

ESTABLISHING AN INVESTMENT COMPANY IN THE KINGDOM OF BAHRAIN

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Financial investment services are regulated by the Center Bank of Bahrain "CBB" and are divided into 3 categories.

Category 1 investment firms are licensed to undertake all the activities below*:

- a) Dealing in financial instruments as principal.
- b) Dealing in financial instruments as agent.
- c) Arranging deals in financial instruments.
- d) Managing deals in financial instruments.
- e) Safeguarding financial instruments.
- f) Advising on financial instruments.
- g) Operating a collective investment undertakings
- h) Acting as a financial trust service provider.

***Category 2 firms are licensed to undertake** all the above activities except for dealing in financial instruments as principal. Category 3 firms are only licensed to undertake arranging and advisory activities and may not hold clients` assets.

***Category 3 investment companies** may be limited liability companies "W.L.L." or closed joint-stock companies "B.S.C. (c)", however Category 1 investment companies must be closed joint-stock companies "B.S.C. (c)"

Please find below the requirements for incorporation:

*** REQUIREMENTS**

1. Application form "form 1: Application for a License", Approved Persons Status, and Declaration under a request cover-letter along with all supporting document are to be completed and submitted to the Director of the Licensing & Policy Directorate at the CBB.

2. Approval of Company prescribed activities

of an investment company requires a special license and permit from the CBB and no persons may undertake such activities within or from the kingdom of Bahrain unless authorized and licenses by the CBB. The requirements are outlined in volume (4) (AU-2) of the CBB Rule Book

This involves providing a comprehensive business plan, and information on the companies` financial position. The CBB may also ask for other requirements for assessment on a case-to-case basis.

All supporting document as required by the CBB will be submitted to the Head of Licensing at the CBB and failure to submit any/all of the required document and/or any/all of the required information will result in delay in processing application and/or rejection

3. Preparation of Memorandum of Association and Articles of Association.

The MoA and AoA shall be drafted in accordance with the provisions of the Central Bank of Bahrain and Financial Institution Low of 2006 and it's Rulebook and Regulation, as well as the Commercial Companies Low of 2001 and it's implementing Regulation issued by virtue of Order No. 6 of 2002.

Subsequent to the approval of license by the CBB, a No Objection Certificate must be obtained from the Ministry of Industry and Commerce.

2. Personal information of shareholders

2.1.1 If the applicant is a natural person we will require:

Copy of the passport

CV

Copy of academic qualifications.

Bank Statement (non-GCCnationals)

No objection letter from employer (employed Bahrainis).

2.1.2. If the applicant is foreigner, we have to file an application with the passport and immigration control to obtain clearance. This takes approximately one (1) week.

2.2 Corporate person (s)

2.2.1 If the applicant is a company we will require:

*Notarized and legalized copy of the commercial registration certificate of the company (non Bahrainis)

*Notarized and legalized Memorandum of Association and Articles of Association of the company (non Bahrainis)

*Notarized and legalized Board of Directors Resolution to establish the new company and to appoint the authorized signatory of the new company and to appoint our firm top file the application on its behalf (non Bahraini)

*Notarized and legalized power of attorney for the signatory of the company

*The audited report of the company for the last three (3) years as well as information on the financial position of the company

TIME FRAME:

The Central Bank of Bahrain does not give a fixed time for processing the application. From experience, the Central Bank of Bahrain will provide a formal decision within approximately sixty (60) calendar days on whether all its regulatory requirement to grant the license have been fully satisfied

Please note that the licensing process is interactive and usually requires that we have meeting and exchange correspondence with the CBB. Thus we will need to have the necessary disclosure in full from the company.

Subsequent to obtaining the CBB license, the requirements to establish the companies will be the same as any other same legal status companies under the Bahrain Commercial Companies Law No. 21 of 2001 and Order No. 6 of 2002.