

This English version is not an official translation. In the case of any discrepancies between the Arabic and English versions, the Courts of the Kingdom of Bahrain will interpret the basis of the Arabic text alone.

Legislative Decree No 22 of 2016
In respect to Protected Cells Companies

We, Hamad Bin Issa Al Khalifa, King of the Kingdom of Bahrain
Having examined the Constitution, particularly Article 38 thereof;
The Civil and Commercial Procedural Law promulgated by Legislative Decree No. 12 of 1971 (as amended);
The Penal Code promulgated by Legislative Decree No. 15 of 1976 (as amended);
The Law of Commerce promulgated by Legislative Decree No. 7 of 1987 (as amended);
The Civil Code promulgated by Legislative Decree No. 19 of 2001;
The Law of Commercial Companies Promulgated by Legislative Decree No. 21 of 2001 (as amended);
The Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. 64 of 2006, as amended by Legislative Decree No. 34 of 2015; and
Legislative Decree No. 27 of 2015 with respect to the Commercial Register;

And upon presentation by the Prime Minister; and
Approval of the Council of Ministers;

We have decreed the following law:

1. Definitions

For the purposes of this law, the following terms and expressions shall have the meanings assigned against each unless the context requires otherwise:

- Cell** : means a Cell created by a Protected Cells Company for the purpose of segregating and protecting Cellular Assets as provided under this law;
- Cell Shares** : means shares created and issued by a Protected Cells Company in respect of one of its Cells pursuant to the provisions of sub-section 10(2) of this law;
- Cell Share Capital** : means the proceeds of the Cell Shares;
- Cellular Assets** : means the assets that are attributable to the Cells;

- Cellular Dividend** : means the dividend payable by a Protected Cells Company in respect of Cell Shares pursuant to the provisions of sub-section 10(3) and 10 (4) of this law;
- Central Bank** : means the Central Bank of Bahrain;
- Central Bank Law** : The Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. 64 of 2006 as amended from time to time, together with resolutions, instructions, directives and guidance notes issued pursuant to its provisions;
- Commercial Register** : means the Commercial Register Law established in accordance with the provisions of the Commercial Register Law;
- Competent Department** : The competent department for maintaining the Commercial Register in accordance with the Commercial Register Law;
- Core** : means the Protected Cells Company excluding its Cells;
- Core Shares** : means shares created and issued by a Protected Cells Company in respect of its Core pursuant to the provisions of sub-section 10(2) of this law;
- Core Shares Capital** : means the proceeds of the Core Shares;
- Non- Cellular Assets** : means the assets that are attributable to the Core;
- Person** : any natural person or body corporate;
- Protected Cells Company or Company** : a commercial company formed, in accordance with the provisions of this law, made up of a Core and one or more Cells each having assets and liability independent of the others as provided under this Law; and
- Special Resolution** : means a resolution passed at the company's extra-ordinary general assembly by those who own at least 75% of the capital shares held by the shareholders in attendance that satisfy the required quorum.

2. Form of Protected Cells Company and Supervision and Oversight Thereof

1. A Protected Cells Company is a form of commercial company in addition to those forms provided under the Commercial Companies Law.

2. A Protected Cells Company may be established in accordance with this law by:
 - a. Incorporating a new company as a Protected Cells Company; or
 - b. An existing company, if so authorised by a Special Resolution, is converted into a Protected Cells Company provided that the existing company is licensed to carry out any of the activities that a Protected Cells Company is authorized to carry out as provided under section 3 of this law.
3. Protected Cells Companies shall be subject to the supervision and oversight of the Central Bank.

3. Scope of Activity

1. A Protected Cells Company may only carry out the following activities:
 - a. Private Investment Undertaking;
 - b. Collective Investment Undertaking;
 - c. Securitization;
 - d. Insurance Captives; or
 - e. Any other financial services that the Central Bank may specify in a regulation issued pursuant to this law.
2. The activities under paragraphs (a) to (d) of sub-section 3(1) shall have the meaning prescribed for each pursuant to the Central Bank Law.

4. Legal Personality

1. A Protected Cells Company has a legal personality which it acquires starting from the date on which the Company is entered in the Commercial Register and the announcement thereof in the Official Gazette.
2. A Cell of a Protected Cells Company has no legal personality.

