

**Draft
Trusts Law**

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Draft
Trusts Law

Having examined the Constitution;

Legislative Decree No. 14 of 1971 regarding the Authentication and Certification of Documents;

The Penal Code promulgated by Legislative Decree No. 15 of 1976 (as amended);

Legislative Decree No. 11 of 1987 Promulgating the Bankruptcy and Composition Law;

Legislative Decree No 21 of 1989 Promulgating the Law on Societies, Social and Cultural Clubs and Private Agencies Operating the Field of Youth and Sport and Private Institutions (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);

Law No. 23 of 2006 with respect to Financial Trusts;

Law No. (64) of 2006 Promulgating the Central Bank of Bahrain and Financial Institutions Law, as amended by Legislative Decree No. 34 of 2015;

Legislative Decree No. 30 of 2009 with respect to the Bahrain Chamber for the Resolution of Economic, Financial and Investment Disputes, as amended by Legislative Decree No. 64 of 2014; and

Law No. (13) of 2014 Promulgating the Real Estate Registration Law.

The Shura Council and the Council of Representative have endorsed this law and we hereby ratify and promulgate.

Chapter One: General Provisions

1. Definitions

In implementing the provisions of this law, the following words and expressions shall have the meaning given opposite each unless the context requires otherwise:

Bahraini Trust: A Trust the proper law of which is the law of Bahrain;

Beneficial Interest: All of the rights, benefits and advantages, vested or contingent, which accrue to a Beneficiary, a Charitable Purpose or a Non-Charitable Purpose in relation to the Trust Property;

Beneficiary:	A Person entitled to benefit under a Trust or in whose favor a discretion to distribute a Trust Property may be exercised;
Breach of Trust:	With respect to a particular Trust, a breach of any duty imposed on a Trustee by this law, the proper law of the Trust or the Terms of the Trust;
Board of Directors	The Board of Directors of the Central Bank;
Central Bank:	The Central Bank of Bahrain;
Central Bank Law:	Law No. 64 of 2006 promulgating the Central Bank of Bahrain and Financial Institutions Law as amended from time to time;
Charitable Purpose:	Any of the purposes referred to under section 23(1);
Charitable Trust:	A Trust or portion of a Trust created for a Charitable Purpose as described in section 23;
Corporate Trustee:	A Trustee which is a body corporate under Bahraini Law or under the law of its place of incorporation;
Court:	Bahrain Chamber for Dispute Resolution set up pursuant to Legislative Decree No. 30 of 2009 with respect to the Bahrain Chamber for the Resolution of Economic, Financial and Investment Disputes;
Enforcer:	A Person appointed in accordance with section 24 of this law;
Foreign Trust:	A Trust the proper law of which is not Bahraini law;
Governor:	The Governor of the Central Bank;
Heirship Right:	Any right, claim or interest in, against or to property of a natural person arising, accruing or existing in consequence of, or in anticipation of, that person's death, other than any such right, claim or interest created by will or other voluntary disposition by such person or resulting from an express limitation in the disposition of the property of such person;
Licensed Trustee:	A corporate person licensed as a Trustee by the Central Bank in accordance with section 27(4);
Minor:	A natural person who has not attained the age of majority under the law of his domicile;
Non-Charitable Purpose:	Any purpose that is not a Charitable Purpose;
Notarization Office:	The office established pursuant to section 1 of Legislative Decree No. 14 of 1971 regarding the Authentication and Certification of Documents;
Person:	A natural or corporate person;

Protective Trust:	The Trust described in section 21;
Protector:	A Person appointed in accordance with section 25 of this law;
Purpose Trust:	The Trust described in section 22, and includes a Charitable Trust and Non-Charitable Trust;
Register of Trusts:	The register provided for in section 26(1) of this law;
Retirement Scheme:	means a scheme set up with the primary objective of providing retirement benefits to beneficiaries out of investments of voluntary regular contribution made by those Beneficiaries and may include corresponding contributions by their employers;
Settlor:	A person who creates a Trust and provides Trust Property in accordance with the provisions of this law;
Terms of the Trust:	The term of the Trust as provided under the Trust Instrument and any other terms applicable under the proper law of the Trust;
Trust:	Has the meaning described in section 12, and includes the Trust Property, the rights, powers, duties, interests, relationships and obligations under a Trust;
Trustee:	The Person referred to under section 12 and includes a Licensed Trustee;
Trust Instrument:	The written instrument by which a Trust is created, and in which the Terms of the Trust are contained, and includes a unilateral declaration of Trust and any instrument varying or supplementing the Terms of the Trust; and
Trust Property:	Any movable or immovable Property, and includes rights and interests, whether present or future and whether vested or contingent.

2. Recognition of a Trust by the law of Bahrain

Subject to this law, a Trust shall be recognized by the law of Bahrain as valid and enforceable.

3. Proper Law of the Trust

1. The proper law of the Trust is that expressed by the Terms of the Trust as the proper law but in the event that they do not expressly specify the proper law, the proper law shall be that implied from the Terms of the Trust.
2. Where there is no express choice of a proper law and it is not possible to determine an implied choice or if the chosen proper law does not provide for Trusts or the category of Trust involved, the proper law shall be that with which the Trust is most closely connected.

3. For the purpose of paragraph (2), in ascertaining the law with which a Trust is most closely connected reference shall be made in particular to –
 - a. the place of administration of the Trust as designated by the Settlor;
 - b. the situs of the assets of the Trust;
 - c. the place of residence or business of the Trustee; and
 - d. the objects of the Trust and the places where they are to be fulfilled.
4. The Terms of a Trust may provide for a severable aspect of the Trust (particularly the administration of the Trust) to be governed by a different law from the proper law of the Trust.

4. Change of the Proper Law

1. The Terms of a Trust may provide for the proper law of the Trust or the law governing a severable aspect of the Trust to be changed from the law of Bahrain to the law of any other jurisdiction provided that:
 - a. in the case of a change to the law of Bahrain, such change is recognised by the proper law of the Trust previously in effect; or
 - b. in the case of a change from the law of Bahrain, the new proper law would recognise the validity of the Trust and the respective interests of the Beneficiaries.
2. A change in the proper law of a Trust, or the law governing a severable aspect of a Trust, does not affect the legality or validity of, or render any Person liable in respect of, anything done before the change.

5. Matters determined by the Proper Law

1. Subject to paragraph (2), the proper law of a Trust governs the validity of the Trust, its construction, its effects, and the administration of the Trust. In particular, the proper law of the Trust shall govern:
 - a. the appointment, resignation and removal of Trustees, the capacity to act as a Trustee, and the devolution of the office of Trustee;
 - b. the Settlor's capacity;
 - c. the rights and duties of Trustees among themselves;
 - d. the right of Trustees to delegate in whole or in part the discharge of their duties or the exercise of their powers;
 - e. the power of Trustees to administer or to dispose of Trust Property, to create security interests in the Trust Property, or to acquire new assets;

- f. the powers of investment of Trustees;
 - g. restrictions upon the duration of the Trust, and upon the power to accumulate the income of the Trust;
 - h. the relationships between the Trustees and the Beneficiaries including the personal liability of the Trustees to the Beneficiaries;
 - i. the variation or termination of the Trust;
 - j. the distribution of the Trust Property; and
 - k. the duty of the Trustees to account for their administration.
2. Subject to sections 6, 8 and 9, paragraph (1) :
- a. Is subject to any express provision to the contrary in the Terms of the Trust or disposition;
 - b. Does not validate any disposition of property which is neither owned by the Settlor nor is the subject of a power of disposition vested in the Settlor;
 - c. Does not validate any Trust or disposition of property situated in a foreign jurisdiction in which such Trust or disposition is invalid according to the laws of such jurisdiction;
 - d. Does not validate any testamentary disposition which is invalid according to the laws of the testator's domicile at the time of his death;
 - e. Does not affect the recognition of foreign laws in determining whether the Settlor was the owner of the settled property was the holder of a power to dispose of such Property;
 - f. Does not, in determining, the capacity of a body corporate, affect the recognition of the laws of its place of incorporation; and
 - g. Does not affect the recognition of foreign laws prescribing the formalities for the disposition of property.

6. Limitations in Foreign Law

Without limiting the generality of paragraph 5(1), any question related to the validity of the Trust, its construction, its effects, and the administration of the Trust and the validity of the disposition of the Trust Property shall be determined without regards to any of the following:

- a. the laws of any foreign jurisdiction prohibit or do not recognize the concept of a Trust;
or
- b. the Trust or disposition voids or defeats any rights, claims or interest conferred by

Foreign Law upon any natural person by way of Heirship Rights or contravenes any rule of Foreign Law or any foreign, judicial or administrative order, arbitration award or action intended to recognize, protect, enforce or give effect to any such rights, claims or interest.

