

Statutory & Corporate Advisory newsletter

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Bahrain introduces new corporate governance code for closed joint stock companies

Until 30 September 2018, a corporate governance code was mandatory only for closed joint stock companies regulated by the Central Bank of Bahrain (CBB) or the Bahrain Bourse. As of 1 October 2018, all Bahraini closed joint stock companies now need to implement a corporate governance code, in accordance with guidelines issued by the Ministry of Industry, Commerce and Tourism under resolution 19 of 2018.

The corporate governance code requires companies to adopt specific mechanisms for internal governance and specific board formations, including mandating committees for specific roles. A dedicated corporate governance officer, who is responsible for ensuring compliance with the new code, must register with MOICT.

Company shareholders can monitor how effectively the board has implemented the code through an annual corporate governance report, which must be approved during the AGM as well as financial statements.

Companies that fail to implement any of the principles of the new code must explain that failure to MOICT. Companies that have not yet registered a corporate governance office with MOICT should make this a priority. The new corporate governance code does not yet impact limited liability companies or single person companies.

If you have any questions on the new corporate governance code - including how it will impact your company – please contact us.

mohammed.ashraf@keypoint.com

Senior Director
+973 1720 6840

chahira.miled@keypoint.com

Senior Manager
+973 1720 6870