5. Name of a Protected Cells Company

1. Every Protected Cells Company shall have a name which shall end wherever it appears with the expression "Protected Cells Company" or "PCC".
2. Each Cell of a Protected Cells Company shall have its own distinct name or designation which shall include the words "Protected Cell". Such name or designation shall be clearly set out in the agreement governing the subscription for the Cell Shares.

3. The directors of a Protected Cells Company shall be responsible for ensuring that the Protected Cells Company indicates in all its contracts, invoices, announcements, documents, publications and other papers it issues that it is a Protected Cells Company.

6. The Company's Articles of Association and Memorandum of Incorporation

1. The articles of association and Memorandum of Incorporation of a Protected Cells Company shall state that it is a Protected Cells Company.
2. A company shall not be deemed to be a Protected Cells Company unless it has complied with the provisions of sub-section 6(1).

7. Consent of the Central Bank

1. A company may not be incorporated as, and an existing company may not be converted into, a Protected Cells Company except upon the prior written consent of the Central Bank. Such consent may, where the Central Bank deem appropriate, be restricted or subject to certain conditions. Granting such consent shall be subject to such rules as the Central Bank may specify in a regulation issued pursuant to this law.
2. The application for consent, accompanied by the prescribed fee, shall be submitted and processed in accordance with such procedure as the Central Bank may specify in a regulation issued pursuant to this law. A resolution declining the application must be reasoned.
3. Subject to such procedure as the Central Bank may specify in a regulation issued pursuant to this law, the Central Bank may revoke or, where appropriate, vary or restrict the consent referred to under sub-section 7(1) or impose further conditions, in the event of any of the following:
 - a. Any requirement for obtaining the consent as specified in the regulation issued by the Central Bank in accordance with sub-section 7(1) is no longer satisfied by the Company;
 - b. the Company has failed to comply with a condition or restriction in relation to the grant of the consent;
 - c. the Company has for the purpose of obtaining the consent given the Central Bank information which is false or misleading in a material particular; or
 - d. the Company has not carried out any activity, in respect of which the consent was granted for an uninterrupted 12 months.
4. The Central Bank shall inform the Company, by a registered letter with acknowledgment of delivery, of its decision to revoke, vary, or restrict the consent or subjecting it to further conditions setting out the reasons within five (5) working

days following the date on which the decision is issued. The Company may appeal the decision to the Central Bank within ten (10) working days following its receipt by the Company. The Appeal shall be considered and the Company shall be informed of the outcome within ten (10) working days following Central Bank's receipt of the appeal. In the event that the appeal is declined, the resolution declining the appeal must be reasoned.

5. The directors of the Protected Cells Company shall be responsible for notifying the Competent Department of the decisions issued pursuant to sub-section 7(3) and 7(4) for the purpose of entering the necessary deletion, change or amendment in the Commercial Register. The notice must be lodged within three (3) working days following the Company's receipt of the decision.

8. Registration

1. Without derogating from the provisions related to the registration of commercial companies under the Commercial Companies Law and the Commercial Registration Law, an application to register a company as a Protected Cells Company, or convert an existing company into a Protected Cells Company, shall be lodged with the Competent Department. The following shall be enclosed with the application:
 - a. a notarized copy of the company's articles of association and memorandum of incorporation; and
 - b. the written consent of the Central Bank referred to under Section (7).
2. A Protected Cells Company may not commence its operation unless and until it is entered in the Commercial Register and the announcement thereof is published in the Official Gazette.

9. Creation of Cells

1. A Protected Cells Company may, with the prior written consent of the Central Bank, create one or more Cells to segregate and protect Cellular Assets and Non-Cellular Assets as provided under this Law and other rules specified by the Central Bank in a regulation issued pursuant to this law. Granting such consent shall be subject to such conditions as the Central Bank may specify in a regulation issued for this purpose pursuant to this Law.
2. The application for the consent under sub-section 9(1) shall be submitted and processed in accordance with such procedure as the Central Bank may specify in a regulation issued pursuant to this law. Where the application for consent is declined, the decision declining the application must be reasoned.

