

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE LOCAL COMPANIES
(CONTROL) LAW (2015 REVISION) TO PROVIDE FOR EXEMPTED
COMPANIES CARRYING ON BUSINESS IN THE ISLANDS; AND FOR
INCIDENTAL AND CONNECTED PURPOSES**

THE LOCAL COMPANIES (CONTROL) (AMENDMENT) BILL, 2018

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Local Companies (Control) Law to provide for exempted companies carrying on business in the Islands.

Clause 1 of the Bill provides for the short title and commencement.

The Bill at clause 2 seeks to amend section 2(2) of the Law to make it clear that the expression “carry on business in the Islands” does not include the business of an exempted company with specified entities where the carrying on of business is in furtherance only of business carried on exterior to the Islands.

The Bill seeks in clause 3 to amend section 4(1)(a) to make it permissible for an exempted company to carry on business in the Islands where it is empowered by its Memorandum of Association to do so and it is compliant with the requirements of section 5 of the principal Law.

The Bill seeks in clauses 4, 5, 6 and 7 to amend sections 5, 7, 8 and 9 of the principal Law, respectively, in order that those sections of the principal Law provide for exempted companies carrying on business in the Islands.

Clause 8 of the Bill seeks to amend section 11 of the principal Law to change the references to “the Governor” to references to “the Cabinet”.

The Bill seeks in clauses 9, 10 and 11 to amend sections 14, 22 and 26 of the principal Law, respectively, in order that those sections of the principal Law provide for exempted companies carrying on business in the Islands.

Clause 12 of the Bill seeks to make a general amendment to the Law to update the references to the Trade and Business Licensing Law to reflect the 2018 revision of that Law.

THE LOCAL COMPANIES (CONTROL) (AMENDMENT) LAW, 2018

ARRANGEMENT OF CLAUSES

1. Short title and commencement
2. Amendment of section 2 of the Local Companies (Control) Law (2015 Revision) - definitions and interpretation
3. Amendment of section 4 - circumstances in which local business may be carried on
4. Amendment of section 5 - provisions to be complied with by local companies
5. Amendment of section 7 - return of shareholdings to be made before commencing business and annually
6. Amendment of section 8 - allotment and transfer of shares
7. Amendment of section 9 - directors may make enquiries
8. Amendment of section 11 - granting and revocation of licence
9. Amendment of section 14 - company to supply information relating to control
10. Amendment of section 22 - regulations
11. Amendment of section 26 - offences
12. General amendment

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ENACTED by the Legislature of the Cayman Islands.

Short title and
commencement

1. (1) This Law may be cited as the Local Companies (Control) (Amendment) Law, 2018.

(2) This Law comes into force on January 1, 2019.

Amendment of section 2
of the Local Companies
(Control) Law (2015
Revision) - definitions
and interpretation

2. The Local Companies (Control) Law (2015 Revision), in this Law referred to as “the principal Law”, is amended in section 2(2)(f) by inserting after the words “corporation incorporated abroad” the words “where the carrying on of business, in each case, is in furtherance only of business carried on exterior to the Islands”.

Amendment of section 4
- circumstances in which
local business may be
carried on

3. The principal Law is amended in section 4(1) by repealing subsection (a) and substituting as follows -

“(a) it is -

- (i) a local company; or
- (ii) an exempted company carrying on business in the Islands, which, at the relevant time, is complying with section 5 or is a wholly owned subsidiary of such a company;”.

4. The principal Law is amended in section 5 as follows -
- Amendment of section 5
- provisions to be
complied with by local
companies
- (a) in subsection (1), by inserting after the words “local company” the words “or an exempted company that is carrying on business in the Islands”; and
 - (b) in subsection (2), by inserting after the words “local company” the words “or an exempted company to which this section applies”.
5. The principal Law is amended in section 7 as follows -
- Amendment of section 7
- return of shareholdings
to be made before
commencing business
and annually
- (a) by repealing subsection (1) and substituting as follows -
 - “(1) Before any -
 - (a) local company; or
 - (b) exempted company that is complying with section 5(1),first commences business the company shall forward to the Board a return of shareholdings in the company as at the date of making the return signed by the directors of the company.”;
 - (b) in subsection (2) as follows -
 - (i) by inserting after the words “local company” the words “and every exempted company under subsection (1)”;
 - and
 - (ii) by inserting after the words “commenced business” the words “ and for each year that it continues to carry on business,”;
 - (c) in subsection (4), by inserting after the words “local company” the words “or an exempted company carrying on business in the Islands”; and
 - (d) in subsection (5), by inserting after the words “local company” the words “or any exempted company carrying on business in the Islands”.
6. The principal Law is amended in section 8 by inserting after the words “local company”, wherever they appear, the words “or an exempted company carrying on business in the Islands”.
- Amendment of section 8
- allotment and transfer
of shares
7. The principal Law is amended in section 9 by inserting after the words “local company”, wherever they appear, the words “or an exempted company carrying on business in the Islands”.
- Amendment of section 9
- directors may make
enquiries
8. The principal Law is amended in section 11 by deleting the words “the Governor” and substituting the words “the Cabinet” wherever they appear.
- Amendment of section
11 - granting and
revocation of licence

The Local Companies (Control) (Amendment) Bill, 2018

Amendment of section
14 - company to supply
information relating to
control

9. The principal Law is amended in section 14 as follows -
- (a) in subsections (1) through (5) by inserting after the words “local company”, wherever they appear, the words “or exempted company carrying on business in the Islands”; and
 - (b) in subsection in subsection (6) as follows -
 - (i) by deleting the words “local company complying” and substituting the words “company complying”; and
 - (ii) by inserting after the words “local company”, wherever they appear, the words “or exempted company carrying on business in the Islands”.

Amendment of section
22 - regulations

10. The principal Law is amended in section 22(c) by inserting after the words “local company” the words “or an exempted company carrying on business in the Islands”.

Amendment of section
26 - offences

11. The principal Law is amended in section 26 by inserting after the words “local company”, wherever they appear, the words “or an exempted company carrying on business in the Islands”.

General amendment

12. The principal Law is amended by deleting the words “Trade and Business Licensing Law (2007 Revision), wherever they appear, and substituting the words “Trade and Business Licensing Law (2018 Revision)”.

Passed by the Legislative Assembly the day of , 2018.

Speaker.

Clerk of the Legislative Assembly.