KPMG

Regulatory Alert



14 September 2025

Amendments to the Commercial Companies Law (Royal Decree-Law No. (38) of 2025)

Royal Decree-Law No. (38) of 2025 (New Decree) has been issued amending certain provisions of the Commercial Companies Law promulgated by Decree-Law No. (21) of 2001. The amendments introduce new governance obligations, expand liability for company officers, and modernize certain procedural aspects of company operations.

Key Changes:

1. **Expanded Personal Liability for Directors and Managers**
   Directors, board members, and those acting as managers (whether formally appointed or not) are now personally liable for damages caused to the company, shareholders, or third parties due to negligence, gross error, or legal violations.

   Liability may be individual or joint and cannot be waived unless formal objection is recorded.

2. **Virtual Meetings and Electronic Voting**
   Company meetings may now be held via electronic or telephonic means by default, subject to identity verification and full participation protocols.

   Companies may adopt electronic voting systems, subject to conditions issued by the Ministry of Industry and Commerce.

3. **Single-Shareholder in Bahrain Shareholding Companies (Closed)**
   Bahrain Shareholding Companies (Closed) may now be established by a single shareholder, who assumes the powers of both the founding and general assemblies.

4. **Continuation of Companies Post Partner Exit**
   Companies may continue operating after a partner's withdrawal, death, or insolvency if stipulated in the contract or agreed upon unanimously within 90 working days, which is an extension from 15 days in the previous law.

5. **Mandatory Disclosure to Authorities**
   The powers of the Ministry of Industry and Commerce to inspect, and to require copies of all books, documents and records relating to the company's affairs, may now be directed to shadow managers in addition to the existing directors, managers, employees, and the company auditors.

6. **Elimination of Unincorporated Joint Ventures (محاصة) Structure**
   All references to unincorporated joint ventures have been removed from the law.
   Existing unincorporated joint ventures must correct their status by obtaining a commercial registration within three months from the effective date of the New Decree.

Implications

Companies operating in Bahrain should review their governance structures, meeting procedures, and legal documentation to ensure compliance with the amended provisions. Particular attention should be given to liability exposure, digital meeting capabilities, and the status of any joint venture arrangements.

Our team is available to assist you in navigating these regulatory changes and ensuring your compliance with the MoIC's requirements. If you have any questions or need further guidance, please do not hesitate to contact us.

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