7. Jurisdiction of the Court

The Court shall have jurisdiction where:

- a. the proper law of the Trust is Bahraini law and the Trust is registered in the Register of Trusts;
- b. a Trustee of a Foreign Trust is resident in the Kingdom of Bahrain;
- c. any Trust Property of a Foreign Trust is situated in the Kingdom of Bahrain; or
- d. administration of any Trust Property of a Foreign Trust is carried out in the Kingdom of Bahrain.

8. Heirship Rights

An Heirship Right conferred by foreign law in relation to the property of a living person shall not be recognised as affecting the ownership of immovable property in Bahrain or movable property wherever situated for the purposes of section 5(2)(b) and 5(2)(c) or for any other purpose.

9. Foreign Judgments

A foreign judgment or a foreign arbitral award with respect to Trust shall not be recognized or give rise to any legal effect insofar as it is inconsistent with sections 5, 6 or 8 irrespective of any applicable law relating to the conflict of laws.

10. Principal Place of Administration

Without prejudice to section 44 and without precluding other means for establishing a sufficient connection with the designated jurisdiction, the Terms of a Trust designating the place of administration are valid and conclusive if:

- a. The principal place of business of a Licensed Trustee in the case of a Bahraini Trust, and in the case of a Foreign Trust any Trustee, is located in, or a Trustee is a resident of, the designated jurisdiction; or
- b. all or any part of the administration occurs in the designated jurisdiction.

Chapter Two: Provisions Applicable to Bahraini Trusts

Part 1: General Provisions

11. Application of this Chapter

The provisions of this chapter are applicable only to Bahraini Trusts.

12. Creation of a Trust

1. A Trust may be created by a Settlor by virtue of a Trust Instrument providing that the Trust Property shall be held by or vested in the Trustee to exercise in relation thereto the duties and powers in accordance with the provisions of the proper law of the Trust and the Terms of the Trust for any of the following:
 - a. the benefit of a Beneficiary whether or not yet ascertained or in existence,
 - b. any valid Charitable or Non-Charitable Purpose which is not for the benefit only of the Trustee; or
 - c. both such benefit as is mentioned under sub-paragraph (a) and any such purpose as is mentioned under sub-paragraph (b).
2. Without prejudice to the provisions of Paragraph (1), a Trust has the following characteristics :
 - a. the Trust Property constitute a separate fund and are not a part of the Trustee's own estate;
 - b. title to the assets of the Trust is held in the name of the Trustee;
 - c. the Trustee has the power and the duty to manage, employ, invest or dispose of the Trust Property in accordance with the Terms of the Trust and the duties imposed upon him under the law; and
 - d. the Trustee is accountable for the management and administration of the Trust Property.
3. A Trustee may appear or act in his capacity as Trustee before any Court, any notary or any person acting in an official capacity. Where the Trustee desires to register property, movable or immovable, or documents of title to him, he shall be entitled to do so in his capacity as Trustee provided that the existence of the Trust is disclosed.
4. Without prejudice to any power of the Court as provided under this law to vary the Terms of the Trust, a Trust may be varied in any manner provided under its terms.

13. Validity of a Trust

1. Subject to paragraphs (2) and (3), a Trust shall be valid and enforceable in accordance with its terms.
2. A Trust shall be valid only if it is created by virtue of a notarized Trust Instrument. Notarizing of the Trust Instrument which may be in English or Arabic may take place at a branch of the Notarization Office which shall be set up for this purpose within the headquarters of the Central Bank.

3. A Trust shall be void unless the Trust Instrument creating the Trust states –
 - a. The Settlor’s intention to create the Trust;
 - b. Name, address and other particulars of the Trustee as the Governor may specify in a regulation issued pursuant to this law;
 - c. Identification of the Beneficiaries, class of Beneficiaries or the criteria which enable the Beneficiaries to be identified, or the purpose of the Trust as the case may be;
 - d. In the case of a Purpose Trust, the name, address and particulars of the Enforcer as the Governor Bank may specify in a regulation issued pursuant to this law;
 - e. Identification of the Trust Property at the time of the creation of the Trust;
 - f. Duration of the Trust if it is for a limited duration;
 - g. The name by which the Trust is to be known and registered which name shall if subsequently changed shall be notified in writing by the Trustee to the Central Bank within 5 (five) working days following the resolution on such change; and
 - h. The registered office of the Trust which shall be that of one of the Licensed Trustees appointed as Trustee of the Trust, as the Trust Instrument may provide, and shall be the address for service of any documents upon the Trust.
4. A Trust shall not be valid if:
 - a. Its creation was induced by duress, fraud, mistake, undue influence or misrepresentation;
 - b. it is immoral or contrary to public policy;
 - c. it has no Beneficiary unless it is a Purpose Trust that satisfies the requirements of section 22 and, if it is a Charitable Trust, satisfies the requirements of section 23 of this law;
 - d. it purports to do anything the doing of which is contrary to the law of Bahrain;
 - e. it purports to confer any right or power or impose any obligation the exercise or carrying out of which is contrary to the law of Bahrain;
 - f. its terms are so uncertain that its performance is rendered impossible; or
 - g. it is not registered as provided under section 26 of this law within thirty (30) days following the date of its creation as evidenced from the Trust Instrument.
5. A Trust created and registered under this law shall be a valid Trust so long as it satisfies the requirements of this law notwithstanding that it may be invalid according to the law of the Settlor's domicile or residence or place of current incorporation.

6. Where a Trust is created for two or more purposes of which some are lawful and others are unlawful:
 - a. if those purposes cannot be separated the Trust shall be invalid; and
 - b. where those purposes can be separated the Court may declare that the Trust is valid as to the purposes which are lawful;
7. Where a Trust is partially invalid, the Court may declare what property is and what property is not Trust Property.
8. Property as to which a Trust is invalid shall, subject to any order of the Court having regards to safeguarding the requirements of public policy, revert to the Settlor, or his estate if he is dead, without prejudice to any rights accrued or liabilities incurred in good faith before the Trust was held to be invalid.
9. An application to the Court on the declaration of an invalidity under this section may be made by the Trustee, Settlor, Beneficiary, Enforcer or any other interested Person.

14. Duration of a Trust

1. Subject to paragraph (2), the duration of a Trust may not exceed one hundred (100) years following the date on which it is created. Where the Trust Instrument provides for a longer period or where there is uncertainty as to the duration intended it shall be deemed to be one hundred (100) years.
2. A Trust Instrument, for a Trust established for a Charitable Purpose or to a Retirement Scheme, may provide for a duration exceeding one hundred year with no upper limit.

15. Reservation of certain rights and powers to the Settlor

1. A Trust and Trust Instrument shall not be invalid or a disposition shall not be void by reason of the Settlor being, either solely or with others, a Beneficiary or Protector of the Trust, or by reason of the Trustee reserving to himself any of the following powers:
 - a. to appoint new, add or remove any Trustees, Protectors, Enforcer or Beneficiaries;
 - b. to determine or change the proper law of the Trust and the place of administration of the Trust provided that such power shall be subject to section 4 and 10 respectively;
 - c. to restrict the exercise of any powers or discretions of the Trustee by requiring that they shall only be exercisable with the consent of the Settlor or any other person specified in the Terms of the Trust;

- d. to give binding directions to the Trustees in connection with the exercise of any of their powers or discretions or on how such powers and discretions are to be exercised;
 - e. to give binding directions to the Trustee in connection with the purchase, management, pledging or sale of the Trust Property;
 - f. to advance, appoint, pay or apply the income or capital of the Trust Property or to give directions for the making of any such advancement, appointment, payment or application;
 - g. to act as, or give directions as to the appointment or removal of, a director or other officer of any corporation wholly or partly owned by the trust;
 - h. to appoint or remove any investment manager or investment adviser or any other person acting in relation to the affairs of the Trust or any Trust Property;
 - i. to revoke, vary or amend the Terms of the Trust or any trusts or powers arising wholly or partly under it;
 - j. release any of the Protector's powers; or
 - k. amend, vary, add or delete any particular purpose or purposes in a Purpose Trust.
2. The reservation or exercise of a power or right referred to in paragraph (1) does not of itself render any Trustee liable in respect of any loss to the Trust Property.

16. Revocation of Trust

1. Where a Trust or a power exercisable under a Trust is by the terms thereof, expressed to be-
 - a. revocable, whether wholly or in part; or
 - b. capable of variation,

no such revocation or variation shall prejudice anything lawfully done by a Trustee in relation to a Trust before he receives notice of such revocation or variation.
2. Where a Trust is partly revoked section 51 shall apply to the property affected by the revocation.
3. Where Trusts have been settled by more than one Settlor and are expressed to be revocable, such Trusts may only be revoked with the express consent of all Settlers.

4. Unless the Terms of the Trust expressly provide that the Trust is revocable or capable of variation, the Settlor may not revoke the Trust or amend the Terms of the Trust.

