



## Doing Business in Bahrain

We at SFAI AM Consulting Co. WLL can help to form your company from start till end in fastest possible type. Contact us for further details. In Bahrain you can open one of the following type of companies.

### Type of Business Entities

#### General Partnership Company

A general partnership must be comprised of two or more Bahraini nationals; foreign investors can participate in partnerships, but Bahraini National participation must be at least 51%. In a partnership, the liability of the partners is unlimited, and they are jointly and severally liable with respect to the partnership's obligations to the entire extent of their assets.

#### Limited Partnership Company

A limited partnership is comprised of at least one general partner and one limited partner. The extent of a limited partner's liability for the partnership's commitments is restricted to the amount of capital invested by the limited partner in the partnership. All general partners must be Bahraini nationals and at least 51% of the capital must be owned by Bahraini partners.

#### Association in Participation ("Joint Venture")

It is a company that does not enjoy a separate legal personality. Joint ventures are formed by the conclusion of a Memorandum of Association specifying the rights and obligations of the partners and the division of profits and losses. Joint ventures are not subject to any prescribed formalities.

#### Joint Stock Company

A joint stock company is a pure shareholding company in which all of the members are liable for company debts to the extent of the nominal value of their shares. This type of company can take the form of an exempt joint stock company, a closed joint stock company or a public joint stock company. While the public joint stock company requires a minimum of 51%



Bahraini ownership, the exempt and closed joint stock companies may be 100% foreign owned. All forms of the joint stock company must maintain permanent offices in Bahrain. Public stock companies may only be established by permission from Ministry of Commerce. The minimum share capital of a closed stock company is BD 250,000.

### Limited Partnership by Shares

A partnership limited by shares consists of at least one general partner and at least ten shareholders. Management is the responsibility of the general partners and they are liable, to the extent of their entire assets, for the debts and commitments of the partnership. The shareholding partners are not responsible for the debts of the partnership, except to the extent of the value of their shares in the partnership. Shareholding partners may not interfere in the management of the partnership, and if they do so, they are personally liable for losses caused as a result thereof.

### Limited Liability Company

The limited liability company, a shareholding company in which the shares are not open to public subscription, is one of the forms of doing business most commonly used by foreign investors. The company must have at least two and maximum fifty shareholders who are liable for the debts of the company only to the extent of their respective interest in the capital.

### Single Person Company

A single natural or corporate person, Bahraini or non-Bahraini, may incorporate a one-person company. A single person company shall not undertake insurance or banking activities or the investment of funds for the account of third parties. The incorporation formalities of a one person company are similar to that of a W.L.L. company.

### Holding Company

A holding company is a company that is incorporated to own shares in Bahraini or foreign, joint-stock companies or limited-liability companies. A holding company is permitted to own more than 50% of the capital of its subsidiary, and it may take the form of a joint stock company (public/closed), limited liability company, or single person company.