

CAYMAN DISPOSES OF BEARER SHARES

The Companies Law was recently amended by The Companies (Amendment) Law, 2016 (the "Amended Law"), published in the Cayman Islands Gazette on 13 May 2016. The purpose of the Amended Law is to improve transparency in relation to beneficial ownership.

Companies incorporated under the Companies Law ("Companies" or a "Company") are subject to the new requirements summarized below.

1. Notwithstanding any provision in the Companies Law, a Company shall not issue shares in bearer form after 13 May, 2016; and shall cause all of its issued bearer shares to be converted to registered shares before 13 July, 2016.
2. Each Company must notify the beneficial owner of any bearer shares or, if applicable, the custodian of bearer shares, of the above requirements before 13 July, 2016.
3. A Company or custodian notifying a beneficial owner as per the above must either obtain confirmation from the beneficial owner of a name in which the shares converted from bearer shares are to be registered or register the converted shares in the name of a custodian.
4. By 13 July, 2016 each affected Company must enter the name provided under the foregoing paragraph or the name of the custodian, as the case may be, in the register of members as the registered shareholder.
5. If a Company had been struck off the Companies Register, it must comply with the above requirements if it is reinstated.
6. The court of the Cayman Islands shall not order a Company which has been struck off the Companies Register to be reinstated with bearer shares in issue.
7. A Company that has converted its bearer shares in accordance with the above requirements is required to file by 31 January, 2017 a declaration with the Registrar confirming that any bearer shares issued by that Company have been registered in the form required by the Amended Law.
8. A Company that fails to comply with the Amended Law shall not be considered to be in good standing.
9. Bearer shares which have not been converted pursuant to requirement 1 above shall be null, void and without effect for all purposes of Cayman Islands law.

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