17. Trust Property

1. Subject to paragraph (2), the Trust Property shall be such property as is settled in Trust by the Settlor.
2. Subject to the Terms of the Trust:
 - a. a Trustee may accept the settlement of any additional property under the same Terms of the Trust; and
 - b. Any fruits, revenue, profits or growth generated by the Trust Property shall be added to the Trust Property.
3. Subject to the Terms of the Trust and subject to the Trustee's duties under this law, a Trustee shall in relation to the Trust Property have all the same powers of the beneficial owner of such property.
4. The Trust Property shall be held by or in the name or under the control of the Trustee who shall have full power as well as the duty for which he is accountable, to administer, employ or dispose of the Trust Property in accordance with the Terms of the Trust and any duties imposed on the Trustee by any law applicable thereto, to sue and be sued in respect of the Trust and otherwise to act in all matters concerning the Trust.
5. Transfer of ownership to a Trustee of real estate property as Trust Property shall not be subject to any prohibition or restriction prescribed in respect of ownership of non-Bahraini nationals under the Real Estate Registration Law or any other law.

18. Beneficiaries of a Trust

1. A Beneficiary shall be –
 - a. identifiable by name; or
 - b. ascertainable by reference to either a class or a relationship to another person whether or not living at the time of the creation of the Trust or at the time which under the Terms of the Trust is the time by reference to which, under the terms of the trust, members of a class are to be determined.
2. If there are no Beneficiaries identifiable or ascertainable as provided under paragraph (1), the Trust shall fail unless it is a Purpose Trust.

3. The Terms of a Trust may provide for the addition of a Person or Persons as a Beneficiary or Beneficiaries or the exclusion of a Beneficiary or Beneficiaries from benefit either revocably or irrevocably and from time to time.
4. The Terms of a Trust may impose upon a Beneficiary an obligation as a condition for benefit.
5. A Settlor or a Trustee of a Trust may also be a Beneficiary of the Trust.
6. The interest of a Beneficiary under a Trust shall be deemed to be movable property, even if the Trust Property includes immovable property.

19. Class Interest

1. Subject to the Terms of the Trust, the following rules shall apply where a Trust, or an interest under a Trust, is in favor of a class of persons:
 - a. a class closes when it is no longer possible for any other person to become a member of a class;
 - b. a woman who is over the age of fifty-five (55) years shall be deemed to be no longer capable of bearing a child; and
 - c. where any class interest relates to income and for any period there is no member of the class in existence, the income shall be accumulated and, subject to section 14, shall be retained until there is a member of the class in existence or the class closes.
2. For the purpose of this section "class interest" means a Trust or an interest under a Trust which is in favor of a class of persons.

20. Disclaiming and Transacting of Beneficial Interest in the Trust

1. A Beneficiary may disclaim his whole interest in the Trust.
2. A disclaimer made under paragraph (1) shall be in writing and shall be irrevocable.
3. Subject to the Terms of the Trust, a Beneficiary under a Trust may disclaim part of his interest, whether or not he has received some benefit from his interest.
4. A disclaimer made under paragraph (3), shall be in writing and, subject to the Terms of the Trust, be revocable and it shall be exercisable in the manner and under the circumstances so expressed.
5. A disclaimer under paragraph (1) and (3) shall not be effective until received by the Trustee.
6. Subject to the Terms of a Trust, a Beneficiary may, by instrument in writing, sell, charge, transfer or otherwise deal with his interest in any manner.

21. Protective Trust

1. The Terms of a Trust may make the interest of a Beneficiary subject to –
 - a. a restriction on alienation of or dealing in that interest or any part of that interest; or
 - b. diminution or termination in the event of the Beneficiary becoming bankrupt or any of his property becoming liable to sequestration for the benefit of his creditors.
2. Where the Terms of a Trust provide for any of the above, the Trust shall be referred to for the purposes of this law as a "Protective Trust".

22. Purpose Trusts

1. A Trust may be created for a particular purpose or purposes, whether Charitable or Non-Charitable, including the purpose of holding or investing in shares in a company or any other assets constituting the Trust Property provided that:
 - a. The purpose is lawful and not contrary to public policy;
 - b. the Trust Instrument specifies the event upon the happening of which the Trust terminates and provides for the disposition of surplus assets of the Trust upon its termination;
 - c. the Terms of the Trust provide for the appointment of an Enforcer in relation to its Charitable or Non-Charitable Purposes and for the appointment of a new Enforcer at any time when there is none; and
 - d. the purpose is possible and sufficiently certain to allow the Trust to be carried out.
2. If a Purpose Trust has multiple purposes and there is no allocation of the Trust Property between them, the Trustee, subject to evidence of contrary intention, has discretion to allocate the Trust Property.
3. The Settlor, in addition to the Enforcer, of a Charitable Trust may maintain a proceeding to enforce a Trust in relation to its Charitable or Non-Charitable Purposes.

23. Charitable Trusts

1. Subject to paragraph 2), a Charitable Trust may be created for the relief of poverty, the advancement of education or religion, the promotion of health, art, heritage, culture, science or sport, the protection of the environment, or any other purposes which are beneficial to the public.
2. If the terms of a Charitable Trust do not indicate a particular Charitable Purpose or a means by which a particular Charitable Purpose may be selected, the Court may

select one or more Charitable Purposes in accordance with the Settlor's intention to the extent it can be ascertained or, if such intention cannot be ascertained, as the Court may otherwise determine.

3. A purpose may be regarded as charitable whether it is to be carried out in Bahrain or elsewhere and whether it is beneficial to the public in Bahrain or elsewhere.

24. Enforcer

1. It shall be the duty of an Enforcer to enforce the Trust in relation to its Charitable or Non-Charitable Purposes in accordance with its terms and the provisions of this law.
2. No person shall at any time act as both a Trustee and an Enforcer of a Trust at the same time.
3. A Settlor may also be appointed as an Enforcer.
4. The appointment of a Person as Enforcer of a Trust in relation to its Charitable or Non-Charitable Purposes shall not have effect if he is also a Trustee of the Trust, and an Enforcer shall cease to be Enforcer of the Trust upon his appointment, and his acceptance of such appointment, as a Trustee.
5. Any natural person of full age or corporate person, or two or more of any of the foregoing, may be appointed as Enforcer.
6. Except as permitted by this law or expressly provided under the Terms of the Trust, or with the approval of the Court where it deems it to be lawful or for the interest of the Trust , an Enforcer shall not:
 - a. place himself in a position which may conflict with his duties as an Enforcer;
 - b. directly or indirectly profit from his appointment;
 - c. cause or permit any other Person to profit directly or indirectly from such appointment; or
 - d. on his own account enter into any transaction with the Trustees or relating to the Trust Property which may cause him or the Trustee to profit directly or indirectly.
7. The Trustee shall provide the Enforcer with—
 - a. the accounts and records, including the annual accounts, of the Trustee's trusteeship;
 - b. copies of the Trust Instrument setting up the Trust and any deed or documents referred to in the Trust Instrument; and

- c. any other documents or information to which he may be entitled to receive under the Terms of the Trust or necessary for the purposes of enforcing the Trust.
8. Unless authorized by the Terms of the Trust or by an order of the court, an Enforcer shall not be entitled to remuneration for his services in connection with the Trust except that he is entitled to be reimbursed for all such reasonable expenses properly incurred in the discharge of his duties.
9. Where there is more than one Enforcer of a Trust at any time, any functions conferred on the Enforcers shall be exercised, subject to the Terms of the Trust, by a simple majority of the Enforcers.
10. An Enforcer who dissents from a decision of the majority of the Enforcers may require his dissent to be recorded in writing.
11. An Enforcer may resign from his office by notice in writing delivered to the Trustee, or such other Person as the Terms of the Trust may specify, except that a resignation given in order to facilitate a Breach of Trust shall be of no effect.
12. A resignation takes effect on the delivery of notice in accordance with paragraph (11) or any at time subsequent to such delivery if the Terms of the Trust so specify.
13. An Enforcer shall cease to be Enforcer of the Trust in relation to its Charitable or Non-Charitable Purposes immediately upon the following—
 - a. the Enforcer's removal from office by the Court;
 - b. the Enforcer's resignation becoming effective;
 - c. the coming into effect of a provision in the Terms of a Trust under which the Enforcer is removed from office or otherwise ceases to hold office; or
 - d. the Enforcer's appointment as a Trustee of the Trust and his acceptance of such appointment.

