

**Procedures Guide for Establishments and Commercial  
Companies**

**The Ministry of Industry, Commerce and Tourism  
Kingdom of Bahrain**

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**Procedures Guide for Institutions and Commercial Companies**

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## **Introduction**

Under the guidance of the Government of the Kingdom of Bahrain, to strengthen and develop the role of the national economy on the level of industries and scope of entrepreneurs and to attract local and foreign investment, the new commercial registers system (SIJILAT) was launched in cooperation with the e-Government Authority and government agencies competent with business licences in May, 2015. The commercial registers system (a single virtual platform for business) is a strategic and ambitious project for the Kingdom of Bahrain that provides a service to complete all business transactions in full on the internet.

## **Objectives of the Commercial Registers System (SIJILAT)**

1. To create a highly efficient and advanced electronic system in the field of registering and licensing of commercial and industrial establishments.
2. To reset, facilitate, and simplify the procedures according to the best international practices.
3. To link with all the electronic systems of official authorities that issue licences and approvals.
4. To push the Kingdom of Bahrain up among the business competitiveness ranks in various global indicators in line with the Bahrain Economic Vision 2030.

## **Key Features of the Commercial Registers System (SIJILAT)**

1. Provide all services electronically through a single virtual platform: e-application, e-submission, e-booking of commercial names, e-payment, e-notice, e-certificate, and e-verification of transactions.
2. To approve supporting e-services provided by the e-Government Authority (such as e-link with other ministries, e-payment gateway, and e-key).
3. To provide multiple channels of service including e-gateway and a contact centre.
4. To provide the unified procedures guide for registration and licensing processes and apply the International Standard Industrial Classification of all economic activities (ISIC4).
5. To separate the registration process from the licensing process.
6. To develop activities and default record.
7. To unify business processes by resetting and facilitating procedures according to the best international practices.
8. To link with all the relevant authorities competent with licensing.
9. To adopt high transparency and electronic documents.

## **Benefits of Project**

1. To promote transparency and clarity in the process of registering and licensing with government bodies, investors, and other targeted bodies in a way that strengthens Bahrain's position as the best choice for investors and businesspeople.
2. To provide a complete service and information necessary for creating the commercial register accurately under the standards of service quality to satisfy investors.

3. To provide all necessary information and supporting documents to create licences and commercial registers across an advanced, complete, and highly efficient government electronic system without any need to submit documents to different government entities.
4. To simplify procedures to create government licences efficiently and quickly across the e-system.
5. To raise productivity and reduce time spent on checking and approving applications, and therefore reduce human and financial resources thanks to automated checking.

### **Unified Directory of Business Activities**

1. The unified directory for commercial and industrial activities was released in close cooperation with all relevant government bodies competent with commercial licences. It includes all the information related to the rules, guidelines, and procedures to be followed electronically to create commercial registers in Bahrain. It contains lists of the necessary measures to start practising all commercial activities and related licensing entities requirements.
2. It also contains a summary of the business environment in the Kingdom of Bahrain, the rules of commercial name reservation, and the way to select the legal form of the entity, requirements of registering, and marking in the commercial facility's register, as well as the concept of corporate governance and fighting against money laundering and the financing of terrorism.

### **Doing Business in Bahrain**

Before applying for a licence to conduct business in the Kingdom of Bahrain, the steps and procedures outlined below need to be followed in order to meet the requirements of business practice including:

1. Obtaining an electronic key by registering at the offices of the e-Government Authority in Bahrain ([www.ekey.bh](http://www.ekey.bh)) before embarking on a request for registration or inclusion in commercial and industrial registers.
2. Electronically applying for all business through the e-gateway of the register system by providing the required documents and fees [www.business.gov.bh](http://www.business.gov.bh).
3. Determining the type of commercial activity (activities) to be practised and verifying the requirements and stipulations of licensing entities through the Unified Directory of Business Activities.
4. Determining the legal form of the enterprise, noting that some commercial activities require a particular legal form.
5. Verifying fulfilment of all the requirements and conditions of the licence to be obtained.
6. Determining the commercial name of the enterprise according to the applicable terms and conditions.

