

# Statutory & corporate advisory

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On 5 April 2018 - and in line with the new amendments introduced to the Bahrain Commercial Companies Law (BCCL) earlier this year - the Ministry of Industry, Commerce and Tourism (MOICT) issued a corporate governance code. All Bahraini joint stock companies (JSCs) not regulated by the Central Bank of Bahrain must adopt the code by October 2018.

The code requires companies to adopt specific structures for their board, which must include independent and non-executive directors, and executive management, supported by individuals with dedicated support positions.

The main purposes of the code are to:

- Guide decision-making
- Create efficient commercial corporations
- Encourage transparency

Companies are required to write the principles into their governance frameworks. Once adopted, boards will be expected to report on their compliance with framework, ask shareholders to approve the report at AGMs, and submit reports annually to MOICT for approval. The code will be implemented on a 'comply or explain' basis – if a company does not comply, it should explain why, as well as outlining how it plans to comply in future.

## What should JSCs do now?

JSCs should:

- Amend their articles of association to reflect amendments to the BCCL
- Appoint a corporate governance officer, who will be the main contact with regulators in case of compliance enquiries
- Adopt internal written policies regarding corporate governance
- Prepare a timeline on steps to implement the code

- Include an item in annual audited financial reports on corporate governance
- Include an item on AGM agendas to discuss and approve the corporate governance report
- Amend the composition of their board to include independent and non-executive directors



## How can Keypoint assist you?

We can:

- Document your efforts to comply with the code
- Develop compliance timelines
- Identify independent and non-executive directors
- Support the drafting of corporate governance policies
- Amend your articles of association
- Help identify a corporate governance officer

If you have any further queries, please contact us.



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## Important note

This SCA update is based on our interpretation of the Bahrain Commercial Companies Law and directives from the Ministry of Industry, Commerce and Tourism (MOICT). This update is not a substitute for professional advice. You should seek appropriate professional advice from an approved advisor before making any decision relating to your particular circumstances.