25. Protector

1. The Trust Instrument may confer on a Protector any powers including (without limitation) power to do any one or more of the following in additions to those powers and functions prescribed under this law –
 - a. to appoint new, add or remove any Trustees, Enforcer or Beneficiaries;
 - b. to determine or change the proper law of the Trust and the place of administration of the Trust provided that such power shall be subject to section 4 and 10 respectively;

- c. amend, vary, add or delete any particular purpose or purposes in a Purpose Trust; and
 - d. give or withhold consent to specified actions of or the exercise of specified powers by the Trustee either conditionally or unconditionally.
2. Without prejudice to any criminal liability which may arise under the law, if so provided in the Trust Instrument the Trustee shall not be liable for any loss caused by his actions if he obtained the Protector's prior consent and he acted in good faith.
3. A Protector exercising any one or more of the powers conferred by the Terms of the Trust shall not by virtue only of such exercise be deemed to be a Trustee, and unless otherwise provided under the Terms of the Trust, shall not be liable to the Beneficiaries or the Trustees for the bona fide exercise of the power.
4. The Protector of a Trust may also be a Settlor or a Beneficiary of the Trust.
5. Paragraphs 5 to 12 and 13 (a) to (c) of section 24 shall similarly apply to Protectors.

26. Trust Registration

1. The Central Bank shall establish and maintain a register to be called "Register of Trusts" in which all Trusts shall be registered by entering those Trust's particulars specified in a regulation issued by the Governor pursuant to this law.
2. Registration of Trusts, any subsequent amendments to the particulars referred to under paragraph (1) and the expiry, termination or revocation of the Trust shall be made upon an application to the Central Bank subject to such procedures and accompanied by such documents as the Governor, and in the case of registration of a Trust the payment of such fee as the Board of Directors, shall prescribe in a regulation issued pursuant to this law.
3. A Trust, any subsequent amendments to the particulars referred to under paragraph (1), expiry, termination or revocation of the Trust shall have legal effect starting from the time on which the relevant information is entered in the Register of Trusts.
4. Upon entering the particulars of a Trust in the Register of Trusts in accordance with section 26(1) or those identified under 26(2), the Central Bank shall issue to the Trustee a Certificate of Registration in the form prescribed in a regulation issued by the Governor pursuant to this law containing particulars of the Trust that are current on the date of the certificate.
5. The register of trusts created under Bahraini law and existing prior to the date on which this law comes into effect shall be updated by the Central Bank, as required under the provisions of this law, and merged with the Register of Trusts and shall be deemed an integral part thereof within thirty (30) days following the date on which this law comes into effect.

6. The Register of Trusts shall be confidential and the Central Bank shall ensure that the said register may only be inspected by those officers of the Central Bank that are directly responsible for trusts registration and those directly responsible for the licensing of trustees and inspection of their business in the Kingdom of Bahrain.

Part 2: Appointment, Retirement and Discharge of Trustees

27. The Trustee

1. Unless the Terms of the Trust provide for a greater number, the minimum number of Trustees shall be one who must be a Licensed Trustee otherwise the Trust shall be void.
2. A co-Trustee must be either a Licensed Trustee or other Trustee licensed to practice in a foreign jurisdiction acceptable to the Central Bank provided that where a Trust has more than one Trustee at least one of them must be a Licensed Trustee.
3. Where at any time the necessary number of Trustees falls below the necessary number required under this law or the Terms of the Trust, then until the necessary additional number of Trustees are appointed, the surviving Trustee shall act only for the purpose of preserving the Trust Property, unless the Court orders otherwise, and inform the Central Bank as soon as possible of the shortage in the number of Trustee and take active steps to affect the necessary appointments either in accordance with the Terms of the Trust or, if the Terms of Trust do not include such provisions, through the Court.
4. A corporate person may procure a license as a Licensed Trustee upon satisfying such requirements and subject to such procedure and accompanied by such documents as the Governor, and the payment of such fee as the Board of Directors, shall prescribe in a regulation issued pursuant to this law. A Licensed Trustee shall also pay in respect of his license an annual fee as shall be prescribed by the Board of Directors in a regulation issued pursuant to this Law.
5. A Licensed Trustee shall be deemed to be a licensee for all the purposes of the Central Bank Law.

28. Renunciation of Trusteeship

1. No person shall be obliged to accept appointment as a Trustee, but a Person who knowingly does any act or thing in relation to the Trust Property consistent with the status of a Trustee of that property shall be deemed to have accepted appointment as a Trustee.
2. Subject to paragraph (4), a Person who has not accepted and is not deemed to have accepted appointment as a Trustee may disclaim such appointment within a reasonable period of time after becoming aware of it by notice in writing to the Settlor or to the other Trustees (if any).

3. If the Settlor is dead or cannot be found and there are no other Trustees, a Person to whom paragraph (2) applies may apply to the Court for relief from the appointment and the Court may make such order as it thinks fit.
4. A Person nominated as a Trustee who does not act under paragraph (2) within thirty (30) days of his nomination shall be deemed to have accepted appointment as a Trustee.

29. Resignation of Trustee

1. Subject to the Terms of the Trust and paragraphs (2), (3) and (4), a Trustee not being the sole Licensed Trustee may resign his office upon at least 30 days' notice to the Settlor, if living or his duly appointed successor (if the Trust Instrument so provides), and all co-Trustees (if any) and the Central Bank.
2. A sole Licensed Trustee may resign with the approval of the Court and in approving a resignation, the Court may issue orders including the appointment of a replacement Trustee and impose conditions reasonably necessary for the protection of the Trust Property.
3. If two or more Trustees purport to resign simultaneously in accordance with paragraph (21), the effect of which would no Licensed Trustee remain acting as trustee of the Trust, then the resignations shall have no effect.
4. A Trustee who resigns in order to facilitate a Breach of Trust shall be liable for that breach as if he or she had not resigned.

30. Removal of Trustee

1. The Court may remove a Trustee upon an application by the Central Bank, Settlor, Enforcer, Protector, co-Trustee, Beneficiary or any other interested Person in the event of:
 - a. the Trustee has committed a serious Breach of Trust;
 - b. lack of cooperation among co-Trustees substantially impairs the administration of the Trust;
 - c. the Trustee's loss of legal capacity or his inability to exercise the powers and perform the duties provided for in the Trust Instrument;
 - d. failure to fulfill one or more of the qualifying conditions for trusteeship provided pursuant to the provisions of this law;
 - e. unfitness, unwillingness, or persistent failure of the Trustee to administer the Trust effectively;
 - f. the removal of the Trustee best serves the interests of all of the Beneficiaries and/or the advancement of any purposes of the Trust (as applicable) and is

- not inconsistent with a material purpose of the Trust and a suitable co-Trustee or successor Trustee is available;
 - g. the Trustee is placed under administration, is subject to liquidation or becomes insolvent or files for bankruptcy; or
 - h. The Trustee's license, if it is a Licensed Trustee, is annulled or withdrawn by the Central Bank.
2. Pending a final decision on a request to remove a Trustee, or in lieu of or in addition to removing a Trustee, the Court may order such appropriate relief under section 49 as may be necessary to protect the Trust Property or the interests of the Beneficiaries or to advance any purposes of the Trust.

31. Effects of Resignation or Removal of Trustee

1. Unless a co-Trustee, who is a Licensed Trustee, remains in office or the Court otherwise orders, and until the Trust Property is surrendered to a successor Trustee or other Person entitled to it, a Trustee who has resigned or been removed has the duties of a Trustee and the powers necessary to protect the Trust Property.
2. A Trustee who has resigned or been removed or is disqualified shall proceed expeditiously to:
 - a. surrender, and take all the necessary measures to affect the surrender of, the Trust Property, furnish a final audited accounts and surrender all documents and records of the Trustee's trusteeship and subject to paragraph (3) surrender the Trust's documents and records within the Trustee's possession or under his control to the co-Trustee, successor Trustee or other person entitled to receive them as provided in the Trust Instrument; and
 - b. notify the Central Bank and apply for entering the date of resignation or removal in the Register of Trusts together with the name and particulars of the successor Trustee.
3. A Trustee may before surrendering the accounts, records and documents as provided under paragraph (3) of this section retain a copy thereof for his own records.
4. A Trustee who resigns or is removed from office may require to be provided with reasonable security for liabilities whether existing, future, contingent or otherwise before surrendering Trust Property.
5. A Trustee who is disqualified, resigns or is removed from office and has complied with paragraph (1) and (2) shall be released from liability to any Beneficiary, Trustee or person interested under the Trust for any act or omission in relation to the Trust Property or the Trustee's duty as a Trustee except liability:

- a. arising from any Breach of Trust to which such Trustee (or in the case of a Trustee being a corporate person any of its directors, officers or employees) was a party or in which the Trustee had an interest or to which he was privy;
 - b. in respect of actions to recover from such Trustee (or in the case of a Trustee being a corporate person any of its directors, officers or employees) Trust Property or the proceeds of Trust Property in the possession of such Trustee, directors, officers or employees.
6. An indemnity, or an extension or renewal thereof, given in writing by any Person (the "Indemnifying Party") and expressed to be in favor of a Trustee who has previously resigned or been removed from office (a "Previous Trustee") is, subject to its terms, enforceable by the Previous Trustee against the Indemnifying Party notwithstanding that the previous Trustee is not a party to or signatory of the indemnity or its subsequent renewal or extension.
 7. Any liability of an outgoing Trustee or of any sureties on the Trustee's bond for acts or omissions of the Trustee is not discharged or affected by the Trustee's resignation or removal.