10. Capital and Shares

1. The capital of the Core and each Cell of a Protected Cells Company shall be not be less than the minimum specified by the Central Bank in a regulation issued pursuant to this law with due regards to the activity of the Cell or Core, as the case may be, and any other matter deems relevant by the Central Bank.
2. A Protected Cells Company may, in respect of its Core and each of its Cells, create and issue shares subject to such procedure and rules as the Central Bank may specify in a regulation issued pursuant to this law.
3. A Protected Cells Company may pay a dividend in respect of its Cell Shares.
4. Cellular Dividend may be paid in respect of Cell Shares by reference only to the Cellular Assets and liabilities, or the profits and losses, attributable to the Cell in respect of which the Cell Shares were issued, and in particular no account needs to be taken of:
 - a. the profits and losses, or the assets and liabilities, attributable to any other Cell of the Company; or
 - b. Core profits and losses, or assets and liabilities.

11. Cellular Assets and Non-Cellular Assets

1. The assets of a Protected Cells Company are either Cellular Assets or Non-Cellular Assets.
2. The Cellular Assets attributable to the Cells Comprise:
 - a. assets represented by the proceeds of the Cell Share Capital and reserves attributable to the Cell; and
 - b. all other assets attributable to the Cell.
3. The Non-Cellular Assets attributable to the Core of a Protected Cells Company comprise:
 - a. assets represented by the proceeds of the Core Shares Capital and reserves attributable to the Core, and
 - b. all other assets attributable to the Core.
4. For the purposes of sub-sections 11(2) and 11(3), "reserves" includes retained earnings, capital reserves and share premiums.

12. Separation of Assets

1. The directors of a Protected Cells Company shall be responsible for establishing and maintaining administrative and accounting procedures ensuring-

- a. Segregating and keeping segregated, Cellular Assets separate and separately identifiable from the Non-Cellular Assets;
 - b. Segregating, and keeping segregated, Cellular Assets of each Cell separate and separately identifiable from Cellular Assets of any other Cell.
 - c. Ensuring that assets and liabilities are not transferred between Cells otherwise than at full market value.
2. For the purposes of paragraphs (a) and (b) of sub-section 12(1), the directors of the Company shall ensure that all assets attributable to the core and each Cell are in one or more separately established and identified accounts bearing the name or designation of that cell or the Core as the case may be;
3. It shall not be a violation of sub-section 12(1) where directors of the Company permit the Cellular Assets and Non-Cellular Assets to be held by a company, the shares and capital interests of which are Cellular Assets or Non-Cellular Assets, or a combination of both.
4. Sub-section 12(1) does not prevent Cellular Assets or Non-Cellular Assets, or a combination of both, from being collectively invested, or collectively managed, by an investment manager, as long as the assets in question remain separately identifiable as provided under with sub-section 12(1).

13. Disclosure

1. The Company shall when entering into an agreement with any party:
 - a. Disclose to such party that the transaction is entered into with a Protected Cells Company; and
 - b. identify the Cell in respect of which the transaction is being entered into; and where the transaction is not in respect of any cell specify that the transaction is in respect of the Core.
2. Without prejudice to any criminal liability, the following rules shall apply where a Company has entered into a transaction in contravention of paragraphs (a) or (b) of sub-section 13(1), and the other party to the transaction was unaware, and had no reasonable basis of knowing, that the transaction is with a Protected Cells Company, or the Cell in respect of which the transaction is being made, or that the transaction is in respect of the Core (as the case may be):
 - a. the subject transaction shall be voidable at the option of that party within thirty (30) days following that party becoming aware of the contravention to paragraphs (a) or (b) of sub-section 13(1) as the case may be; and
 - b. the directors shall (notwithstanding any provision to the contrary in the Company's articles of association, memorandum of incorporation or in any

agreement) incur personal liability to that party in respect of the transaction except that a director shall have a right of indemnity against the Non-Cellular Assets of the Company to for the damages for which he is liable, unless he was fraudulent, reckless, negligent or acted in bad faith.

