
GUIDANCE NOTE

Setting up a Cayman Islands
Company



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SETTING UP A CAYMAN ISLANDS COMPANY

The following information relates to the formation of an exempted company as provided by the Companies Law (as Revised) of the Cayman Islands (the “Companies Law”).

Government Fees on Formation

1. The government fees payable upon registration of a Cayman Islands exempted company and at the end of each calendar year are based on the authorised, not the issued, share capital of the company. These fees are set out below:

Authorised Capital	Incorporation Fee US\$	Annual Fee US\$ Not
exceeding US\$50,000	731.71	853.66
Between US\$50,001 and US\$1,000,000	1,097.56	1,219.51
Between US\$1,000,000 and US\$2,000,000	2,297.56	2,419.51
Above US\$2,000,000	3,009.76	3,131.71

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3. Assuming that the Cayman Islands company is not carrying on banking business, the issued share capital can be entirely nominal. It is usual for a representative of Stuarts Walker Hersant Humphries to be a subscriber to the Memorandum and Articles of Association and to agree to take the minimum of one share.
4. After formation all the issued share capital can be held by one shareholder of record and the subscriber’s one share will be repurchased automatically accordingly.
5. It is not necessary that any of the shareholders, directors or officers be resident in the Cayman Islands.
6. The Board of Directors can be comprised of such number of persons as may be desired, although it is usual for the Board of Directors to consist of at least two persons (please also note that companies regulated or registered with the Cayman Islands Monetary Authority may be required to appoint at least two directors). No officers are required by law, although it is sometimes convenient for a company secretary to be appointed. Where required Stuarts Walker Hersant Humphries can appoint a representative to act as company secretary and director.
7. It is not necessary for an exempted Cayman Islands company to hold an annual general meeting of its shareholders, although one can be held either within or outside the Cayman Islands if desired.
8. There is no requirement that any meetings of the Board of Directors be held in the Cayman Islands.



9. It is not necessary that the company have its accounts audited annually, or that its accounts be filed with the authorities in the Cayman Islands (please note that a company registered or licensed with the Cayman Islands Monetary Authority may be required to file audited accounts). However, under Section 59 of the Companies Law, the company is required to keep books of account which give a true and correct view of its affairs. The books of account can be held anywhere in the world.

Registered Office

10. It is necessary that a Cayman Islands company maintains a registered office in the Cayman Islands, which Stuarts Corporate Services Ltd. can provide. The current registered office fee, as referred to above, is **US\$2,500 per annum** and is pro-rated for part years. In certain cases where the company is subject to additional regulations under other legislation, e.g. banks, trust companies, insurance companies and funds etc., the fee may be higher. In addition, the register of directors and officers (a copy of which must also be filed with the Registrar of Companies) and the register of mortgages and charges are held at the registered office. It is not a legal requirement that the register of shareholders be held at the registered office, but this is often the case. The minute books of the Company may be held at the registered office or, elsewhere. If they are held elsewhere, Stuarts Walker Hersant Humphries will normally keep a duplicate set so that it can be kept informed of the Company's affairs and ensure ongoing compliance with the laws of the Cayman Islands.
11. The ongoing statutory requirements under the Companies Law are relatively simple. A Cayman Islands company must notify the Registrar of Companies of any changes to its memorandum and articles of association or its directors and officers. It must also file a short declaration each January at the time of paying the annual fee, which return simply confirms that the company has notified the Registrar of any changes to its memorandum or articles of association and has not conducted any local business within the Cayman Islands. As part of its services in cases where it maintains the registered office, Stuarts Corporate Services Ltd. attends to the necessary filing requirements under the laws in the Cayman Islands.

Late Filings

12. Please note that the deadline for notifying the Registrar of Companies of any changes to the Registered Office address, or the Register of Directors and Officers is 30 days from the change. This will be deemed to be the date of the resolutions or earlier in the case of a resignation if the resignation pre dates the resolutions. Failure to notify the Registrar within this time period will result in penalties being incurred of US\$12.20 per day the company remains in default. This penalty fee may be capped at US\$610 at the discretion of the Registrar.
14. The same period and penalties will also be incurred if the Registrar of Companies is not informed of any changes in authorized share capital within 30 days.



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13. The Registrar of Companies will also require notification for any change of company name, any alterations to the Memorandum and/or Articles of Association or any special resolutions passed by the company within 15 days of the date of the resolution.

Company Secretary

13. Stuarts Walker Hersant Humphries can supply a secretary or assistant secretary to the company for which service it currently charges **US \$750.00 per annum.**

Duties

14. There are no forms of relevant direct taxation in the Cayman Islands whatsoever, although stamp duty may be payable on documents executed in or subsequently brought to the Cayman Islands in original form, unless exempt.
15. The above information relates to "exempted" companies. A Company designated as "ordinary non-resident" may also prove a suitable vehicle. The exempted company may apply to the Governor in Council for (and expect to obtain) an undertaking that the company will be exempted for a period of twenty years from issue from payment of taxation on profit, capital gains or inheritance should such legislation be introduced in the Cayman Islands. This is at present of academic interest as no such taxation is currently levied in the Cayman Islands. Further information on ordinary non-resident companies is available on request.
16. It should be noted that Stuarts Walker Hersant Humphries do not advise on matters other than in respect of the laws of the Cayman Islands and do not advise with respect to the securities, tax and other relevant regulations in other jurisdictions.



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This publication is for general guidance and is not intended to be a substitute for specific legal advice. Specialist advice should be sought about specific circumstances. If you would like further information please contact:

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Stuarts Walker Hersant Humphries is a leading Cayman Islands legal practice with international reach. Offering a full range of corporate and commercial legal advice together with a constant client focus, our experienced attorneys assist our clients on their most significant and challenging commercial transactions, structures, liabilities and obligations.

Our proven track record in advising leading international Law Firms, Investment Managers, Investment Companies and High-Net-Worth individuals is a result of the deep understanding of our markets.

At Stuarts, we strive to build and maintain lasting relationships with our clients through the combined legal expertise and business acumen of our practice groups and by providing outstanding service.

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