Part 3: Duties of Trustee

32. General Duties

1. A Trustee shall execute his duties and exercise his powers, in accordance with the provisions of this law and the Terms of the Trust, and shall act solely in the interest of the Beneficiaries or advancement of the Trust's purposes with due diligence observing the utmost good faith and care as would a prudent person to the best of the Trustee's ability and skill.
2. The Trustee shall keep Trust Property separate from his personal property and separately identifiable from any other property of which he is a Trustee.
3. Subject to the provisions of this law and the Terms of the Trust, a Trustee shall preserve and enhance, so far as is reasonable, the value of the Trust Property.
4. Except with the approval of the Court or as permitted pursuant to the provisions of this law or expressly provided by the Terms of the Trust, a Trustee shall not –
 - a. derive, directly or indirectly, any profit from his trusteeship;
 - b. cause or permit any other person to so derive any such profit; or
 - c. on his own account enter into any transaction with his co-Trustees, or relating to the Trust Property, which may result in any such profit.
5. A Trustee shall keep accurate accounts and records of his trusteeship.

6. Where the Trustee of a Purpose Trust has reason to believe that the Enforcer in relation to such purposes is unwilling or refuses to act, or is incapable of acting, he shall take such steps as may be necessary to secure the removal of the Enforcer and the appointment of a replacement.
7. A Trustee of a Trust for a Purpose Trust shall, at any time when there is no Enforcer in relation to them, take such steps as may be necessary to secure the appointment of a new Enforcer.
8. A Trustee shall keep the accounts and records of the Trust separate and distinct from other accounts and records of any other Trust administered, or business carried out, by the Trustee provided that the Trustee may include profits and expenses from its Trustee business in its consolidated accounts.
9. A Trustee shall carry out the requirements for registration of the Trust in the Register of Trusts as provided under section 26.
10. A Trustee shall provide to the Settlor, Enforcer and Protector upon their request a certificate of registration of the Trust in the Register of Trusts and any subsequent amendments to such certificates.
11. Subject to the Terms of the Trust and any order of the Court, a Trustee shall:
 - a. shall take reasonable steps to compel a former Trustee or other Person to surrender the Trust Property to the successor Trustee;
 - b. upon a written request from a the Beneficiary, an Enforcer or a Protector to disclose and provide such accounts and records of the Trustee's trusteeship to such person within a reasonable time;
 - c. where there is more than one Beneficiary, or more than one purpose, or at least one Beneficiary and at least one purpose, act impartially and not execute the Trust for the advantage of one at the expense of another; and
 - d. on becoming aware or at the point where the Trustee ought to have become aware that a Breach of Trust has been committed by a former Trust, to take such steps as may be reasonable to seek redress for that Breach of Trust.
12. Save as may be permissible under the provisions of this law, the Terms of the Trust or ordered by the Court, or needed to enable the Central Bank to carry out its inspection duties, a Trustee shall safeguard the confidentiality of the Trusts, its documents, records, accounts and other related information except as may be and to the extent necessary for conducting the business of the Trust provided that such duty shall not apply to the disclosure of documents, records, accounts and other related information that were at the time of disclosure by the Trustee already in the public domain due to reasons not attributed to a default of the Trustee.

13. A Trustee shall observe all the provisions of this law and carry out all of his other duties provided under this law.

33. Multiple Trustees

1. Unless the Terms of the Trust provide otherwise, where the Trustees are more than one they should act jointly in the execution of the Trust.
2. Where the Trustees are more than one, the Terms of a Trust may empower the Trustees to act individually or by a majority with respect to the exercise of some or all of the functions or powers conferred on the Trustees (including any discretionary powers) or to delegate the exercise of these functions or powers to one or more Trustees.
3. Where the Terms of the Trust empower the Trustees to act by a majority, a Trustee who dissents from a decision of the majority, may require his dissent to be recorded in writing.
4. Subject to the Terms of the Trust, if a co-Trustee is unavailable to perform duties because of absence, illness, disqualification under other law, or other temporary incapacity, and prompt action is necessary to conduct the affairs of the Trust or to avoid injury or loss to the Trust Property, the remaining co-Trustee or a majority of the remaining co-Trustees may act for the purposes of preserving the Trust Property.
5. Subject to paragraph (6), a Trustee who dissents from a decision of the majority of the Trustees is not liable for that decision.
6. Each Trustee shall exercise reasonable care to:
 - a. prevent a co-Trustee from committing a serious Breach of Trust; and
 - b. compel a co-Trustee to redress a serious Breach of Trust.

34. Disclosure of the Trustee's Capacity

1. A Trustee shall disclose his capacity as a Trustee in all contracts entered into and transactions made with third parties for the benefit of the Trust failing such disclosure the other party to the contract shall be entitled to deem the contract as having been made with the Trustee personally or apply to the Court to avoid the contract or the transaction.
2. The provisions of paragraph (1), in respect of the Trustee's duty to disclose his status, shall be without prejudice to his right of indemnity under section 48(1)(b).
3. A party to any of the transactions referred to under paragraph (4) with a Trustee which such party is required under the law to be entered in its records, and every

government department which is required to authenticate any such transaction and enter it under the law in its register, shall include the Trustee's capacity in addition to the particular information which it is required to be entered in the relevant record or register.

4. The transactions referred to under paragraph (2) are:
 - a. Banking transactions;
 - b. Shipping Documents;
 - c. Non-Negotiable Instruments;
 - d. Any transaction which is required for its validity under the law to be authenticated.

35. Disclosure of Trustee's Interest

1. Trustees shall observe the provisions of this law and any regulations issued by the Governor in respect of the avoidance of conflict of interest between their duties as Trustee and their own personal interest.
2. Whenever a Trustee has a direct or indirect interest in a transaction in his personal capacity that may conflict to a material extent with the requirements of his duties as a Trustee, he must declare that interest in writing to the Central Bank, other Trustees (in case of multiple Trustees), Protector and Enforcer as soon as practicable after he becomes aware of such interest.
3. In situations where the Trustee's duties conflict to a material extent with his own personal interest, the Central Bank may upon an application of any of the Trustees, Beneficiary, Protector or Enforcer or any interested person set certain terms for the Trustee's exercise of his duties and powers or, where it deems it to be in the best interest of the Trust, appoint an appropriate fiduciary to act in respect of a proposed transaction.

Part 4: Powers of Trustee

36. General Powers

1. Subject to the Terms of the Trust and the provisions of this law, a Trustee shall have full powers as if he were a natural person acting as the beneficial owner, as well as the duty for which he is accountable, to administer, employ or dispose of the Trust Property in accordance with the Terms of the Trust and any duties imposed on the Trustee by any law applicable thereto, to sue and be sued in respect of the Trust and otherwise to act in all matters concerning the Trust.

2. A Trustee shall exercise the Trustee's powers only in the interests of the Beneficiaries and/or advancing the purposes of the Trust and in accordance with the Terms of the Trust.

37. Consultation by Trustees

1. Subject to the Terms of the Trust, a Trustee may, at the expense of the Trust Property, consult accountants, lawyers, bankers, investment advisers, and other specialists in relation to the affairs of the Trust.
2. The Terms of the Trust may require a Trustee to consult another Person before exercising any function provided that a Person shall not, by virtue of being so consulted, be deemed to be a Trustee.

38. How a Licensed Trustee May Act

A Licensed Trustee may –

- a. act in connection with a Trust by a resolution of its board of directors or other governing body; or
- b. by such a resolution appoint one or more of its employees to act on its behalf in connection with the Trust.

39. Power to Delegate

1. A Trustee shall not delegate his powers unless permitted to do so by this law, or by the Terms of the Trust or by the Court.
2. Without prejudice to paragraph (1), except where the Terms of the Trust provide to the contrary or prescribe any limitation, a Trustee may-
 - a. delegate the management of Trust Property to and appoint investment managers whom the Trustee reasonably considers to be qualified to manage the investment of the Trust Property;
 - b. appoint and employ any lawyer, accountant or other person to act in relation to any of the affairs of the Trust or to hold any of the Trust Property; and
 - c. authorize any such manager or Person to retain or receive any commission or other payment usually payable for services of the description rendered.
3. A Licensed Trustee shall not delegate any of its core duties as may be prescribed by any regulation issued by the Governor pursuant to this law except to another Licensed Trustee.
4. A Trustee shall not be liable for any loss arising to the Trust from a delegation or appointment under paragraph (2) or from the default of any such delegate or appointee provided that the Trustee exercised the standard of care of a reasonable and prudent Trustee of comparable skill in-

- a. the selection of the delegate or appointee;
- b. the supervision of the activities of the delegate or appointee; and
- c. establishing the scope and terms of the delegation.