3. Notwithstanding (b) of sub-section 13(2) with respect to the personal liability of the director, the competent court may relieve the director of all or part of his personal liability thereunder if it is satisfied that he ought fairly to be so relieved because-
 - a. the director was not aware of the circumstances giving rise to his liability and, in being not so aware, he was not fraudulent, reckless or negligent, acted in bad faith, or knowingly authorized, acquiesced in or permitted the contravention; or
 - b. he expressly objected, and exercised such rights as he had as a so as to try to prevent the circumstances giving rise to his liability.
4. Where, pursuant to the provisions of sub-section 13(3), the competent court relieves a director of all or part of his personal liability under paragraph (b) of sub-section 13(2), the competent court may rule that the liability in question shall instead be met from such of the relevant Cellular Assets or Non-Cellular Assets as may be specified in the order.
5. The following provisions in the articles of association or memorandum of incorporation of the Company or any other contractual provision shall be void if the provision purports to:
 - a. avoid the incurring of personal liability upon a director in the circumstances described in this section; or
 - b. indemnify a director from the Non-Cellular Assets or giving a right of recourse against such assets in respect of conduct which would otherwise disentitle the director to a right of recourse against such assets by virtue of paragraph (b) of sub-section 13(2).

14. Transfer of Cellular Assets and Non-Cellular Assets from a Protected Cells Company

1. Subject to such rules and procedure as the Central Bank may specify in a regulation issued pursuant to this law in respect of transferring Cellular and Non-Cellular Assets, Cellular Assets attributable to a Cell of a Protected Cells Company may be transferred in the ordinary course of the Company's business, through payments, investments or otherwise to another Cell of the Company or to a Person, wherever resident or incorporated, and whether or not a Protected Cells Company.

2. A transfer, pursuant to sub-section 14(1), of Cellular Assets attributable to a Cell of a Protected Cells Company shall not of itself entitle creditors of that Company to have recourse to the assets of the Person to whom the Cellular Assets were transferred save where such transfer of Cellular Assets was made in bad faith fraudulently or with intent to defraud creditors of the particular Cell making the transfer of Cellular Assets.
3. Non-Cellular Assets shall not be transferred by a Protected Cells Company unless the transfer is permitted by a Special Resolution of the Protected Cells Company. Such transfer shall be notified to the Central Bank, along with a copy of such Special Resolution, within fourteen (14) days following the date of the vote.
4. A Protected Cells Company shall have powers to lawfully make payments or transfers from the Cellular Assets attributable to any Cell of the Protected Cells Company to a Person entitled, in conformity with the provisions of this law, to have recourse to those Cellular Assets.
5. Without prejudice to the rights of innocent parties, a transfer pursuant to this section shall be voidable upon an application to the competent court by an affected Person entitled at the time of the transfer to have recourse to the transferred Cellular Assets if such Person had been unfairly prejudiced by the transfer.

15. Reduction of Capital

A Protected Cells Company may reduce the Cell Share Capital of a particular Cell and the Core Shares Capital, provided that the reduction does not compromise the rights of the creditors, and subject to such rules and procedure as the Central Bank may specify in a regulation issued pursuant to this law.

16. Position of Creditors

1. The rights of creditors of a Protected Cells Company shall correspond with the liabilities provided for under Section (19) and no creditor of a Protected Cells Company shall have any rights other than:
 - a. the rights specified in this section and in sections (17), (18) and (19); and
 - b. subject to the provisions of this section and sections (17), (18) and (19), such other procedural rights that are generally applicable under the law for the recovery of debts.
2. Unless expressly excluded in writing in a particular transaction, the following provisions shall apply to any transaction entered into by a Protected Cells Company:

