

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE COMPANIES LAW (2013
REVISION) TO EXTEND THE DEADLINE FOR FILING CHANGES TO
THE REGISTER OF DIRECTORS AND OFFICERS OF A COMPANY
WITH THE REGISTRAR; TO ESTABLISH A MAXIMUM PENALTY
FOR A BREACH OF SECTION 55; AND FOR INCIDENTAL AND
CONNECTED PURPOSES**

THE COMPANIES (AMENDMENT) BILL, 2015

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Companies Law (2013 Revision).

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

Clause 2 of the Bill amends section 55 of the Companies Law (2013 Revision) referred to as the principal Law. The section creates an obligation on a company to maintain a register of all of the directors and officers of the company and to notify the Registrar of any changes in respect of the directors and officers. Pursuant to this section, the Registrar is to be provided with a copy of the register within ninety days of the registration of the company and notified of changes in the register within thirty days of a change in the information contained in the register. The clause amends the principal Law so that the Registrar is to be provided with a copy of the register within sixty days of the first appointment of any director or officer of the company and notified of changes in the information contained in the register within sixty days of the change.

Clause 3 amends section 56 of the principal Law which provides a penalty for a breach of section 55. The section provides an absolute penalty for any breach of section 55. While a breach of section 55 still attracts a penalty, the clause amends the principal Law so that the application of the penalty is subject to the following -

- (a) if a company breaches the requirement to notify the Registrar of a change in the register more than once, as long as the breaches occur within a sixty day period and the Registrar is notified of the changes on the same day, the breaches will be penalised as one breach; and
- (b) where breaches of section 55 occur in respect of five companies or more, the applicable aggregate penalty shall not exceed two thousand, five hundred dollars which shall be borne equally by the offending companies.

The clause also provides that where the Registrar is satisfied that a breach of section 55 is intentional, a penalty is applicable to the offending company and each director and officer of the company.

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ENACTED by the Legislature of the Cayman Islands.

1. (1) This Law may be cited as the Companies (Amendment) Law, 2015. Short title and commencement
(2) This Law shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Law and in relation to different matters.
2. The Companies Law (2013 Revision), in this Law referred to as the “principal Law”, is amended in section 55(1) as follows - Amendment of section 55 of the Companies Law (2013 Revision) - list of directors, including alternate directors, and officers
 - (a) in paragraph (a) by deleting the words “within ninety days of the registration of the company” and substituting the words “within sixty days of the first appointment of any director or officer of the company”; and
 - (b) in paragraph (b) by deleting -
 - (i) the words “that takes place”; and
 - (ii) the word “thirty” and substituting the word “sixty”.

Repeal and substitution of section 56 of the Companies Law (2013 Revision) - penalty on company not keeping a register of directors

3. The principal Law is amended by repealing section 56 and substituting the following section -

“Penalty for failing to notify of changes to the register of directors and officers

56. (1) A company that breaches the provisions of section 55 shall incur a penalty of five hundred dollars.

(2) Notwithstanding subsection (1), if a company is in breach of section 55(1) (b) -

- (a) in respect of more than one change in directors or officers and -
 - (i) the changes occurred within a sixty day period; and
 - (ii) the Registrar is notified of the changes on the same day;the applicable penalty for the breach shall be that specified in subsection (1), irrespective of the number of changes notified to the Registrar; and
- (b) in respect of directors or officers of five or more companies, the applicable aggregate penalty in respect of the companies to which the breach relates shall not exceed the sum of two thousand, five hundred dollars, which shall be equally apportioned between and paid by, such companies.

(3) In addition to the penalty under subsection (1), where the Registrar is satisfied that a breach of section 55 has been knowingly and willfully authorized or permitted -

- (a) every company to which the breach relates shall incur a penalty of one thousand dollars; and
- (b) every director and officer of the company to which the breach relates shall incur a penalty of one thousand dollars and a further penalty of one hundred dollars for every day during which the default continues.”.

Passed by the Legislative Assembly the day of , 2015.

Speaker.

Clerk of the Legislative Assembly.