in the cases where the Law requires the general assembly to convene or the said issues to be included on the agenda.
g) Any member of the board of directors who has compiled a report or prepared a balance sheet or accounts contrary to the order referred to in Article (195), and any auditor who has prepared a report contrary to the particulars referred to in Article (219) of this Law.
h) Any member of the board of directors, manager or employee of any of the companies from those governed by the provisions of this Law who has issued orders for spending, or has spent, an amount from the company's funds without documents supporting the methods of spending and the party to which the amount was paid.
i) Any person who has been delegated by the Ministry of Commerce and Industry or the Court to carry out inspection of the company and has omitted material facts affecting the outcome of inspection.
j) Any person who has willfully refrained from enabling partners, auditors, officers of the Ministry of Commerce and Industry delegated by the Minister of Commerce and Industry, or those who have the powers to carry out inspection, from having access to the books and documents which they have the right of access thereto in accordance with the provisions of the Law.
k) Any person who has willfully refrained from enforcing any order provided for in this Law.

Article (362 bis)

"As added by Legislative Decree No. (53) of 2018"

a) Without prejudice to the civil or criminal liability, upon establishing the commercial company's violation of any provision of this Law or its implementing regulation or breach of any obligations relating to tax compliance at the national or international level, the Ministry may order the violator by a reasoned decision notified to violator by any mean it deems appropriate, to cease the violation and eliminate its causes and effects immediately or within a period of time the Ministry may specify. Where the violator fails to comply within the specified time, the Ministry may issue a decision sufficiently reasoned to:
   1) Suspend the commercial registration of the company for a period not exceeding six months.
   2) Impose an administrative fine calculated on a daily basis, to compel the violator to cease the violation and eliminate its causes or effects, not exceeding BD 1,000 per day where the violation is being committed for the first time and BD 2,000 per day where it had committed any other violation within three years following the date on which a decision in respect of the previous violation against it had been issued. In all cases, the sum of the fine shall not exceed fifty thousand Bahraini Dinars.
   3) Impose an administrative fine not exceeding one hundred thousand Bahraini Dinars.
   4) Strike off the commercial registration of the company from the Commercial Register.

b) In the cases provided for in Clauses (2) and (3) of Paragraph (a) of this Article, when the fine is assessedit is necessary to take into account the seriousness of the violation, the intransigence shown by the violator, the benefits that he earned and the damage caused to others as a result thereof. The collection of the fine shall be by the means prescribed for the collection of amounts due to the state.

Article (363)

The partners of any company established before the provisions of this Law comes into effect contrary to its provisions shall amend its Articles of Incorporation to conform to the provisions of this Law within a period not exceeding three (3) years from the date of the law coming into effect, or else the partners shall liquidate its business activities, save for companies exempted by an order of the Council of Ministers.