- a. no party shall seek, whether in the Kingdom or elsewhere, whether in any proceedings or by any other means whatsoever, to make or attempt to use any Cellular Assets attributable to any Cell of the Company to satisfy a liability not attributable to that Cell;
 - b. if any party succeeds by any means whatsoever, whether in the Kingdom or elsewhere, in using any Cellular Assets attributable to any Cell of the Company to satisfy a liability not attributable to that Cell, that party shall be liable to the Company for the payment of a sum equal to the value of the benefit that such party had thereby obtained;
 - c. if any party shall succeed, whether in the Kingdom or elsewhere, in seizing or attaching by any means or otherwise levying execution against any assets attributable to any Cell of the Company in respect of a liability not attributable to that Cell, that party shall hold those assets and their proceeds as a custodian for the benefit of the Company and shall keep those assets and their proceeds separate and identifiable for that purpose and return them when demanded by the Company; and
 - d. the law applicable to the transaction is Bahrain law.
3. Any asset or sum recovered by the Company under the provisions set out in paragraphs (b) or (c) of sub-section 16(2) or by any other means whatsoever in the event referred to in the said paragraphs shall, after the deduction or payment of any costs of recovery, be applied by the Company so as to compensate the Cell affected.
4. In the event of any court order enforced on any Cellular Assets attributable to a Cell in respect of a liability not attributable to that Cell, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Cell affected, the Company shall:
 - a. cause or procure its auditor to certify the value of the assets lost by the Cell affected; and
 - b. transfer or pay to the Cell affected, from the Cellular or Non-Cellular Assets to which the liability was attributable, assets or sums sufficient to restore to the Cell affected the value of the assets lost.
5. Where under paragraph (b) of sub-section 16(4) a Protected Cells Company is obliged to make a transfer or payment from Cellular Assets attributable to a Cell of the Company, and those assets are insufficient, the Company shall so far as possible make up the deficiency from its Non-Cellular Assets provided that the Protected Cells Company shall always ensure its Non-Cellular Assets are not less than the minimum specified by the Central Bank as provided under sub-section 10(1).

6. This section shall apply to Cellular and Non-Cellular Assets wherever these are situated.

17. Recourse to Cellular Assets by Creditors

Without prejudice to Sections (16) and (19), the following rules shall apply to the right of recourse to the Cellular Assets attributable to a Cell of a Protected Cells Company:

- a. The Cellular Assets are only available to the creditors of the Company who are creditors in respect of that Cell and who shall thereby be entitled, in conformity with the provisions of this law, to have recourse to the Cellular Assets attributable to that Cell; and
- b. The cellular Assets are absolutely protected from the creditors of the Company who are not creditors in respect of that Cell and who accordingly shall not be entitled to have recourse to the Cellular Assets attributable to that Cell.

18. Recourse to the Non-Cellular Assets by Creditors

Without prejudice to the provisions of Sections (16) and (19), the following rules shall apply to the right of recourse to the Non-Cellular Assets attributable to the Core of a Protected Cells Company:

- a. The Non-Cellular Assets are only available to the creditors of the Protected Cells Company who are creditors in respect of the Core and who shall thereby be entitled, in conformity with the provisions of this law, to have recourse to the Non-Cellular Assets;
- b. The Non-Cellular Assets are absolutely protected from the creditors of the Protected Cells Company who are not creditors in respect of the Core and who accordingly shall not be entitled to have recourse to the Non-Cellular Assets;
- c. Notwithstanding the provisions of paragraphs (a) and (b) of this section, a Protected Cells Company may enter into an agreement with any third party which provides that he may have recourse to the Non-Cellular Assets in respect of any liability that may accrue to him in the course of his dealing with any in addition to the assets of the Cell to which that third party may become a creditor; and
- d. Before entering into any recourse agreement as provided in paragraph (c) of this section, each director of the Protected Cells Company must make a written and signed declaration that no creditor of the Protected Cells Company will be prejudiced by the entry into or enforcement of the recourse agreement.

19. Liability of Cellular Assets and Non-Cellular Assets

1. Subject to sub-section 19(2), where a liability arises which is attributable to a particular Cell of a Protected Cells Company, only the Cellular Assets attributable to that Cell may be used to satisfy that liability.
2. Loss or damage that is suffered by a particular Cell of a Protected Cells Company and that is caused by fraud committed by or upon the Core or another Cell, is the liability solely of the Protected Cells Company's Non-Cellular Assets or, as the case may be, that other Cell's assets, without prejudice to any liability of any Person other than the Company.
3. Subject to sub-section 19(4), where a liability arises which is attributable to the Core of a Protected Cells Company, only the Non-Cellular Assets may be used to satisfy that liability.
4. Loss or damage that is suffered by the Core of a Protected Cells Company and that is caused by fraud committed by or upon a Cell is the liability solely of the Cellular Assets of that Cell, without prejudice to any liability of any Person other than the Company.
5. This Section applies to Cellular Assets and Non-Cellular Assets of a Protected Cells Company wherever these are situated.

