



LYNDA MILLIGAN-WHYTE & ASSOCIATES

Barristers & Attorneys

Ram Re House, 2nd Floor, 46 Reid Street, Hamilton HM 12 P.O. Box 1913 Hamilton HM HX, Bermuda
Tel: (441) 295-1302 Fax: (441) 295-8555 E-mail: lmw@milligan.bm www.milligan.bm

RECENT AMENDMENTS TO THE BERMUDA COMPANIES ACT 1981

The Companies Act 1981 (the "Act") was recently amended by the Companies Amendment Act 2006 (the "Amendment Act"), which was made operative on Friday, 29th December 2006.

The Act was amended considerably and includes various amendments ranging from those that may be considered cosmetic to changes in legislative approach of a substantial nature.

These amendments relate to the creation of minimum share capital requirement, secondary names, natural person objects, and reimbursements of the annual tax for companies in liquidation.

1. Share Capital

Section 6(3) of the Act was repealed. Accordingly, companies limited by shares will no longer be required to maintain a minimum share capital.

2. Secondary Names

Section 10A of the Act was inserted to permit companies to apply for registration of a secondary name in a script other than roman script, subject to certain conditions.

Applications for the reservation of secondary names shall be filed via the Registrar of Companies website.

The application to the Registrar of Companies office shall be accompanied by –

- (a) a Certificate of Translation (certifying the accuracy of the English translation of the secondary name and certifying that the translator is fluent in the language); and
- (b) an electronic copy of the text.

Secondary names, if applicable, are required to appear on the company's Memorandum of Association ("MOA").

Both of these forms remain subject to the negative resolution procedure.

3. Natural Person Objects

Section 11 of the Act has been amended so that a company will no longer be required to list objects in its MOA and will have the ability to state that its objects are unrestricted and shall have the capacity, rights, powers and privileges of a natural person.

A company will no longer be required to list objects in its Memorandum of Association and will have the ability to state that its MOA is unrestricted and shall have the capacity, rights, powers and privileges of a natural person.

A company already existing on the register or any subsequent incorporation will not be required to adopt unrestricted objects, but may do so if it desires. A company already having First Schedule and Second Schedule objects and powers or any other special objects or powers may amend its Memorandum of Association through the existing provisions of the Act.

4. Companies in Liquidation

Section 124 of the Act has been repealed in its entirety with effect from 29th December 2006. Accordingly, any company that entered liquidation between 29th December 2006 through to 31st December 2006 will not be eligible for a refund of the 2006 annual tax.

All companies that enter liquidation from 29 December 2006 will be required to pay the annual tax as it falls due under the Act until such time as the company is dissolved in accordance with sections 213 or 223 of the Act. Requests for exemption from or refund of these taxes can no longer be considered.

Prepared by
LYNDA MILLIGAN-WHYTE & ASSOCIATES
9th January, 2007