

# LEGAL ALERT



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## PARLIAMENT PASSES MOTION TO REPEAL THE 30% LOCAL SHAREHOLDING REQUIREMENT FOR FOREIGN COMPANIES

On 30 August 2016, during the debate on the Finance Bill, 2016 the National Assembly unanimously passed a motion to delete the 30% shareholding requirement for foreign companies. The Finance Bill subsequently passed its third reading in the National Assembly on 31 August and is now waiting for presidential assent.

When the Companies Act, 2015 was published last year there was a lot of concern within the business community about the requirement that foreign companies wishing to be registered in Kenya as a branch must demonstrate that at least 30% of the company's shareholding is held by Kenyan citizens by birth. At the Companies Act seminar hosted by A&K last year the Cabinet Secretary for Industry, Trade and Cooperatives, Adan Mohammed, assured attendees that the provision was erroneous and would be deleted.

After enactment of the Companies Act, the Companies Registry had ceased registration of any new branches pending clarification from the legislature on application of the requirement. We would anticipate that once the Finance Bill, 2016 is gazetted into law the Registrar will resume branch registrations. Parliament's decision to repeal the 30% shareholding requirement will be a welcome development for foreign

investors.

*Should you have any queries or need any clarifications with respect to the above, please do not hesitate to contact Rosa Nduati-Mutero.*



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