20. Conversion of an Existing Company into a Protected Cells Company

1. Without prejudice to section (7) and (9), the resolution referred to under paragraph (b) of sub-section 2(2) must include:
 - a. altering the company's Articles of Association in a manner that reflects the authorizing of the conversion of the company into a Protected Cells Company;
 - b. authorizing the creation of Cells and attribute members, shares, assets for each Cell and liabilities between those Cells and between those Cells and the Core, and
 - c. the date on which the conversion shall have effect.
2. The following rules shall apply where a company is converted into a Protected Cells Company as provided under this Law:-
 - a. all property and rights to which the company was entitled immediately before that conversion remain its property and rights;
 - b. the company remains subject to all criminal and civil liabilities, including all contracts, debts and other obligations, to which it was subject immediately before that conversion;

- c. all actions and other legal proceedings which, immediately before that conversion, could have been instituted or continued by or against the company may be instituted or continued by or against the Protected Cells Company as the case may be;
 - d. any conviction, ruling, order or judgment in favor of or against the company before the conversion of the company may be enforced by or against the Protected Cells Company after the conversion as the case may be; and
 - e. subject to sub-section 20(3), the company's members, shares, capital, assets and liabilities are attributed between its Cells, and between its Cells and the Core, in accordance with the terms of any Special Resolution which makes such provision as provided under paragraph (b) of sub-section 20(1).
3. Regardless of Paragraph (e) of sub-section 20(2), any creditor who entered into a transaction with a company before that company converted into a Protected Cells Company shall have recourse to all Cellular and Non-Cellular Assets (other than any Cellular Assets attributable to a Cell created after that conversion) as would have been the case prior to the conversion.

21. Incorporation of a Cell as an Independent Protected Cells Company

1. A cell may be converted to a company independent of that Protected Cells Company subject to such rules and procedure as the competent Minister for Commerce may specify in a regulation issued pursuant to the Commercial Companies Law following consultation with the Governor of the Central Bank.
2. The following rules shall apply when a Cell is converted into an independent company as provided under sub-section 22(1) –
 - a. all property and rights of that Protected Cells Company in respect of the cell immediately before its conversion become the property and rights of the separate company;
 - b. all contracts, debts and other obligations and liabilities, of that Protected Cells Company in respect of the Cell, which existed immediately before the conversion, become contracts, debts and other obligations and liabilities of the independent company; and
 - c. all actions and other legal proceedings which, immediately before the incorporation of the separate company, could have been instituted or were pending by or against the Protected Cells Company in respect of that Cell may be instituted or continued, as the case may be, by or against the independent company.

3. Notwithstanding any rule of law to the contrary, the operation of paragraph (a) and (b) of sub-section 21(2) shall not be regarded as :
 - a. a breach of contract or a civil wrong;
 - b. a breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of rights or liabilities; or
 - c. giving rise to a right of remedy by a party to a contract or other instrument, as an event of default under any contract or other instrument or as causing or permitting the termination of any contract or other instrument, or of any obligation or relationship.

22. Administration and Insolvency

The provisions of Part 10 of the Central Bank Law shall apply in respect of a Protected Cells Company, the Core and each Cell of a Protected Company to the extent consistent with the nature of its activities. For this purposes, reference to a "license" shall be interpreted as a reference to the Central Bank's consent required under section (7) and a reference to providing a regulated service shall be interpreted as a reference to carrying out any of the activities referred to under section (3).

23. Liquidation

1. The prior written consent of the Central Bank shall be required for the liquidation of a Protected Cells Company or a Cell save where the liquidation is ordered by the competent court.
2. In the liquidation of a Protected Cells Company or a Cell, the liquidator:
 - a. shall deal with the Protected Cells Company's assets in accordance with the provisions of sub-section 12(1); and
 - b. in discharge of the claims of creditors of the Protected Cells Company, shall apply the Company's assets to those creditors entitled to have recourse thereto in conformity with the provisions of this Law.

24. Applicability of the Company Law

Save as expressly provided under this law, the provisions of the Commercial Companies Law applicable to Joint Stock Companies shall apply in relation to Protected Cells Companies to the extent that is consistent with the provisions of this Law and the nature of Protected Cells Companies.

