



June 2025 Newsletter





They say fortune favours the brave and at Karanja Njenga Advocates, courage runs deep.

Hot on the heels of last year's stunning LSK Sports Day success, our unstoppable football team has once again triumphed by clinching second place at the Young Bar Association Fest 2025.

We extend our deepest appreciation to our Managing Partner, Ms Peris Karanja, for her steadfast encouragement and belief in the power of team spirit and also for supporting the team. Special thanks also to Captain Romario Chacha, whose calm command and commitment guided the squad to glory having been awarded the top scorer of the tournament.

To our remarkable team, thank you for carrying our name with pride, honour, and strength. You have shown that Karanja Njenga Advocates is more than a law firm — we are a force, on and off the field.

# Registration of foreign companies in Kenya

## Registration

1

Registering a foreign company in Kenya is not just a procedural formality—it is a strict legal requirement without which a company cannot lawfully operate within the country.

## Local Representatives

2

According to the Companies Act, a foreign company shall not carry on business in Kenya unless it is registered in Kenya or it has applied for registration and the application is still pending within the prescribed period.

## Disclosure and Reporting Obligations

3

Engaging in business without such registration is an offence, and both the company and every officer responsible may, upon conviction, be fined up to five million shillings each.

## Striking Off from the Register

4

## Restoration to the Register

5

# Forms of registration

Foreign companies wishing to enter the Kenyan market have two main structural options: they may either register a branch or incorporate a subsidiary.

## **Registering a branch**

A branch is essentially an extension of the parent company—it has no separate legal personality and operates in Kenya as part of the foreign company. This means that any legal obligations or liabilities incurred by the branch are borne directly by the parent company abroad.

## **Incorporating a subsidiary**

On the other hand, a subsidiary is a separate legal entity incorporated under Kenyan law, even though it is wholly or majority-owned by the foreign company.

It operates independently, albeit under the control and direction of the parent company. This introduces the concept of the corporate veil, which separates the legal identity of a company from its shareholders or holding company.

Generally, this veil shields the parent company from the debts and liabilities of the subsidiary. However, in certain situations—such as where the subsidiary is merely a sham or is being used for fraudulent purposes—the courts may lift or pierce the corporate veil, thereby holding the parent company accountable.

For a deeper understanding of how liability is allocated between a parent company and its subsidiary, and the circumstances under which the doctrine of corporate separateness may be set aside, refer to our insightful article [here](#).



# Requirements for Registration

To be registered, a foreign company must submit a formal application to the Registrar of Companies, in accordance with the law. Once the application meets the statutory requirements, including correct information, accompanying documents, and payment of the prescribed fee, the Registrar shall approve it and enter the company's details into the Foreign Companies Register.

Upon successful registration, the Registrar issues a **certificate of compliance**, which includes:

- the company's name,
- its unique identifying number,
- the date of registration in Kenya, and
- the date of incorporation in its place of origin.

This certificate, signed and sealed by the Registrar, serves as conclusive evidence of the company's compliance with the law.

The following documents must accompany the application:

- Certified copy of incorporation certificate or equivalent from the company's country of origin.
- Certified copy of the company's constitution (e.g., Memorandum and Articles of Association).
- List of directors and shareholders, including personal details such as names, addresses, nationalities, and occupation.



- If any listed directors reside in Kenya and are members of a local board:
  - A memorandum executed by the company outlining the powers of those local directors.
- The relevant charge documentation for each existing charge over the company's property that would be registrable under Kenyan law.
- Notice of the address of:
  - Its registered office in the country of origin, or
  - Its principal place of business, if no registered office exists.
- Notice of the Kenyan registered office address.
- Statement of beneficial ownership, as per section 93A of the Companies Act, 2015.



# The Local Representative of a Foreign Company in Kenya

Once a foreign company is registered, it must continuously maintain a local representative. If at any point a registered foreign company ceases to have a local representative—whether due to resignation, death, or removal—it must appoint a replacement within 21 days.

Failure to do so while the company continues to operate or maintain a place of business in Kenya is an offence. In such a case, the company and every officer in default are each liable to a fine not exceeding five hundred thousand shillings (Kshs. 500,000). Furthermore, if the contravention continues beyond the conviction, the company and its defaulting officers become liable to a daily penalty of fifty thousand shillings (Kshs. 50,000) until a compliant appointment is made.

Upon the appointment of a local representative, the company is required to lodge a notice of appointment with the Registrar within one month, specifying the appointee's name, residential address, and other prescribed particulars. This obligation does not apply if the representative was named in the initial application for registration.

If a local representative dies, resigns, or ceases to hold office, or changes their residential address, the company must notify the Registrar within one month. Failure to do so is an offence, attracting a fine of up to Kshs. 200,000 per responsible officer, with an additional Kshs. 20,000 fine for each day the breach continues after conviction.