40. Appointment and Assignment of Trust Property

The Terms of a Trust may confer on the Settlor, Trustee or any other Person power to appoint or assign all or any part of the Trust Property or any interest in the Trust Property to, or to Trustees for the benefit of, any Person (whether or not such Person was a Beneficiary of the Trust immediately prior to such appointment or assignment).

41. Remuneration and Expenses of Trustee

1. Unless authorised by the Terms of the Trust, or by the consent in writing of all the Beneficiaries or by any order of the Court, a Trustee shall not be entitled to remuneration for services rendered in connection with the Trust.
2. Subject to paragraph (3), if a Trustee is entitled to remuneration for services rendered in connection with the Trust then the Trustee's remuneration shall be as specified in the Trust Instrument or, where the Trust Instrument contains no such provision, as is reasonable under the circumstances.
3. Where the Terms of the Trust specify the Trustee's remuneration, the Court may allow more or less compensation if:
 - a. the duties of the Trustee are substantially different from those contemplated when the Trust was created; or
 - b. the compensation specified by the Terms of the Trust would be unreasonably low or high.
4. A Trustee may reimburse himself or pay out of the Trust Property all reasonable expenses properly incurred by him in connection with the administration of the Trust.

42. Power of Accumulation and Advancement

1. Subject to the duration of the Trust, the Terms of the Trust may direct or authorize the accumulation for any period of all or part of the income of the Trust, in which case the Trustee shall distribute the income of the Trust which is not accumulated as required or authorized by the Terms of the Trust.
2. Subject to the Terms of the Trust, and subject to any prior interest or charges affecting the Trust Property, where a Beneficiary is a Minor and whether or not his interest is a vested interest or an interest which will become vested on attaining the age of majority or a later age or upon the happening of any event, the Trustee may—

- a. accumulate the income attributable to the interest of such Beneficiary pending the attainment of the age of majority or such later age or the happening of such an event; or
 - b. apply such income or part of it to or for the maintenance, education or other benefit of such Beneficiary; or
 - c. advance or appropriate to or for the benefit of any such Beneficiary such interest or part of such interest.
3. The receipt given by a parent or the lawful guardian of a Beneficiary who is a Minor shall be sufficient discharge to the Trustee for a payment made under paragraph (2).
4. Subject to the Terms of the Trust, and subject to any prior interest or charges affecting the Trust Property, the Trustee may advance to, or apply for the benefit of, a Beneficiary part of the Trust Property prior to the date of the happening of the event upon the happening of which the Beneficiary becomes entitled absolutely thereto.
5. Subject to the Terms of the Trust, a Trustee may, without the consent of any Beneficiary, appropriate Trust Property in or towards satisfaction of the interest of a Beneficiary in such manner and in accordance with such valuation as the Trustee thinks fit.
6. Any part of the Trust Property advanced, applied or appropriated as aforesaid shall be brought into account in determining from time to time the share of the Beneficiary in the Trust Property.
7. No part of the Trust Property advanced, applied or appropriated as provided in this section shall exceed the presumptive, contingent or vested share of the Beneficiary in the Trust Property.

43. Transferring the Trust's Place of Administration

1. A Trustee is under a continuing duty to administer the Trust at a place appropriate to its purposes, its administration, and the interests of the Beneficiaries or in furtherance of Trust's purposes and in accordance with the Terms of the Trust.
2. Without precluding the right of the Court to order, approve, or disapprove a transfer, the Trustee, in furtherance of the duty prescribed in paragraph (1), may transfer the Trust's place of administration to another jurisdiction outside Bahrain.
3. The Trustee shall notify the Settlor, Beneficiaries, Protector and Enforcer, by virtue of a registered letter with acknowledgment of delivery, of a proposed transfer of a Trust's place of administration not less than sixty (60) days before initiating the transfer.

4. In connection with a transfer of the Trust's place of administration, the Trustee may transfer some or all of the Trust Property to a successor Trustee designated in the Terms of the Trust or appointed pursuant to this law.

44. Trustee's Right to Refuse Disclosure

Subject to the Terms of the Trust, the provisions of this law and any order that the Court may issue, a Trustee shall not be required to disclose to any Person with the exception of the Central Bank, any information or document which—

- a. disclose the Trustee's deliberations as to the manner in which the Trustee has exercised a power or discretion or performed a duty conferred or imposed upon him;
- b. disclose the reason for any particular exercise of such power or discretion or performance of duty or the material upon which such reason shall or might have been based;
- c. relate to the exercise or proposed exercise of such power or discretion or the performance or proposed performance of such duty;
- d. relate to or forms part of the accounts of the Trust, or
- e. intimate how the Settlor or Beneficiary wishes the Trustees to exercise any of their functions.

provided that where a request is submitted by a Beneficiary, Protector or Enforcer for the disclosure of any document or information relating to or forming part of the accounts of the Trust or, in the case of a Charitable Trust, is submitted by a charity which is referred to by name in the Terms of the Trust, or by the Enforcer in relation to any Charitable or Non-Charitable Purposes of the Trust, the Trustee shall be obliged to disclose the document or the information requested.

Part 5: Liability of Trustee

45. Liability for Breach of Trust

1. Subject to the provisions of this law and to the Terms of the Trust, a Trustee shall be liable for a Breach of Trust committed by the Trustee or in which the Trustee has concurred.
2. A Trustee who is liable for a Breach of Trust shall be liable for:
 - a. the loss or depreciation in value of the Trust Property resulting from such breach;
 - b. the profit made by the Trustee through the Breach of Trust; and

- c. the profit, if any, which would have accrued to the Trust Property if there had been no such breach.
3. Subject to paragraph (4), a Trustee shall not be liable for a Breach of Trust committed prior to the trustee's appointment, if such Breach of Trust was committed by some other person.
4. A Trustee who becomes aware of a Breach of Trust committed by another Person prior to his appointment, or by a co-Trustee, shall take all reasonable steps to have the breach remedied.
5. A Trustee is not liable for a Breach of Trust committed by a co-Trustee, unless-
 - a. he becomes or ought to have become aware of the breach; and
 - b. he actively conceals the breach, or such intention, or fails within a reasonable time to take proper steps to protect or restore the Trust Property or to prevent the occurrence or continuance of the breach.
6. Where there are two or more breaches of Trust, a Trustee shall not set off a gain from one Breach of Trust against a loss resulting from another Breach of Trust.
7. Where two or more Trustees are liable in respect of a Breach of Trust, their liability shall be joint and several.

46. Exemption from Liability

1. A term of Trust exempting a Trustee from personal liability in respect of any Breach of Trust, in whole or in part, arising from his own willful misconduct, gross negligence or fraud shall be null and void.
2. Subject to Paragraph (1), a Beneficiary may –
 - a. relieve a Trustee of liability to the Beneficiary for a Breach of Trust; or
 - b. indemnify a Trustee against liability for a Breach of Trust.
3. Paragraph (2) shall not apply unless the Beneficiary –
 - a. has legal capacity;
 - b. has full knowledge of all material facts; and
 - c. is not improperly induced by the Trustee to take action under paragraph (2).

47. Trustee's Liability to Third Parties

1. Where a Trustee is a party to any transaction or matter affecting the Trust –

- a. if the other party knows that the Trustee is acting as Trustee, any claim by the other party shall be against the Trustee as Trustee and shall extend only to the Trust Property;
 - b. if the other party does not know that the Trustee is acting as Trustee, any claim by the other party may be made against the Trustee personally (though, without prejudice to his or her personal liability, the Trustee shall have a right of recourse to the Trust Property by way of indemnity unless he acted in bad faith).
2. Paragraph (1) shall not affect any liability the Trustee may have for Breach of Trust.
 3. This section applies to a transaction notwithstanding the *lex causae* of the transaction, unless the terms of the transaction expressly provide to the contrary.

48. Trustees of More Than One Trust

A Trustee acting as such for more than one Trust shall not, in the absence of fraud or bad faith, be affected by notice of matter in relation to a particular Trust if the Trustee has obtained notice of it merely by reason of acting or having acted for the business of another Trust.

49. Remedies for Breach of Trust

In order to remedy a Breach of Trust that has occurred or may occur, the Court may:

- a. compel the Trustee to perform the Trustee's duties;
- b. enjoin the Trustee from committing a Breach of Trust;
- c. order the Trustee to redress the Breach of Trust by restoring any Trust Property or paying damages resulting from the breach including the following:
 - i. any loss or depreciation in value of the Trust Property as a result of the Breach of Trust;
 - ii. any profit made by the Trustee through the Breach of Trust; and
 - iii. any profit that would have accrued to the Trust Property if there had been no Breach of Trust.
- d. remove the Trustee, if he has committed a serious Breach of Trust, and appoint a replacement Trustee;
- e. suspend the Trustee from acting as a Trustee for a period not exceeding ten (10) years;
- f. reduce or deny remuneration to the Trustee;

- g. without prejudice to the right of any innocent third party, void an act of the Trustee, impose a lien on Trust Property, or trace Trust Property wrongfully disposed of and recover the property or its proceeds; or
- h. order such other relief as it shall consider appropriate taking into account all of the circumstances of the case.

