

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE COMPANIES LAW (2013
REVISION) TO ABOLISH BEARER SHARES; AND FOR INCIDENTAL
AND CONNECTED PURPOSES**

THE COMPANIES (AMENDMENT) BILL, 2016

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Companies Law (2013 Revision), referred to as the principal Law, so that the issue and use of bearer shares in the Islands is abolished.

Clause 1 of the Bill makes provision for the short title of the legislation.

Clause 2 of the Bill amends section 166 of the principal Law so that the shares of an exempted company can no longer be negotiable.

Clause 3 of the Bill repeals section 167 of the principal Law which made provision for the exchange of negotiable shares for non-negotiable shares.

Clause 4 of the Bill amends section 168 so that the return to be filed with the Registrar pursuant to this section is no longer required to contain a declaration that all bearer shares are held by a custodian.

Clause 5 of the Bill inserts section 231A which prohibits the issue of bearer shares and makes provision for the conversion of bearer shares already issued to registered shares.

THE COMPANIES (AMENDMENT) BILL, 2016
ARRANGEMENT OF SECTIONS

1. Short title
2. Repeal and substitution of section 166 of the Companies Law (2013 Revision) - shares may be non-negotiable or negotiable
3. Repeal of section 167 - negotiable shares may be exchanged
4. Amendment of section 168 - annual returns
5. Insertion of section 231A - issue of bearer shares prohibited

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A BILL FOR A LAW TO AMEND THE COMPANIES LAW (2013 REVISION) TO ABOLISH BEARER SHARES; AND FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

- 1. This Law may be cited as the Companies (Amendment) Law, 2016. Short title

- 2. The Companies Law (2013 Revision), in this Law referred to as the “principal Law”, is amended by repealing section 166 and substituting the following subsection - Repeal and substitution of section 166 of the Companies Law (2013 Revision) - shares may be non-negotiable or negotiable
 - “Shares shall be non-negotiable 166. The shares of an exempted company shall be non-negotiable and shall be transferred only on the books of the company.”.

- 3. The principal Law is amended by repealing section 167. Repeal of section 167 - negotiable shares may be exchanged

- 4. The principal Law is amended in section 168 as follows - Amendment of section 168 - annual returns
 - (a) at the end of paragraph (b) by inserting the word “and”;
 - (b) at the end of paragraph (c) by deleting “; and” and substituting a full stop; and

(c) by repealing paragraph (d).

Insertion of section
231A - issue of bearer
shares prohibited

5. The principal Law is amended by inserting after section 231 the following section -

Issue and
transfer of
bearer shares
prohibited

231A (1) Notwithstanding any provision in this Law a company incorporated under this Law shall -

- (a) not issue shares in bearer form after 13th May, 2016; and
- (b) cause bearer shares issued by the company to be converted to registered shares before 13th July, 2016.

(2) A company incorporated under this Law by Notice or through the appropriate custodian and before the 13th July, 2016 shall notify the beneficial owner of a bearer share or, if applicable the custodian of a bearer share of the requirements of subsection (1).

(3) A company or custodian notifying a beneficial owner pursuant to subsection (2) shall either obtain confirmation from the beneficial owner of a name in which a share converted pursuant to subsection (1) is to be registered or, register the share converted pursuant to subsection (1) in the name of a custodian.

(4) A company shall by the 13th July, 2016 enter the name provided under subsection (3) or the name of the custodian as the case may be into the register of members as the registered shareholder.

(5) In relation to a company which has been struck off the companies register, subsections (1), (2), (3) and (4) apply to that company if the company is reinstated.

(6) An Order of the Court shall not permit a company to which subsection (4) refers to be reinstated with bearer shares in issue.

(7) A company for which shares were converted pursuant to subsection (1) shall by the 31st January, 2017 file a declaration in the manner designated by the Registrar with the Registrar confirming that any bearers shares issued by that company have been registered in the form required

by this section.

(8) A company that fails to comply with subsection (7) shall not for the purposes of this Law be considered to be in good standing.

(9) Bearer shares which have not been converted pursuant to subsection (1) shall be null and void and be without effect for all purposes of Law.

Passed by the Legislative Assembly the day of , 2016.

Speaker.

Clerk of the Legislative Assembly.