### **Legal Rules**

#### **Citizens of the Kingdom of Bahrain**

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Citizens of the Kingdom of Bahrain may practise all commercial, professional, industrial, and service activities after the fulfilment of the requirements and stipulations.

- All forms of commercial companies
- Sole proprietorships

### **Citizens of the Gulf Cooperation Council (GCC) and Citizens of the United States of America (USA)**

Citizens of the GCC and citizens of the United States of America (USA) may practise all commercial, professional, industrial, and service activities through a sole proprietorship or a company after fulfilment of the requirements and stipulations with exception to certain banned business activities.

### **Citizens of Other Countries**

Citizens of other countries, either Arab or foreign, may engage in all economic activities through all forms of commercial companies except for certain banned business activities.

### **Branches of Foreign Companies**

Companies established outside the Kingdom of Bahrain may open branches, agencies, or offices thereof in the Kingdom of Bahrain in accordance with the terms and conditions set forth in the Commercial Companies Law, its amendments, and its implementing regulation.

### **Requirements of Commercial Companies Registration**

The investor must choose the legal form of the proposed commercial activity. The Commercial Companies Law of Bahrain No. 21 of 2001 and its amendments provide for regulations and controls that govern the legal forms of companies, while Commercial Registration Act No. 27 of 2015 provides for regulations and controls that govern sole proprietorship and commercial companies.

### **General Requirements**

1. Electronic application for all renewals, licences, or inclusion on the register.
2. Submitting drafts of the By-Laws and Articles of Association (as the case may be).
3. Obtaining the approval of the concerned parties (for activities that require prior approval).
4. Certificate of capital deposit (after the approvals are obtained).
5. Evaluation certificate from a competent expert or an auditor if the company's capital is in-kind.

### **Special Requirements for Founders: Individual Persons**

1. A copy of the partners' personal identification documents
2. "No objection" letter from the current employer for Bahrainis employed in the private sector

### **Special Requirements for Founders: Corporate Partners**

- A copy of By-Laws and Articles of Association as well as amendments thereof (if any) (as the case may be) for non-Bahraini companies.
- Latest audited financial statements.

- A resolution by the board of directors or the general assembly (as the case may be) of participation in the company to be established.<sup>1</sup>

**Electronic registration procedures for commercial companies**

1. Submit the application electronically in person, through a professional intermediary office or through a representative who is the authorised signatory – under a valid power of attorney certified by the notary public – to the commercial register; this includes the submission of the new application, licensing, or annotation of the register.
2. Obtain security clearance for foreign investors.
3. Attachment of the draft Articles of Incorporation and Articles of Association (as the case may be).
4. Attachment of the capital deposit certificate (after obtaining the required approval).
5. Attachment of an assessment certificate from a competent expert or an auditor, in case that the company’s capital is in-kind
6. Attachment of the requirements and other documents required by the licensing authorities.

**Notes**

- All commercial registers of the applicant have to be renewed and be valid with no violation.
- Fields marked in red are mandatory, such as uploading a copy of the CPR and the academic qualifications.
- An attached document should not exceed 3 MB in size, i.e. 300 KB per page.
- For the electronic payment you have to use a Google Chrome browser.

The investor will not be able to mark its branches in the following cases:

<b>Case</b>	<b>Procedure</b>
A branch is administratively	The fees due from the branch are to be properly deleted by obtaining authorisation for “reconciliation of a deleted branch by resolution.”