Part 6: Expiry and termination of Trust and the effect

50. Expiry or Early Termination of the Trust

1. Without prejudice to the powers of the Court under this law, a Trust shall terminate:
 - a. If it is revoked or expires pursuant to its terms;
 - b. If all of its purposes become unlawful or impossible to achieve;
 - c. without prejudice to the power of the Court under section 533 in the case of a Purpose Trust, if all the interests under the Trust lapse.
 - d. if there is no Beneficiary or Person who can become a Beneficiary in accordance with the Terms of the Trust or if no purpose of the Trust remains to be achieved.
2. Subject to the Terms of the Trust and without prejudice to the power of the Court under section 53, the Court may terminate a Trust:
 - a. if the value of the Trust Property is insufficient to justify the cost of administration; or
 - b. because of circumstances not anticipated by the Settlor, if termination will further the purposes of the Trust.
3. Without prejudice to the powers of the Court under paragraph (2), and notwithstanding the Terms of the Trust, where all the Beneficiaries are in existence and have been ascertained, and none is a Minor or a person under legal disability, they may require the Trustees to terminate the Trust and distribute the Trust Property among them.
4. The Court on the application of any Person mentioned in paragraph (5), may –
 - a. direct the Trustees to distribute, or not to distribute, the Trust Property, or
 - b. make such other order in respect of the termination of the Trust and the distribution of the Trust Property as it thinks fit.
5. An application to the Court under paragraph (2) or (3) may be made by a Settlor, a Trustee, a Beneficiary, Enforcer, Protector or any other Person with a legitimate interest, as the case may be.

51. Effect of Expiry or Early Termination of the Trust

1. Unless the Terms of the Trust Instrument provide otherwise, upon the expiry of the term of the Trust or its termination prior to the expiry of its term in accordance with its provisions or as ordered by the Court, the Trustee shall within a reasonable time and in accordance with the Terms of the Trust, distribute the Trust Property to the Persons entitled thereto or in a manner consistent with the purpose of the Trust, as the case may be depending on the type of the Trust.
2. The Trustee may:
 - a. require to be provided with reasonable security for liabilities whether existing, future, contingent or otherwise before distributing Trust Property under paragraph (1); or
 - b. retain sufficient assets to make reasonable provision for liabilities, whether existing, future, contingent or otherwise, before distributing the Trust Property under paragraph (1).

Part 7: Powers of the Court

52. Power to make Beneficiaries indemnify

Where a Trustee commits a Breach of Trust at the instigation or at the request or with the consent of a Beneficiary, the Court may by order impound all or part of the interest of the Beneficiary by way of indemnity to the Trustee or any Person claiming through the Trustee.

53. Variation of Terms of a Trust by the Court

1. Unless the Trust is varied pursuant to its own terms, where the Trust Property or interest under the Trust is held by a Trustee under a Purpose Trust for a purpose which has ceased to exist or is no longer applicable or in the case of a charitable Trust if the purpose cannot be carried out or has ceased to be charitable, the Court may upon an application by the Trustee, Protector or Enforcer or any Person interested order that Trust Property or interest to be held for such purpose as the Court may specify to be consistent with the original intention of the settlor or as the Court may otherwise determine.
2. Unless the Trust is varied pursuant to its own terms, where Trust Property is held under a Purpose Trust the Court may on an application by the Trustee, Protector or Enforcer approve any arrangement that varies or revokes the purposes of the Trust or enlarges or modifies the powers of management or administration of the Trustees, if it is satisfied that the arrangement –
 - a. is suitable and expedient; and
 - b. is consistent with the original intention of the settlor and the spirit of the trust which he had created.

3. The Court shall not approve an arrangement under paragraph (2) unless it is satisfied that any person with a material interest in the Trust has had an opportunity to be heard.
4. The Court may, on the application of a Trustee, Settlor, Beneficiary, Enforcer, or the Protector of a Trust, approve on behalf of-
 - a. Minor or a person under legal disability having, directly or indirectly, an interest, vested or contingent, under the Trust;
 - b. any person unborn;
 - c. any person who is presently unascertained but who may become entitled, directly or indirectly, to an interest under the Trust, as being (at a future date or on the happening of a future event) a person of any specified description or a member of any specified class; or
 - d. any person, in respect of an interest that may accrue to him by virtue of the exercise of a discretionary power by anyone on the failure or determination of an existing interest under a Protective Trust that has not failed or determined

any arrangement which varies or revokes the Terms of the Trust or enlarges or modifies the powers of management or administration of the Trustee, whether or not there is another person with a Beneficial Interest who is capable of assenting to the arrangement.

5. The Court shall not approve an arrangement on behalf of a person mentioned in subparagraphs 4(a), (b) or (c) unless the arrangement appears to be for his benefit.

54. Court Power to Authorize Particular Transactions

1. Subject to any contrary intention expressly stated under the Terms of the Trust, where any transaction affecting or concerning any Trust Property is in the opinion of the Court expedient but cannot be effected because the necessary power is not vested in the Trustees under the Terms of the Trust, on an application made by a Settlor, Trustee, Beneficiary, Enforcer or Protector may:
 - a. confer on the Trustees, generally or in any particular instance, the necessary power, on such terms and conditions as the Court thinks fit, and
 - b. direct the manner in which, and the Trust Property from which, any monies authorised to be expended, and the costs of any transaction, are to be paid or borne.
2. The Court may from time to time rescind or vary any order made under this section, or may make any new or further order provided that no such rescission or variation of any order shall affect any act or thing done in reliance on the order before the Person doing the act or thing became aware of the application to the Court to rescind or vary the order.

Chapter Three: Foreign Trusts**55. Application of Chapter Three**

The provisions of this chapter apply only to Foreign Trusts

56. Enforceability of a Foreign Trust

1. Subject to paragraph (2), a Foreign Trust shall be regarded as being governed by, and shall be interpreted in accordance with its proper law.
2. A Foreign Trust shall be unenforceable in Bahrain to the extent that –
 - a. it purports to do anything the doing of which is contrary to the law of Bahrain;
 - b. it purports to confer any right or power or impose any obligation the exercise or carrying out of which is contrary to the law of Bahrain; or
 - c. the Court rules that the Trust is immoral or contrary to public policy.

Chapter Four: Provisions of Common Application**57. Application of Chapter Four**

The provisions of this chapter apply to a Bahraini Trust and, to the extent that the context admits, shall apply to a Foreign Trust.

58. General Powers of the Court

1. Where the Terms of the Trust so permits, a Trustee may apply to the Court for direction on any question concerning the manner in which he may or should act in connection with any matter concerning the Trust and the Court may make such order, if any, as it thinks fit. Such application shall be served upon all persons interested.
2. Any Trustee acting under any direction of the Court issued pursuant to paragraph (1) shall be deemed, so far as regards his own responsibility, to have discharged his duty as such Trustee in the subject matter of the direction provided that at the time he so acted the direction had not been set aside or overturned and provided that this section shall not indemnify any Trustee in respect of any act done in accordance with any such direction if he has been guilty of any fraud or wilful concealment or misrepresentation in obtaining the direction of or in acquiescing in the Court making the order giving the direction.

59. Application for Direction and Ruling on the Validity and Enforceability of Trusts

1. On the application of a Trustee, Beneficiary, Settlor, Protector, an Enforcer or any other interested Person, the Court may:
 - a. make an order in respect of:

- i. the execution, administration or enforcement of a Trust;
 - ii. the Trustee of any Trust, including an order relating to the exercise of any power, discretion or duty of the Trustee, appointment and/or removal of a Trustee, remuneration of a Trustee, the keeping and submission of accounts, the conduct of the Trustee and the making of payments, whether payments into Court or otherwise;
 - iii. a Beneficiary or any Person having a connection with the Trust; or
 - iv. the appointment or removal of a Protector or an Enforcer in relation to any Charitable or Non-Charitable Purposes of the Trust.
 - b. make a declaration as to the validity or enforceability of a Trust;
 - c. rescind or vary any order or declaration made under this law, or make any new or further order or declaration.
2. Where the Court makes an order for the appointment of a Trustee under sub-paragraph 1(a)(ii) of this section it may impose such requirements and conditions as it thinks fit, including provisions as to remuneration and requirements or conditions as to the vesting of Trust Property.
3. Subject to the Court's order, a Trustee appointed under this section shall have the same powers, discretions and duties and may act in all respects as if had been originally appointed as a Trustee.
4. The Court may exercise its power under sub-paragraph 1(a)(ii) of this section to appoint a replacement to an outgoing Trustee due to his resignation, removal or disqualification only where the Terms of the Trust do not provide for the appointment of a replacement of an outgoing Trustee due to his resignation, removal or disqualification, or where any such terms providing for any such appointment have lapsed or failed, or where the Person who has the power to make any such appointment is not capable of exercising the power.

