

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE COMPANIES LAW (2010
REVISION) TO PROVIDE FOR SPECIAL ECONOMIC ZONE
COMPANIES; AND TO PROVIDE FOR INCIDENTAL AND
CONNECTED PURPOSES**

THE COMPANIES (AMENDMENT) (NO. 2) BILL, 2011

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Companies Law (2010 Revision) to provide for special economic zone companies.

Clause 1 of the Bill contains the short title.

Clause 2 provides for the amendment of section 2 of the principal Law by the insertion of definitions for “special economic zone business” and “special economic zone company”.

Clause 3 inserts a new provision in section 30 of the principal Law in order to specify that a company that is not a special economic zone company is not to be registered by a name which includes the words “Special Economic Zone Company” or the letters “SEZC”.

Clause 4 provides for the insertion in the principal Law, of a new Part VIIIA which contains sections 182A to 182D and provides for the application process for an exempted company to be registered as a special economic zone company; the contents of the articles of association of a special economic zone company and the cancellation of registration of a special economic zone company.

THE COMPANIES (AMENDMENT) BILL, 2011

ARRANGEMENT OF CLAUSES

1. Short title
2. Amendment of section 2 of Companies Law (2010 Revision) - definitions and interpretation
3. Amendment of section 30 - restrictions on registration of certain names
4. Insertion of Part VIIIA - special economic zone companies

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A BILL FOR A LAW TO AMEND THE COMPANIES LAW (2010 REVISION) TO PROVIDE FOR SPECIAL ECONOMIC ZONE COMPANIES; AND TO PROVIDE FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

1. This Law may be cited as the Companies (Amendment) (No. 2) Law, 2011. Short title

2. The Companies Law (2010 Revision), in this law referred to as the “principal Law”, is amended in section 2(1) by inserting in the appropriate alphabetical sequence the following definitions - Amendment of section 2 of Companies Law (2010 Revision) - definitions and interpretation
 - “ “special economic zone company” means an exempted company that is registered as such under section 182A; and

 - “special economic zone business” means any type of business authorised to be carried on in a special economic zone pursuant to any Law in force in the Islands;”.

3. The principal Law is amended in section 30 by inserting after subsection (3) the following subsection - Amendment of section 30 - restrictions on registration of certain names

“ (3A) A company that is not a special economic zone company shall not be registered by a name which includes the words “Special Economic Zone Company” or the letters “SEZC”.

Insertion of Part VIIIA -
special economic zone
companies

4. The principal Law is amended by inserting after Part VIII the following Part
-

“Part VIIIA - Special Economic Zone Companies

“Exempted
company may
apply to be
registered as a
special
economic zone
company

182A. (1) An exempted company may, at any time, apply to the Registrar to be registered as a special economic zone company.

(2) An application may also be made under subsection (1) at the same time as an application is made -

- (a) to register a proposed company as an exempted company;
- (b) to re-register an ordinary non-resident company as an exempted company; or
- (c) to register a company by way of continuation as an exempted company.

(3) An application under subsection (1) shall be accompanied by a fee which shall be equal to the lowest band of the annual fee payable by an exempted company under section 169(1) as specified in paragraph (a) of Part 4 of the Fifth Schedule.

Registration as a
special
economic zone
company

182B. (1) The Registrar shall register as a special economic zone company an exempted company that has made application under section 182A if -

- (a) the company has at least two subscribers or two members;
- (b) where the company was not already registered as a company prior to the application -
 - (i) the memorandum of association of the company limits the business of the company to special economic zone business; and
 - (ii) the name of the company includes the words “Special Economic Zone

- Company” or the letters “SEZC”; and
- (c) where the company was already registered as a company prior to the application -
 - (i) the Registrar has been supplied with a certified copy of a special resolution of the company altering its memorandum of association to carry on special economic zone business; and
 - (ii) the Registrar has been supplied, in accordance with section 31, with a copy of a special resolution of the company changing its name to a name that includes the words “Special Economic Zone Company” or the letters “SEZC”.

(2) On registering an exempted company as a special economic zone company the Registrar shall -

- (a) in the case of a company referred to in subsection (1)(b), certify in the certificate of incorporation issued in accordance with section 27(1) or the certificate of registration by way of continuation issued pursuant to section 201(1) that the company is registered as a special economic zone company; and
- (b) in the case of a company referred to in subsection (1)(c), certify in the certificate of incorporation issued in accordance with section 31(2) that the company is registered as a special economic zone company stating the date of such registration.

(3) A special resolution passed for the purpose of subsection (1)(c)(ii) has no effect until the company is registered as a special economic zone company.

Contents of
articles of
association

182C.(1) The articles of association of a special economic zone company may provide that the transfer of any share or other interest of a member of the company requires the unanimous resolution of all the other members.

(2) The articles of association of a special economic zone company may provide that the management of the

company is vested in the members of the company either equally per capita or in proportion to their share or other ownership interest in the company or in such other manner as may be specified in the articles of association.

(3) Where the articles of association of a special economic zone company contain the provision referred to in subsection (2), the members of the company are to be considered to be the directors of the company but with power, if so provided by the articles of association, to delegate the management to a board of directors.

Cancellation of registration

182D.(1) A company ceases to be a special economic zone company if -

- (a) the Registrar issues a certificate under section 207 on de-registration of the company;
- (b) the Registrar issues a certificate of incorporation in accordance with section 31(2) which records a change of name for the company that does not include the words "Special Economic Zone Company" or the letters "SEZC"; or
- (c) the company passes a special resolution in accordance with section 10 to alter its memorandum of association to provide for the carrying on of business other than special economic zone business,

and in the case of paragraph (b) or (c), the company pays a de-registration fee of four hundred dollars.

(2) On a company ceasing to be a special economic zone company -

- (a) the Registrar shall, where the company has ceased to be a special economic zone company by virtue of subsection (1)(b) or (c), issue to the company a certificate of incorporation altered to meet the circumstances of the case; and
- (b) in all cases the certificate issued by virtue of section 182B(2) ceases to have effect.

(3) A special resolution passed for the purpose of subsection (1)(c) has no effect until a certificate of incorporation is issued by the Registrar under subsection (2)(a).”.

Passed by the Legislative Assembly the day of , 2011.

Speaker.

Clerk of the Legislative Assembly.