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<sup>1</sup> Documents of foreign companies’ incorporators shall be certified by the following agencies: the licensing authority in the country of registration, the Ministry of Foreign Affairs, or the Embassy of the Kingdom of Bahrain.

cancelled	
A branch is cancelled while failing to meet the terms of cancellation	Payment of the fees due from the branch to be properly deleted by obtaining the authorisation for “reconciliation of a cancelled commercial register while failing to meet the terms”.
A branch with irregularities	Querying the branch where the regularities were recorded and submitting an application for “violation removal” accompanied by all the documents required for the removal of this violation from the “other services” list.
A branch is not renewed	Renewal or deletion of branches from the “general services” list.

## Commercial Registration Department Procedures for Commercial Companies

1. Sending the electronically submitted applications to the official authorities responsible for licensing and issuing approval after being checked by the specialists at the MOICT, and making sure they meet the requirements and provisions as per the nature of the business.
2. Collection of the municipal fees (ten dinars) from the applicant immediately after obtaining the approval of the Ministry and before deciding on the application by the municipality.
3. Writing to and notifying the applicant of the progress of the electronically submitted application.
4. The process to obtain the approval of the competent authorities through the electronic system.
5. The process to document the Articles of Incorporation and Articles of Association.
6. The process to issue the commercial register certificate electronically after having the applicant pay the required fees through the electronic payment gateway; a hard copy of the certificate can be obtained for two dinars.
7. Publication in the Official Gazette or on the Ministry’s website.

### Bahraini Joint Stock Companies (Public)

A public joint stock company consists of a number of shareholders subscribing therein negotiable shares and they shall not be liable for the company’s debts or obligations, only to the value of their shares.

Basic features:

- Shareholder liability is limited.
- Allowed to practise banking, insurance, and investment of third parties’ funds (by the approval of the licensors).
- The minimum capital may not be less than 1,000,000 Bahraini Dinars and 25% of the capital share value may be deposited as a minimum, provided that the remaining share value is paid within a period not exceeding five years.
- The minimum number of founders may not be less than 2.

- The minimum number of the members of the Board of Directors may not be less than five.
- Commitment to providing annual audited financial data statements to the Ministry.
- The nominal value of each share may not be less than 100 fils and may not exceed 100 BD.

### **Foreign ownership**

GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

### **Bahraini joint stock companies (closed)**

A closed joint stock company consists of a number of persons, no less than two, subscribing therein non-negotiable shares, and may not be put for public subscription.

Basic features:

- Shareholder liability is limited.
- Allowed to practise banking, insurance, and investment of third parties' funds (by the approval of the licensors).
- The minimum capital may not be less than 250,000 BD and 50% of the capital share value may be deposited as a minimum, provided that the remaining share value is paid within a period not exceeding three years.
- The minimum value of each share may not be less than 100 fils and may not exceed 100 BD.
- The minimum number of founders may not be less than two.
- The minimum number of the members of the board of directors may not be less than three.
- Commitment to providing annual audited financial statements to the Ministry.

### **Foreign ownership**

GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

### **Limited Liability Companies**

A company of partners, no more than 50, with each partner accountable only for its share in the capital.

Basic features:

- Limited liability.
- Practising banking, insurance, and investment of third parties' funds is not allowed.
- There is no minimum capital.
- The number of partners may not be less than two and may not exceed 50.
- Commitment to providing annual audited financial statements or a letter of good standing issued by the company's auditor.
- The nominal value for each share may not be less than 50 BD.

### **Foreign ownership**

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GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

### **Partnership Companies**

A partnership company is a company composed of two or more persons under a certain name, and the partners of which shall be jointly liable for their funds and the company's obligations.

Basic features:

- Unlimited joint responsibility for all partners.
- Practising banking, insurance, and investment of third parties' funds is not allowed.
- Allowed to practise its activities in the Kingdom of Bahrain.
- The minimum number of partners is two.

### **Foreign ownership**

GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

### **Companies Limited by Shares**

A company limited by shares is a company consisting of two categories of partner where one partner is the joint partner responsible jointly in all of their funds for the company's obligations, and the other is the silent partner not accountable for the company's obligations, only to the portion of their shares in the capital.