60. Powers of Court in Event of Default

If a Person does not comply with an order of the Court under this law requiring him to do anything, the Court may, without prejudice to an action for contempt of Court, order on such terms and conditions as it thinks fit, that the thing be done by another Person, nominated for the purpose by the Court, at the expense of the Person in default (or otherwise as the Court directs), and a thing so done has effect in all respects as if done by the Person in default.

61. Payment of Costs and Expenses

The costs and expenses of and incidental to an application to the Court under this law shall be paid from the Trust Property or be borne and paid in such other manner or by such other Person as the Court may order.

62. Nature of Trustee's Interest in the Trust Property

1. Subject to paragraph (2) –
 - a. the interest of a Trustee in the Trust Property is limited to that which is necessary for the proper performance of the Trust; and
 - b. such property shall not be deemed to form part of the Trustee’s assets.
2. Where a Trustee is also a Beneficiary of the same Trust, paragraph (1) shall not apply to the Trustee’s interest in the Trust Property as a Beneficiary.

63. Tracing of Trust Property

Without prejudice to the liability of a Trustee for Breach of Trust, Trust Property which has been alienated or converted in Breach of Trust or the property into which it has been converted may be followed and recovered unless it is in the hands of a bona fide purchaser for value without notice of a Breach of Trust or a Person (other than the Trustee) deriving title through such a Person.

64. Bankruptcy of Trustee

Where a Trustee dies, becomes insolvent or bankrupt or is subject to a liquidation, the Trustee’s creditors shall have no right or claim against the Trust Property except to the extent that the Trustee himself has a claim against the Trust Property or has a Beneficial Interest in the Trust Property.

65. Protection of Persons dealing with Trustees

1. A Person other than a Beneficiary who in good faith assists a Trustee, or who in good faith and for value deals with a Trustee, without knowledge that the Trustee is exceeding or improperly exercising the Trustee’s powers is protected from liability as if the Trustee properly exercised the power.
2. A Person other than a Beneficiary who in good faith deals with a Trustee is not required to inquire into the Terms of the Trust, extent of the Trustee’s powers or the propriety of their exercise.
3. A Person other than a Beneficiary who in good faith assists a former Trustee, or who in good faith and for value deals with a former Trustee, without knowledge that the trusteeship has terminated is protected from liability as if the former Trustee were still a Trustee.
4. A person dealing in good faith with a Trustee in relation to Trust Property need not obtain the consent of the Beneficiaries or any other Person and shall be entitled to rely on declarations made by the Trustee with regard to any matters therein stated.
5. A Licensed Trustee may, in respect of a Trust for which he is a Trustee, furnish to any Person where required for business purposes related to the Trust, a certificate containing the following information without being in breach of any confidentiality obligations:

- a. that the Trust exists and not yet expired;
 - b. the date on which the Trust Instrument was executed;
 - c. the identity of the Settlor;
 - d. the identity and address of the current Trustee;
 - e. the revocability or irrevocability of the Trust and, if revocable, that the Trust has not been revoked;
 - f. that the Trustee is duly authorised and empowered to carry out any specific transaction and has obtained all necessary consents, if any; and
 - g. the information contained in a copy of a specific certificate, issued by the Central Bank in accordance with section 26, attached to the certificate issued in accordance with this section are still current in all respects.
6. Where there is more than one Licensed Trustee for the Trust, the certificate referred to under section 65(5) may be signed by any one of them.

66. Limitation and Prescription

1. An action brought against a Trustee –
 - a. in respect of any fraud to which the Trustee was a party or to which he was privy; or
 - b. for the recovery from the Trustee of Trust Property in his possession or control or previously received by the Trustee and converted to his use.shall not be barred by prescription.
2. Where paragraph (1) does not apply, no action may be brought against a Trustee by a Beneficiary for Breach of Trust after the lapse of three (3) years from the earlier of the following:
 - a. the date of the delivery of the audited final accounts of the Trust to the Beneficiary; or
 - b. the date on which the Beneficiary first had knowledge of the occurrence of the breach.
3. Where the Beneficiary is a Minor or under any legal disability, the periods referred to in paragraph (2) shall not begin to run until the day on which the Beneficiary ceases to be a Minor or under that legal disability or sooner dies whichever is earlier.

4. Where paragraph (1) does not apply, the period within which an action founded on Breach of Trust may be brought against a Trustee by an Enforcer or a Protector is three (3) years from the earlier of the following—
 - a. the date of delivery of the audited final accounts of the Trust to the Enforcer or Protector; or
 - b. the date on which the Enforcer or Protector first has knowledge of the occurrence of the breach.
5. Where paragraph (1) does not apply, the period within which an action founded on Breach of Trust may be brought against a former Trustee by a Trustee is three (3) years from the date on which the former Trustee ceased to be a Trustee.
6. Where paragraph (1) does not apply, no action founded on Breach of Trust may be brought against a Trustee after the expiration of twenty four (24) years immediately following the date of the breach.

Chapter Five: Criminal Provisions

67. Offences

1. Any Person who wilfully or recklessly:
 - a. for the purpose of procuring a license or other purposes of this law furnishes information or makes a statement or declaration or issue a certificate which he knows or to ought to know is false or misleading; or
 - b. fails to observe any of the provisions of section 32(2) and 32(4) of this lawshall be guilty of an offence and liable upon conviction to pay a fine not exceeding BD 100,000 or a prison term not exceeding three (3) years or both.
2. Any Person who purports to act as a Licensed Trustee without being so licensed shall be guilty of an offence and shall be liable upon conviction to pay a fine not exceeding BD 50,000 or a prison term not exceeding one (1) year or both.
3. Any Licensed trustee who issues a certificate under Section 65(5) containing any statement which he knows is false or misleading shall be guilty of an offence and shall on conviction be liable to pay a fine not exceeding BD 100,000 or a prison term not exceeding three (3) years or both.

68. 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 three times the maximum monetary fine prescribed in respect of the relevant offence under section 67 of this law where the offences 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.

Chapter Six: Final Provisions

69. The Competent Court

1. The Bahrain Chamber for Dispute Resolution shall, in addition to its jurisdiction under section 9 of Legislative Decree No. 30 of 2009, be the competent court to rule in all matters arising out of this law in accordance with the provisions of the said Legislative Decree and its implementing regulations.
2. Nothing in this law shall derogate from the inherent powers of the Court which exist independently of this law including in respect of the following:
 - a. to set aside or reduce any transfer or other disposition of property;
 - b. to reduce or vary any testamentary or other disposition;
 - c. to make an order relating to matrimonial proceedings without derogating from the competency of the Sharia courts; or
 - d. to make an order relating to the avoidance of fraud on creditors.

70. Application of this Law

1. Subject to paragraph (2), this law shall apply to all Trusts whether created before or after the commencement of this law.
2. Nothing in this law shall affect: :
 - a. the legality and validity of any Trust which legally and validly existed prior to the commencement of this law; and
 - b. the legality and validity of any act executed in relation to any of the Trusts referred to under paragraph (1) where such act was legal and valid prior to the commencement of this law; or
 - c. abridge or affect the powers, responsibilities or duties under any provision of the law of any curator or guardian, or special and general attorney.
3. The provisions of this in respect of the duties and powers of an Enforcer shall apply only in respect of a Purpose Trust and the provisions in respect of the rights and duties of a Protector apply only where a Protector is appointed under the Terms of the Trust and where under such terms he is entrusted with such duties or powers.

71. Powers of the Central Bank

1. Licensed Trustees shall be subject to the supervision of the Central Bank.

2. The Bank, its Board of Directors and Governor shall have for the purposes of implementing this law all the powers prescribed under the Central Bank Law including those applicable to Licensees as if a Trustee is a Licensee

72. Cooperation with Foreign Authorities

The Central Bank may cooperate with and extend cooperation to foreign authorities in carrying out investigations related to Trusts as provided under section 122 of the Central Bank Law.

73. Limitation of liability towards Others

The provisions of section 175 of the Central Bank Law with regard to the liability of the Central Bank and its employees, the administrator and liquidators shall similarly apply to their respective liability in respect of any act or default in relation to Trusts and Licensed Trustees.

74. Implementing Regulations

The Governor shall issue such regulations as may be necessary for the implementation of this law.

75. Commencement Date

The Prime Minister and the Ministers - each in his respective capacity - shall implement the provisions of this law, which shall come into effect sixty (60) days following the date of its publication in the Official Gazette.