



Conyers Dill & Pearman

Continuing Requirements of the Companies Law of the Cayman Islands

Foreword

This memorandum has been prepared for the assistance of those who are considering the operation of companies in the Cayman Islands (“Cayman”). It deals in broad terms with the requirements of Cayman law and is not intended to be exhaustive but merely to provide brief details and information which we hope will be of use to our clients. We recommend that our clients and prospective clients seek legal advice in Cayman on their specific proposals before taking steps to implement them.

Before proceeding with the incorporation of a company in Cayman, persons are advised to consult their tax, legal and other professional advisers in their respective jurisdictions.

This memorandum has been prepared on the basis of the law and practice as at the date referred to below.

Persons considering establishing companies to carry on insurance or mutual fund business should request separate memoranda prepared by this Firm on these topics.

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1. INTRODUCTION

The Cayman Islands Companies Law (the “Law”) imposes continuing obligations on all types of companies. Those companies which carry on business as trust companies, banks, company managers, insurance companies, insurance managers, mutual fund administrators and most mutual funds are subject to additional regulation governing those activities, details of which are available on request.

2. CORPORATE RECORDS

The Law does not prescribe an exact list of the various documents and records that a company should maintain. The collection of these various documents and records, generally referred to as the “Minute Book”, will normally contain the following items:

- (a) Certificate of Incorporation;
- (b) Memorandum and Articles of Association;
- (c) Minutes of all directors’ and shareholders’ meetings (including written resolutions, if any) and any documents tables and/or approved at these meetings;
- (d) Annual Return;
- (e) Copies of share certificates;
- (f) Financial statements;
- (g) The tax undertaking (if an exempted company);
- (h) Register of Directors and Officers;
- (i) Register of Members; and

(j) Register of Mortgages and Charges.

3. BOOKS OF ACCOUNT

All companies must keep proper books of account. They need not be kept at the 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. Accounts need not be audited unless the company conducts a regulated activity (bank, trust company, insurance company, corporate manager, mutual fund administrator or regulated mutual fund).

4. NAME

The name of the company must be displayed outside the company's Registered Office and every other place of business maintained by it. An exempted company may have a dual foreign name in non-Roman script.

5. CHANGES IN DIRECTORS OR OFFICERS

The Articles of Association of a company will generally contain provisions relating to the removal, resignation and appointment of directors. Typically, shareholders resolutions are required to appoint or remove directors and officers. Copies of any such resolutions should be added to the Minute Book, the Register of Directors and Officers updated and a filing made with the Registrar of Companies (the "Registrar").

6. SHARE TRANSACTIONS

New shares are usually issued by resolution of the directors. The Articles of Association typically contain restrictions on, and procedural requirements relating to, the issue of new shares. A copy of the minutes of the meeting at which the resolution is passed should be added to the Minute Book.

If existing shares are transferred, a share transfer form must be signed and a copy placed in the Minute Book. The old share certificates should be returned to the Registered Office for cancellation. Save in the case of a public company, the directors will normally be required to pass a resolution approving a share transfer and the issue of a new share certificate.

Companies with shares listed on appointed stock exchanges may provide, either in the Articles of Association or by special resolution of the members, for paperless transfers.

7. FILING REQUIREMENTS

On the occurrence of certain events a notice is required to be sent to the Registrar. There are statutory time constraints for such notifications to be filed. These are indicated in brackets below.

- (a) Change in directors or officers (30 days);
- (b) Increase in the authorised capital of the company (30 days);
- (c) Change to the name of the company (15 days);
- (d) Alteration of the Memorandum or Articles of Association (15 days);
- (e) Change of location of the Registered Office (30 days); and
- (f) Any special resolution passed by the members (15 days).

8. SEAL

A company may, but is not required to, have a common seal. If it has one it would usually be kept at its Registered Office. If there will be documents to be sealed outside Cayman the company's common seal may be sent overseas. The seal must

bear the name of the company and may also contain the company's foreign dual or translated name.

9. COMPANY MEETINGS

Generally, meetings may be called by the board of directors or by requisition of a certain proportion of shareholders. The Articles of Association will set out the procedure for the calling of general meetings.

Members may be represented at meetings by proxy. Forms of proxy should be delivered to (and will usually be organised by) the Registered Office of the company.

Notice of all meetings of shareholders, directors or of any committee of the directors should be given to all those entitled to attend and vote at the meetings. The Articles of Association will set out the period of notice required.

An exempted company is not obliged to hold an annual general meeting.

10. ANNUAL REQUIREMENTS

An annual return must be submitted to the Cayman Government in January of every year together with the prescribed fee. A current listing of the annual government fees is available upon request.

This publication is not a substitute for legal advice nor is it a legal opinion. It deals in broad terms only and is intended merely to provide a brief overview and give general information.

About Conyers Dill & Pearman

Conyers Dill & Pearman advises on the laws of the Cayman Islands, British Virgin Islands, Bermuda, Mauritius and Cyprus. Conyers' lawyers specialise in company and commercial law, commercial litigation and private client matters.

The combination of Conyers' structure, culture and expertise enables the highest quality, responsive, timely and thorough legal advice. Conyers' strategic global presence in major international business centres allows a seamless 24 hour service.

Conyers' sophisticated client base includes FTSE 100 and Fortune 500 companies. Working with leading local and international firms, Conyers advises on highly complex multi-jurisdictional projects.

Affiliated companies (Codan) provide a range of trust, corporate secretarial, accounting and management services.

Founded in 1928, Conyers has 600 staff, including more than 150 lawyers.

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