



Cayman Islands
Cayman Registered Agent and
Corporate Secretarial Services
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Continuing Cayman Islands law requirements for Cayman Exempted Companies

Introduction

The Companies Law (As Revised) of the Cayman Islands (the "**Law**") contains a number of requirements applicable to Exempted Companies which the Board of Directors of each exempted company ("**Company**") should bear in mind at all times and ensure that the Company complies with such requirements.

The following is a summary of the key legal requirements.

1 Corporate Records and Company books

Corporate records should be maintained for each Company. If the corporate records are to be maintained at the Company's registered office in the Cayman Islands, which is generally the case, in those records should be placed the following:

- 1.1 Certificate of Incorporation and copies of certificates of good standing, if obtained;
- 1.2 Original or Certified copy of the Memorandum and Articles of Association;
- 1.3 Originals, or duplicate originals of minutes of Board of Directors' meeting;
- 1.4 Originals, or duplicate originals of minutes of shareholders' meetings and any attachments referred to in the minutes;
- 1.5 Originals or duplicate originals of Written Board Resolutions of the Company's Directors;
- 1.6 Originals or duplicate originals of Written Shareholder Resolutions of the Company's Shareholders;
- 1.7 Annual Return;
- 1.8 Letters of Acceptance of Appointments from Directors and Officers;
- 1.9 Resignations of Directors and Officers;
- 1.10 Copies of share certificates as issued;



- 1.11 Share Transfer Certificates or Forms;
- 1.12 Originals, duplicate originals or copies of any Powers of Attorney granted by the Company; and
- 1.13 Tax Exemption Certificate (if applied for and issued by the Cayman Islands Government)

2 Company Registers

The Board of the Directors are under a legal duty to the Company to ensure that the following Registers are maintained and kept up to date for the Company:

2.1 Register of Mortgages and Charges -

If any mortgage or other form of security interest is granted over the Company's assets, full particulars must be provided immediately and the Register written up. This Register of Mortgages and Charges is required by the Law to be maintained at the Company's registered office in the Cayman Islands. Security documents should not be executed in or thereafter brought to the Cayman Islands. If they are, ad valorem stamp duty at the rate of one per cent. of the sum secured may be payable.

2.2 Register of Members - need not be, but usually is, held at the Company's

registered office. If the Directors would like the Register of Members to be kept elsewhere other than at the Company's registered office, they need to pass a board resolution to that effect. A Company's Register of Members cannot be updated until the relevant Directors' resolutions and, if applicable, executed share transfer forms are received by, Hermes Corporate Services Ltd. ("Hermes"), the Company's registered office agent. Since a person does not become a shareholder of a Company until the appropriate entries are made in the Register of Members, it is important that Hermes receives share transfer forms or share issue resolutions on a timely basis.

2.3 Register of Directors and Officers - is required by the Law to be maintained at the Company's registered office in the Cayman Islands. The statutory grace period within which the Registrar of Companies must be notified of applicable director and officer details are:

- i. upon incorporation of the Company, the first appointment of any director or officer within 60 days of that appointment; and
- ii. thereafter, any changes in the information contained within the Register



(including a change of the name of any director or officer) within 60 days of the change.

3 Filing Procedures

The Company's Board of Directors should ensure that the following events are notified to Hermes as the Company's registered office agent in order that the Registrar of Companies in the Cayman Islands may be advised by Hermes and the appropriate filing fees paid. There are statutory time constraints, either 15 or 60 days, for due notification and it is therefore important to provide the information to Hermes as the registered agent promptly to avoid imposition of penalties:

3.1 Change in Directors and/or Officers

(filing must be made within 60 days of the change), and failure to send details of changes to Hermes in good time to complete filings within this 60 days' deadline will lead to Late Filing Penalties. Where a filing is made after the statutory grace period of 60 days:

- i. the penalty for any one breach will be reduced and capped at CI\$500 (US\$610);

- ii. where there are multiple changes to the Register of Directors with respect to a single company, which occur within a 60 day period, then such breaches will be penalised as a single breach (capped at CI\$500 (US\$610)) if the Registrar of Companies is notified of such changes on the same day; and

- iii. where there are changes to the Register of Directors with respect to a group of five or more companies (for example, subsequent to a change in control), then the aggregate penalty for all breaches shall not exceed CI\$2,500 (US\$3,049), with the penalty to be borne equally by each of the affected group companies.

The Law also provides that where the Registrar of Companies is satisfied that a breach of the applicable statutory provisions has been intentional, then the Company and every director and officer who knowingly and wilfully authorised or permitted such default, will be subject to a separate and additional penalty payment.

3.2 Increase in the authorised capital of the Company

(filing must be made within 30 days of the change);



- 3.3 **Change in the name of the Company** (filing must be made within 15 days of the change);
- 3.4 **Alteration of the Memorandum of Association and/or Articles of Association** (filing must be made within 15 days of the change);
- 3.5 **Change of location of the Company's registered office** (filing must be made within 30 days of the change); and
- 3.6 **Any special resolution passed by the Company's shareholders** (filing must be made within 15 days of the change).

4 Books of Account

All Companies must keep proper books of account, although they need not necessarily be kept at the Company's registered office. The books of account must be such as are necessary to give a fair and true view of the state of the Company's affairs and explain its transactions. If the Company is not a bank, trust com-

pany, building society, money services business, credit union, insurance company, corporate manager, mutual fund administrator or regulated mutual fund, its accounts need not be audited as a matter of Cayman Islands law.

5 Annual Return Filings

An Annual Return must be submitted to the Cayman Islands Companies Registry in the January of the year following incorporation of the Company and in each January thereafter, and the appropriate annual registration fee paid. Hermes, as the Company's registered office agent, will prepare and file the Annual Return. Hermes will require payment of annual maintenance fees in advance of making the filings. In order to ensure that the Company does not fall into default, it is important to wire annual maintenance fees to Hermes in advance of such payment becoming due.

This publication is intended to merely provide a brief overview and general guidance only and is not intended to be a substitute for specific legal advice or a legal opinion. For more specific advice on Cayman Islands companies, please contact:

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