



## Enterprises Size Classification Criteria Through the SMEs Registration System

The SMEs Registration System classifies enterprises by size and awards classification certificates to micro, small and medium enterprises only to be used as a proof of size by entities that require a valid classification certificate to provide their support services or programs. Enterprises classification is made according to the following requirements and criteria:

### Requirements and Criteria for Classification of Enterprises by Size:

#### A) Classification of SMEs

1. The process of classifying enterprises shall be subject to the provisions and criteria adopted in Resolution No. (229) of 2017 on the classification of micro, small and medium enterprises.
2. The application for classification and certification shall be submitted on branches level of enterprises, but classification is decided by commercial registration (CR) level i.e., if the commercial registration of an enterprise includes more than one branch, the classification will be determined based on the total number of employees and total annual revenues of all active and deleted by law branches.

#### B) Applying for SMEs classification

3. Applications for the classification certificate are submitted through the SMEs Registration System only.
4. All types of commercial registrations in Kingdom of Bahrain (or any enterprise of similar status), whether individual establishments or companies except for the categories mentioned in the following clause number 5 are allowed to submit classification applications provided that their status is considered as active.
5. The categories that are excluded from applying and obtaining the SMEs Classification Certificate are:
  - a. Companies with the type “Branch of a Foreign Company”.
  - b. Commercial registrations which include any of the following activities: 1) Banks Activities, 2) Insurance/ Re-insurance Activities or 3) Other credit granting activities.
6. All documents submitted in the application must be approved and consolidated (i.e. inclusive of all active branches).
7. Medium-size enterprises that do not exceed 18 months since the issuance of the license are allowed to submit in-house financials report in addition to bank statements as an alternative of the audited financial report.
8. The bank statement submitted through the application must be for the last 3 months.
9. Any application that corresponds to an enterprise which does not complete a period of three months since the issuance of its license or addition of the branch specified in the application will not be assessed until it completes that period and provides a bank statement for the last three months.
10. Applications status will be updated within 2 working days from the date of receipt.

## **C) Subsidiaries**

- 11. During the classification process, the size of the active and deleted by law subsidiaries -if any- will also be reviewed.**
- 12. The subsidiaries term includes the following:**
  - a. The establishments or companies that are owned with 20% or more ownership by the Commercial Registration specified in the application or its shareholders and partners or the companies which they have ownership in.**
  - b. The establishments or companies that own 20% or more ownership in the Commercial Registration specified in the application or in the companies which have ownership in it.**

## **D) SMEs classification certificates**

- 13. SME classification certificates are not awarded to large-size enterprises nor to the excluded categories mentioned above in clause number 5.**
- 14. SME classification certificates are not awarded in case of existence of a large-size subsidiary with 20% shares or more even if the commercial registration in the application is classified as SME itself.**
- 15. SME classification certificates are not awarded in case of existence of a large-size subsidiary owned by the same group of shareholders and partners of the commercial registration specified in the application even if the shares of each individual is less than 20%.**
- 16. The classification certificate shall be valid until the expiry date specified therein, after which the certificate shall be renewed to benefit from the services and associated privileges.**
- 17. The validity period of the classification certificate depends on the validity period of the commercial registration of the enterprise, i.e. the expiry date of the classification certificate is identical to the expiry date of the commercial registration certificate.**

## **E) Grievances and violations**

- 18. If the application for classification certificate is rejected, the applicant has the right to appeal within two weeks from the date of rejection if he does not accept the reason for the rejection and that shall be made by sending a grievance message via e-mail (sme@moic.gov.bh).**
- 19. The Classification Certificate will be canceled and a violation will be imposed on the Commercial Registration according to the text of Article (20) of Decree-Law No. (27) of 2015 on the Commercial Registration as amended by Decree-Law No. (52) of 2018, in case the violation is proved when deliberately providing misleading data or false information related to classification criteria aiming to deceive the evaluation process in order to obtain a classification certificate.**

Note: All enterprises size classification requirements and criteria mentioned above are subject to modification or change without prior notice if the Ministry of Industry, Commerce and Tourism deems it necessary.