Where a company continues to operate in Kenya for more than 21 days without a local representative, the Registrar may strike it off the Foreign Companies Register.

The local representative holds a vital legal role, being answerable for all statutory obligations of the company under the Companies Act. They may also be personally liable for any penalties imposed on the company if the court finds them responsible. Where there are multiple representatives, they bear joint and several liability—meaning any one of them can be held fully accountable. However, if one fulfils a legal duty, it is deemed fulfilled by all.

# Operationalization of foreign companies in Kenya



- **Business Premises Notification**

Foreign companies must notify the Registrar of all Kenyan business locations. Failing to report new or closed premises, or inactivity over six months, attracts fines—escalating daily if unrectified.

- **Registered Office**

A local registered office is mandatory. It must be accessible during working hours with a representative present. Changes must be reported within 7 days. Breaches attract fines and daily penalties.

- **Company Name Display**

Names and origins must be visibly displayed at offices and branches. If liability is limited, that must also be stated.

- **Use in Communications**

Company names and details must appear on letters, documents, and be disclosed upon request. This ensures transparency and protects third parties.

- **Changes in Structure or Officers**

Changes to directors, constitution, or representatives must be reported within a month. Non-disclosure attracts fines and daily penalties until corrected.

- **Financial Statements**

Annual filing of financial statements is compulsory. Defaults can lead to fines of up to Kshs. 1 million, plus daily penalties. Registrar may request additional disclosures.

- **Charges Over Kenyan Property**

Charges on Kenyan assets must be registered as per applicable regulations. Failure may invalidate the security and attract penalties.

- **Additional Returns**

The Registrar may demand special returns. This provision gives the Registrar discretionary oversight to gather targeted information where needed, especially in investigations or compliance reviews. Failure to comply results in fines and escalating daily penalties.

- **Address Privacy**

While personal addresses must be submitted, the Act protects them from public access, balancing compliance with privacy.



## Striking Off Foreign Companies from the Register

The Registrar may initiate the striking off of a registered foreign company if:

- The company is not carrying on business in Kenya, or
- It is operating without a local representative.

The registrar will issue a formal notice to the company giving it six weeks to respond and show cause as an answer to the effect that the foreign company is still carrying on business in Kenya, or has appointed a local representative.

If no response is received, the registrar publishes a Gazette notice indicating the intention to strike the company off after three months.

At the expiry of the notice period, if no valid reason is provided, the Registrar may strike off the company's name and publish the same in the Gazette. Once struck off:

- The company ceases to be registered under the Act.
- The company is still required to file any relevant documents or filings with the registrar—physically or otherwise—that were due before the cancellation—even if the deadline to file them had not yet passed.
- The Court's power to liquidate the company in any insolvency proceedings remains unaffected.

After the striking off, the local representative or liquidator must retain the company's records for at least seven years.

## Restoration to the Register

The Registrar may restore a company's name if the strike-off resulted from an administrative error.

In such cases, the company is treated as if it were never struck off.

Alternatively, an aggrieved party may apply to Court—even up to twelve years later—for restoration. The Court may grant the application if:

- The company was indeed carrying on business at the time of its striking off, or
- It is just and equitable to restore the name.

Upon restoration, the Registrar must Gazette the reinstatement, and the company is treated as though it remained continuously registered.



# Celebrating success, hardwork and determination

We are proud to spotlight our Associate Advocate, Anne Jackline Njeri Ndirangu, for successfully completing the CopyrightX certification, a prestigious program offered by Harvard Law School and the Berkman Klein Center for Internet & Society.

This rigorous course mirrors Harvard's advanced copyright law curriculum and brings together legal professionals from across the world to critically examine the theoretical foundations and real-world application of copyright in the digital era. The course explores issues such as fair use, derivative works, authorship, infringement, licensing, and the challenges posed by emerging technologies like artificial intelligence.

Anne has a strong passion for protecting creative expression in an evolving legal and technological landscape.

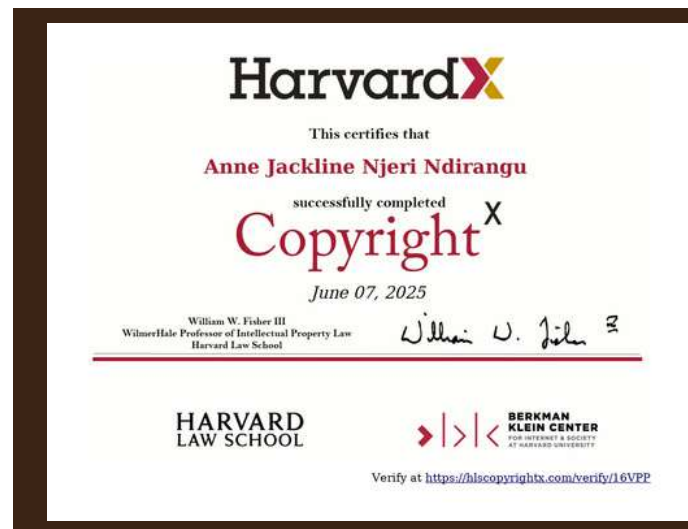
Anne now stands among a select group of Kenyan lawyers with formal training from one of the world's most respected institutions in copyright law.

