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BAHRAIN: NOTE ON THE NEW COMMERCIAL COMPANIES LAW*

The Commercial Companies Law of Bahrain was first promulgated by Legislative Decree No. 28 of 1975 and subject to various amendments in the aftermath. In line with the country's past and present efforts to encourage economic growth, Bahrain's legislation on companies has now been revised and a new Commercial Companies Law was promulgated by Legislative Decree No. 21 of 2001.¹ The Law entered into force on 1 January 2002.² As per Article 2 of the Decree, the Commercial Companies Law of 1975 has explicitly been revoked.

The new Commercial Companies Law of 2001 includes 363 articles; and the following is a very brief summary of its contents.

Part One

Part One deals with General Provisions and it covers Articles 1–24.

Part Two

Articles 25–49 appear in Part Two which deals with Partnerships Under a Collective Name (General Partnerships).

Part Three

Part Three deals with Simple Commandite Partnerships (Limited Partnerships) and Articles 50–55 are involved here.

Part Four

Articles 56–62 comprise Part Four which is concerned with Association in Participation (Joint Ventures).

* Prepared by Dr Oliver Wirth, of Meyer-Reumann Legal Consultancy, PO Box 9353, Dubai, UAE: 00-971-4-331-7110: www.meyer-reumann.com.

¹ Issued at Rifaa Palace on 28 Rabi' Al Awal, 1422 (Hijra), corresponding to 20 June 2001.

² Article 4 of Legislative Decree No. 21 of 2001 provides that the Commercial Companies Law will come into effect on the first day of the month after six months from the date of its publication in the Official Gazette.

Part Five

Part Five deals with the Joint Stock Company.

This covers Articles 63–225, and a brief outline of what they deal with follows. Articles 63–70 are concerned with General Provisions.

Chapter 1 deals with Incorporation (Articles 71–108); Chapter 2 is concerned with Company's Capital (Articles 109–118); Chapter 3 with Transfer, Disposal, Mortgage and Attachment of Shares (Articles 119–124); Chapter 4 with Alteration of Capital (Articles 125–137); Chapter 5 deals with Loans (Articles 138–166); and Chapter 6 with Membership of the Company (Articles 167–171); Chapter 7 deals with Administration of a Joint Stock Company (Articles 172–225); and finally, the Closed Joint Stock Company is dealt with in Articles 226–245.

Part Six

The Commandite Company by Shares is dealt with under this part by Articles 246–260.

Part Seven

Part Seven deals with the Company With Limited Liability which concerns Articles 261–288, with a brief outline as follows.

General Provisions are contained in Articles 261–264; Chapter 1 deals with the Incorporation (Articles 265–274); Chapter 2 with Administration of the Company (Articles 275–285); and Chapter 3 deals with a Company's Accounts (Articles 286–288).

Part Eight

Part Eight is concerned with the Sole Proprietorship and covers Articles 289–297.

Part Nine

The Holding Company is dealt with in Part Nine and the Articles concerned are 298–304.

Part Ten

Part Ten looks at the Conversion of Companies in Articles 305–311.

Part Eleven

Merger of Companies is dealt with in Part Eleven (Articles 312–319).

Part Twelve

Part Twelve considers Winding Up in Articles 320–344, in two parts, the first considering the Dissolution of Companies (Articles 320–324); and the second with Liquidation of Companies and Distribution of Assets (Articles 325–344).

Part Thirteen

Companies with Foreign Capital are dealt with in a single article in Part Thirteen (Article 345).

Part Fourteen

Articles 346–350 deal with Branches, Agencies and Offices of Foreign Companies in Part Fourteen.

Part Fifteen

Supervision and Inspection is dealt with in Part Fifteen in Articles 351–360.

Part Sixteen

Finally, Penalties are covered in Part Sixteen in Articles 361–363.