Basic features:

- There are two categories of partners: limited liability partners (silent partners) and partners with unlimited liability (joint partners).
- The minimum capital required is 20,000 BD.
- The minimum number of founders is four.

### **Foreigners' ownership**

GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

### **Single Person Company**

A single person company is a company with its capital wholly owned by one individual person or corporate person. The company's capital owner is accountable only for the portion of the capital allocated to the company.

Basic features:

- Limited liability.
- Practising banking, insurance, and investment of third parties' funds is not allowed.
- There is no minimum capital.
- An external auditor is required.
- Commitment to the provision of an annual audited financial report or a letter of good standing issued by an auditor.

### **Foreign ownership**

GCC's citizens and foreigners are allowed to own 100% of the company's shares (by activity).

## **Foreign Company Branches**

A foreign company incorporated and registered outside the Kingdom of Bahrain establishing a branch (or branches) for its operations or a representative or regional office in the Kingdom of Bahrain.

Basic features:

- The parent company assumes all the responsibilities of its branch in the Kingdom of Bahrain.
- The representative and regional office are only allowed to undertake the marketing and promotion of the parent company activities.
- Allowed to practise banking, insurance, and investment of third parties' funds.
- A branch manager is required.
- There is no capital for the branch.

## **Holding Companies**

A company incorporated for the purpose of owning shares in Bahraini or foreign joint stock and limited liability companies or participation in the incorporation of such companies will be involved in the management of lending and guaranteeing them for third parties. A holding company may take the form of a closed or public joint stock company, a limited liability company, or a single person company; it shall be subject to the legal form it takes.

## **Sole Proprietorship**

A facility owned by an individual person who is responsible for all the obligations arising from sole proprietorship.

Requirements for the registration of sole proprietorship are that one must be a Bahraini or GCC citizen, be resident in the Kingdom of Bahrain or a citizen of one of the states associated with free trade agreements with the Kingdom of Bahrain, and the applicant may not be less than 18 years of age.

1. Electronic submission of all applications including renewal, licensing, or inclusion on the register.
2. Obtaining the approval of the competent authorities (for the activities requiring prior approvals).

## **Electronic Registration Procedures for Sole Proprietorships**

1. Submit the application electronically in person, through a professional intermediary office, or through a representative who is the authorised signatory – under a valid power of attorney certified by the notary public – to the commercial register; this includes the submission of a new application, licensing, or inclusion on the register.
2. Attachment of the electronic copy of the sole proprietor's passport or smart card.
3. Attachment of the requirements and documents requested by the authorities licensing the activities requiring prior approval from the official authorities issuing licences and approvals.

## Electronic Amendment Procedures for Sole Proprietorships

1. Submit the application electronically in person through a professional intermediary office, or through a representative who is the authorised signatory – under a valid power of attorney certified by the notary public – to the commercial register; this includes the submission of the new application, licensing or inclusion on the register.
2. Select amendment type such as adding a new branch, delete the commercial register, add an activity, change the activity type, delete an activity, the transfer of ownership of commercial registration, and joint treatment (change of address, commercial name, business activity).
3. Attachment of the electronic copy of the sole proprietor’s passport or smart card.
4. Attachment of the requirements and documents requested by the authorities licensing the activities requiring prior approval from the official authorities issuing licences and approvals.

### Notes:

- All commercial registers of the applicant must be renewed and valid with no violations.
- Fields marked in red mean the required documents need to be uploaded, such as uploading a copy of the smart card and academic qualifications.
- An attached document should not exceed 3 MB in size, i.e. 300 KB per page.
- For the electronic payment you have to use the Google Chrome browser.

