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Published on the website on May 2024

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LEGISLATIVE DECREE NO. (1) OF 1987

WITH RESPECT TO CERTAIN PROVISIONS RELATING TO

THS SALE AND RENTAL OF BUSINESSES

We, **Hamad bin Isa Al Khalifa, Deputy Amir of the State of Bahrain**,

having examined the Constitution,

andAmiri Order No.4 of 1975,

andAmiri Order No.3 of 1987,

and Legislative Decree No.1 (Financial)1961 with respect to the Establishment of the Register of Commerce, as amended by Legislative Decree No.34 of 1976, and Legislative Decree No.12 of 1978, and its Implementing Regulations,

and Legislative Decree No.28 of 1975 with respect to Promulgating the Commercial Companies Law, and Laws in amendment thereof,

and upon the submission of the Minister for Commerce and Agriculture,

and with the approval of the Council of Ministers,

HEREBY ENACT THE FOLLOWING LAW:

Article 1

* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019.

It shall be strictly prohibited for any trader, whether an individual or a company, registered in the Register of Commerce to sell the Commercial Registration or rent it out without covering the business premises for which the commercial registration has been issued in the sale contract or lease agreement. It shall also be strictly prohibited for any trader whether an individual or a company, registered in the Register of Commerce to sell or rent the Commercial Registration or rent out his business premises to a foreigner.

Article 2

In case of committing a violation of the provisions of Article 1, the Ministry of Commerce and Agriculture shall notify the trader concerned of the violation and shall give him a period of at least one week for removing the causes of the violation. In addition to giving a warning to a trader, the Ministry of Commerce and Agriculture shall be empowered to order the administrative closure of the business premises.

If the Ministry of Commerce and Agriculture ascertains the removal of the causes of the violation, it shall permit the trader to re-open his business, otherwise it shall refer him to the Public Prosecution to be taken to court in case of the continuation of the violation.

Article 3

Every trader who has received a warning for contravening the provisions of Article 1 of this Law but has failed to remove the causes of the violation within the period specified by the Ministry of Commerce and Agriculture, and every trader who has committed yet another violation of the provisions of this Article, in spite of having been given an earlier

warning in accordance with Article 2 of this Law, shall be liable for imprisonment for a period not exceeding one year and a fine not exceeding BD1,000 or either penalty, in addition to passing a judgement for striking off his registration from the Register of Commerce and closing the business premises where the violation has taken place whilst providing in the judgement for publishing the full text of the judgement in the Official Gazette at his expense.

The same penalty shall be inflicted upon the purchaser or lessee of the commercial registration, if the sale contract or lease agreement does not include the business premises for which the Commercial Registration has been issued, and also upon the foreign purchaser and lessee of the business premises. The Court may, at the request of the Public Prosecution, Ministry of Commerce and Agriculture or any interested party, order at any time after the filing of criminal proceedings therewith the banning of an accused foreigner from leaving Bahrain until he has been discharged from financial obligations and compensations arising from violating the provisions of this Law.

Upon passing a judgement convicting a foreigner of the crime provided for in this Article, the Court may in all cases order his deportation from the State of Bahrain either completely or for a fixed period of no less than 3 years, provided that the enforcement of the deportation shall take place after discharging the convicted party of liability for the financial obligations and compensations, that have arisen from violating the provisions of this Law, or if the Court repeals its order banning a convicted foreigner from leaving the country, in accordance with the provisions of Article 4.

Article 4

A foreigner who has been ordered by the Court to be banned from leaving Bahrain, according to the provisions of Article 3, may appeal against this order at any time and the appeal shall be filed with the Court which has issued the order.

The Court shall be empowered to order the revocation of such order, if it is established thereto that such ban shall be of no effect.

Article 5

A trader registered in the Register of Commerce shall be jointly liable with the purchaser and lessee for all the obligations arising from the act done in breach of this Law.

Article 6

Sellers and lessors of commercial registrations and lessors, purchasers and lessees of business premises who are subject to the provisions of Article 1 of this Law shall be granted a grace period of 6 months commencing from the effective date of this Law during which they shall modify the conditions of their business and commercial registrations in compliance with the provisions of this Law, provided that they shall be subject to the provisions of this Law upon the expiry of the said grace period.

Article 7

The officers designated by the Minister for Commerce and Agriculture for the implementation of the provisions of this Law shall have the power of entering business premises, detecting offences in violation of its

provisions, preparing the necessary statements and referring violators to the Public Prosecution.

Article 8

The Minister for Commerce and Agriculture shall issue the necessary orders for implementing this Law.

Article 9

The Ministers, each in his respective capacity, shall implement this Law which shall come into force from the date of its publication in the Official Gazette.

Hamad bin Isa Al Khalifa

Deputy Amir of the State of Bahrain

Issued at Riffa Palace on:

13th JamaiAlAkhir, 1407 Hijra

Corresponding on: 12 February 1987

Dated: 12 February 1987