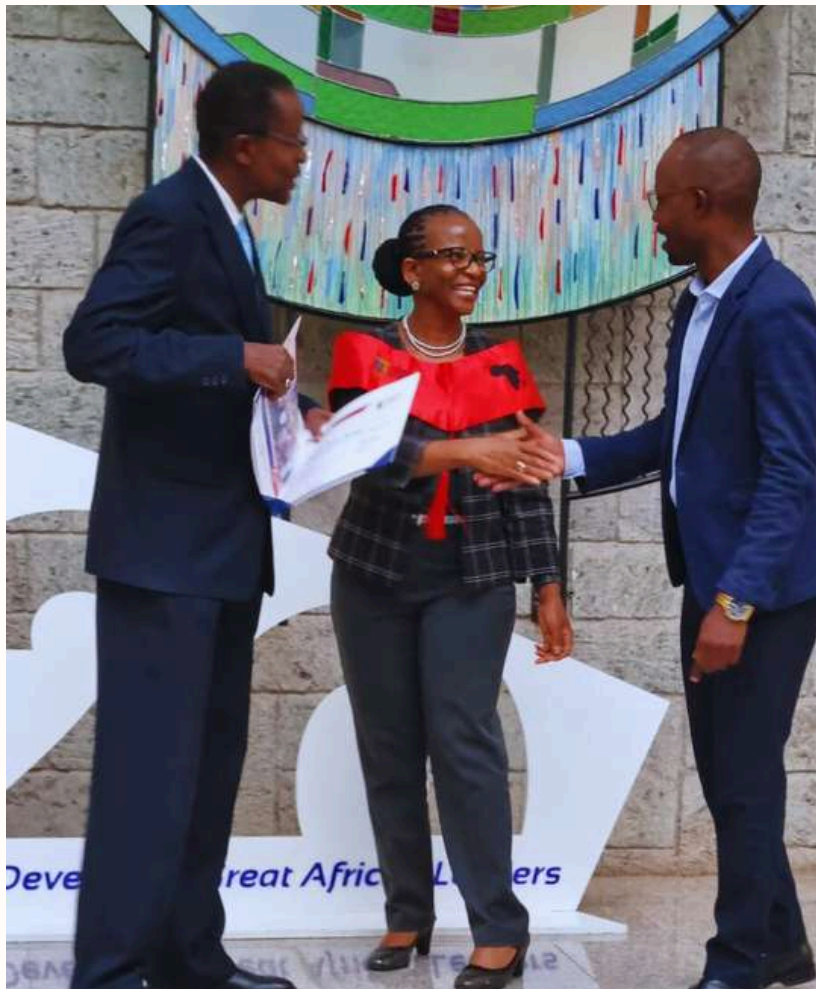
Her achievement signals not just academic excellence, but a profound commitment to thought leadership in an increasingly complex field of law. It distinguishes her as a lawyer with both local grounding and global perspective—able to offer high-level advisory on copyright issues that transcend borders and industries.



“Copyright is more than a legal shield—it is the language through which the law acknowledges creativity, safeguards innovation, and honours the intellectual labour behind every idea brought to life.

*-Anne Jackline Njeri Ndirangu*





## Growth Looks Good on You, Peris!

We are proud to announce that our Managing Partner, Ms. Peris Karanja, has successfully completed a leadership training program at Strathmore University. This program, designed for women leaders focused on building strong, values-driven leadership in the context of modern-day challenges.

From strategic thinking and governance to people management and ethical decision-making, the training offered a space for deep reflection, peer engagement, and practical tools that can be applied within the leadership of law firms and beyond. Her decision to step back from the day-to-day and invest time in sharpening her leadership lens is not just admirable but also an indication to her belief in continuous learning and the value of strong leadership in driving sustainable growth.

At Karanja Njenga Advocates, we see this milestone not just as a personal achievement for her, but as a powerful investment in the future of the firm. As a team, we are excited to walk alongside a leader who leads from the front, embraces new ideas, and never stops learning.



# Because We're Human First

**Occassion:** Mental Health Awareness Session

**Location:** Our chambers, Spring Valley Business Park, Block A 2<sup>nd</sup> Floor

**Date:** 20<sup>th</sup> June 2025

**Facilitator:** Dr. Pauline Machio, Counselling Psychologist MP Shah Hospital