The investor shall not be able to mark its branches in the following cases:

Case	Procedure
A branch is administratively cancelled	The fees due from the branch should be properly deleted by obtaining authorisation for “reconciliation of a deleted branch by a decision resolution”.
A branch is cancelled while failing to meet the terms of cancellation	The proper payment of the fees due from the branch should be properly deleted by obtaining authorisation for “reconciliation of a cancelled commercial register while failing to meet the terms”.
A branch with irregularities	Querying the branch on which irregularities were recorded and submitting an application for “irregularity removal” accompanied by all the documents required for the removal of these irregularities from the “other services” list.
A branch is not renewed	Renewal or deletion of branches from the “general services” list.

## **Commercial Registration Department Procedures for Commercial Companies**

1. Sending the electronically submitted applications to the official authorities responsible for licensing and issuing approval after being checked by specialists at the MOICT and making sure they meet the requirements and provisions as per the nature of the business.
2. Collection of the municipal fees (ten dinars) from the applicant immediately after obtaining the approval of the Ministry and before the municipality decides on the application.
3. Writing to and notifying the applicant of the progress of the electronically submitted application.
4. The process to obtain the approval of the competent authorities through the electronic system.
5. The process to issue the commercial register certificate electronically after having the applicant pay the required fees through the electronic payment gateway; a hard copy of the certificate can be obtained for two dinars.
6. Publication in the Official Gazette or on the Ministry's website.

### **Commercial Name**

Steps to choose the commercial name for the sole proprietorship's individual institution or the commercial company:

1. The chosen name may not be registered in the name of a second party at the MOICT.
2. The chosen name may not violate public order, customs, traditions, or religious beliefs.
3. The chosen name may not violate the type of activity carried out by the commercial establishment.
4. The name may not constitute an infringement of a trademark, unless the applicant obtains a special licence from the trademark owner.

### **Industrial Licence**

#### **Industrial licensing procedures**

The types of industrial licences issued by industrial development department at the Ministry of Industry, Commerce and Tourism are as follows:

1. Preliminary approval.
2. Industrial licence.

#### **Procedures to obtain an industrial licence for the establishment of an industrial project**

The applicant submits the application through the commercial register system ([www.business.gov.bh](http://www.business.gov.bh)) by following these steps:

1. Printing an industrial licence application form via the system.
2. Filling the industrial licence application form and uploading the completed form via the system.
3. The industrial development department shall review the application and issue preliminary approval through the electronic system within a period of a maximum of

five business days as of the date of application submission and the provision of all the required data.

4. Preliminary approval shall be issued and included via the electronic system and is valid for a year and may be renewed.
5. The applicant has to enter the address of the facility via the electronic system and the system there undertakes the required approvals from the formal authorities such as municipal affairs, environment, health, and other authorities depending on the nature of the industrial activity.
6. The industrial licence shall be issued and included via the electronic system according to the Unified Gulf form and shall be valid for a year; it authorises its owner to start implementing the project.

**Procedures for the renewal of the preliminary approval/ industrial licence**

1. The applicant shall write to the industrial development department to request the renewal while mentioning the justifications for the delay.
2. The preliminary approval/ industrial licence shall be renewed for a year and may be renewed.

**Procedures to add a new industrial activity or a new branch to the industrial licence**

The applicant submits the application through the commercial register system

([www.business.gov.bh](http://www.business.gov.bh)) by following these steps:

1. Printing an industrial licence application form from the system.
2. Filling the industrial licence application form and uploading the completed form to the system.
3. The industrial development department shall review the application and issue preliminary approval through the electronic system within a period of a maximum of five business days as of the date of application submission and the provision of all the required data.
4. The preliminary approval shall be issued and included via the electronic system and is valid for a year and may be renewed.
5. The applicant has to enter the address of the facility via the electronic system and the system there undertakes the required approvals from the formal authorities such as municipal affairs, environment, health, and any other authority responsible for the application in the Kingdom of Bahrain.
6. The industrial licence shall be issued and included via the electronic system according to the Unified Gulf Form and shall be valid for a year; it authorises its owner to start implementing the project.