25. Offences

Without prejudice to section 27 and any severer penalty provided for under the Penal Code or any other Law:

1. A prison terms for a period between ten days and three years and a penalty not exceeding BD 100,000, or either such prison term or penalty, shall be imposed on:
 - a. any Person who, for the purpose of procuring the Central Bank's consent under Section (7) had filed or signed documents, declarations or statements for such purposes, if he knew or had reason to know that any of such documents, declarations or statements contain false information;
 - b. any Person who had wilfully or negligently failed to comply with the requirements of sub-section 12(1) or sub-section 13(1); and
 - c. any director, who it is established, was responsible for making a declaration for the purposes of paragraph (d) of section 18 if he knew or had reason to know that it is false.
2. A fine not exceeding BD 50,000 shall be imposed on any director who had willfully or negligently failed to comply with the requirements provided under sub-section 5(3) or 7(5).

26. Corporate Liability

Without prejudice to any criminal liability arising pursuant to this law in respect of any natural person, a body corporate shall be criminally liable and punished by a fine not exceeding two times the maximum monetary fine prescribed in respect of the relevant offence under section 25 where the offence had been committed in its name, for its own account or benefit, and where the offence had been the result of an action, default, gross negligence or connivance of any of its directors, managers or officers of that body corporate or any other individual who was purporting to act in any such capacity

27. Liability to Criminal Penalties

1. Where a Protected Cells Company is liable to any criminal penalty, whether under this law or any other law, due to an act or default of a director, manager or any officer purporting to act in such capacity in relation to a Cell of the Company, the following rules shall with respect to the payment of the penalty without prejudice to the liability of the director, manager or the other officer purporting to act in such capacity:
 - a. the penalty shall be met from the Cellular Assets attributable to the Cell; and
 - b. is not enforceable in any way against any other assets of the Company, whether Cellular Assets or Non-Cellular Assets.

2. Where a Protected Cells Company is liable to any criminal penalty, whether under this law or any other Law, due to an act or default of a director, manager or any other officer purporting to act in such capacity in relation to the Core, then without prejudice to the liability of that director, manager or the other officer purporting to act in such capacity:
 - a. the penalty shall be met from the Non-Cellular Assets, and
 - b. is not enforceable in any way against any of the Cellular Assets.

28. Powers of the Central Bank

1. Without prejudice to the powers of the competent Minister for Commerce to issue implementing regulations pursuant to the Company Law or the Commercial Register Law, save where this law provides otherwise, the Governor of the Central Bank shall issue such regulations as necessary for the implementation of this law.
2. For the purposes of this law, the Central Bank, its Board of Directors and Governor shall have all the powers conferred upon each, under the Central Bank Law including those applicable in respect of Licensees to the extent that is consistent with the nature of the Protected Cells Companies. For such purposes, a Protected Cells Company, its Core and each of its Cells shall be deemed a Licensee.

29. Limitation of Liability of the Central Bank's liability towards Others

The provisions of Section (175) of the Central Bank Law with regard to the limitation of the liability of the Central Bank, its employees, the administrator and liquidator shall similarly apply to their respective liability in connection with any act or default in relation to Protected Cells Companies including any Core or Cell.

30 Fees

1. A fee is payable in respect of an application to the Central Bank for the consent referred to under section (7) for the setting up of a Protected Cells Company or the conversion of an existing company into a Protected Cells Company. Such fee shall be specified in a resolution to be issued by the Board of Directors of the Central Bank.
2. The provisions of the Commercial Register Law with respect to the payable fees and categories for penalties due to late registration shall similarly apply to the Protected Cells Companies.

30. Implementation of this Law

The Prime Minister and the Ministers - each in his respective capacity - shall implement the provisions of this law, which shall come into effect thirty (30) days following the date of its publication in the Official Gazette.

King of the Kingdom of Bahrain
Hamad Bin Issa Al Khalifa

Deputy Prime Minister
Khalid Bin Abdulla Al Khalifa

Issued in Riffa'a Palace on:
October 6, 2016

Published in the Official Gazette Issue No. 3283 dated 13 October 2016