

2011 ANNUAL CLIENT MEMO
**Continuing
Statutory
Obligations of
Cayman Islands
Exempted
Companies**

To assist clients in the administration of Exempted Companies we circulate annually this summary of the main statutory requirements and corporate practices applicable to Exempted Companies. Please contact us if you have questions regarding any of the topics mentioned in this summary.

Registered Office

Every company must maintain a registered office in the Cayman Islands.

Annual Fees & Returns

An annual return must be submitted to the Registrar in January of the year immediately following incorporation. A return must be submitted in each subsequent January together with the appropriate annual return fee. As the Registered Office Trident will attend to the filing of the annual return and all statutory compliance. Please note: Annual returns cannot be submitted unless cleared funds have been received. Therefore, to ensure that the company does not fall into default, it is important to settle our invoices promptly.

Penalties for Late Payment of Annual Fees or Late Filing of Returns

(Based on the amount of the annual fee)

Up to 31 March	Nil
1 April to 30 June	33.33%
1 July to 30 September	66.67%
1 October to 31 December	100%

A Certificate of Good Standing cannot be obtained for a company with outstanding fees or returns.

Non Payment of Annual Fees.

A Company which has not filed its annual return or paid its annual return fee within 12 months of its due date is liable to be struck off the Register and any assets held by the company will then vest in the Cayman Islands Government.

Meetings

Companies are not obligated to hold annual meetings of shareholders. The frequency and procedures relating to convening meetings of shareholders and directors are governed by the provisions of the Articles of Association. Note: Directors are no longer required by statute to hold an annual meeting in the Cayman Islands.

Company Registers

Under the Companies Law each company must maintain the following registers:

Register of Directors & Officers

This register contains the name, address, date of appointment and date of resignation of each director and officer. The register is not a public document although details of the directors and officers must be filed with the Registrar of Companies. The register must be maintained at the registered office in the Cayman Islands.

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Register of Shareholders

This register contains the name and address of each of the company's shareholders, the number, type and class of shares held, whether shares are fully paid, the distinguishing number of shares (if any), the date of entry as a member, the date of transfer and the person to whom the shares are transferred. The register is not a public document. Although not required by statute the register is usually held at the registered office. Trident requires, as a matter of "Know Your Customer" policy, that details of all shareholders and beneficial owners are held at the registered office.

Register of Mortgages & Charges

This register contains details of the mortgages and charges specifically affecting the property of the company. If any mortgage or other form of security interest is granted, full particulars must be provided immediately and the register written-up. This register can be inspected by any member or creditor of the company and must be maintained at the registered office in the Cayman Islands. Security documents which are brought to or executed in the Cayman Islands will be subject to stamp duty.

Filing Procedures**Penalties for Late Filing**

The Companies Law provides for daily penalties for non-compliance with a number of requirements (e.g. filing deadlines, requirement to have a registered office). There are statutory time constraints, either fifteen or thirty days, for due notification. For this reason, it is important to provide the information to the registered office promptly to avoid fines or penalties which will be levied pursuant to the Companies Law. The penalties, which range from US\$2.40 to US\$12.20 per day are capped at a maximum of US\$610 for an unintentional non-compliance. The following events must be notified to the registered office in order that the Registrar of Companies may be notified and the appropriate fee paid.

As a general rule, only the Registered Office in the Cayman Islands may make filings with the Registrar of Companies. For this reason all significant corporate events should be notified promptly to us for the appropriate filing by us, if required, with the Registrar.

The time limits for notification of the following significant events are:

- Changes in the name of a company: 15 days
- Alterations to the Memorandum or Articles of Association: 15 days
- Any other special resolution passed by the shareholders: 15 days
- Changes of location of the registered office: 30 days
- Changes in directors or officers: 6 weeks
- Increases in the authorised capital of the company: 30 days

The Registrar of Companies is also empowered to impose higher penalties for intentional non-compliance.

We strongly recommend that you pay careful attention to the reporting of all statutory obligations in order to avoid unnecessary penalty costs.

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Minute Book

A minute book should be maintained. Although there is no requirement that the minute book be maintained at the Registered Office most companies follow this practice. The minute book and statutory records of the company should contain:

- Certificate of Incorporation (we retain the original Certificate of Incorporation for safekeeping)
- Certified copy of the Memorandum and Articles of Association
- Original or duplicate originals of the minutes of directors' and shareholders' meetings (and any attachments referred to in the minutes)
- Written resolutions of the directors and shareholders (and any attachments referred to in the minutes)
- The resignation letters of directors or officers
- Consent to Act letters for the directors and secretary
- Copies of share certificates as issued and the original share certificate stubs
- Share transfer forms, Applications for Shares and the Share Register
- Copies of Certificates of Good Standing or Incumbency (if obtained)
- Annual returns
- Tax concessions certificate

It is important to ensure that all relevant information and paperwork is provided to keep the statutory records up-to-date irrespective of where the documents originate. Maintaining all parts of the statutory records at the Cayman Registered Office will ensure compliance with the statutory obligations of the Company and expedite the issuance of legal opinions. Duplicate statutory records may be maintained.

Books of Account

All companies must maintain proper books of account, although they need not necessarily be kept at the Registered Office. The books of account must be such as are necessary to give a fair and true view of the state of the company's affairs and explain its transactions. All books of account must be maintained for a minimum of five years from the date on which they are prepared. Failure to do so may result in a penalty of US\$6,098.

If a company is regulated by CIMA (which includes: banks, trust companies, insurance companies, corporate managers, mutual fund administrators and regulated mutual funds) it must have its financial statements audited annually and lodged with CIMA by its auditors.

Name

The name of the company must be displayed at the Registered Office in the Cayman Islands. Where Trident provides the registered office, we will attend to this requirement.

2011 ANNUAL CLIENT MEMO**Seal**

A company may have a common seal. The previous statutory requirement for each company to have a common seal has been repealed.

If a common seal is used, the Articles of Association normally will provide that it be kept at the Registered Office. A duplicate seal may be approved for use outside the Cayman Islands when the directors are non-resident. This may be a facsimile of the common seal, which may, but is not required to, have imprinted the district, territory or place where it is to be used.

Procedure to Change Directors & Officers

Letters of resignation and Consent to Act letters should be sent to the Registered Office, along with the resolutions of the directors (or shareholders where a sole director has resigned) appointing new directors and officers and accepting the resignation of the retiring directors and officers. Copies of resolutions should be provided to the Registered Office promptly so that the Register of Directors and Officers is updated and the relevant information filed with the Registrar of Companies. There are significant penalties for late filing of changes of directors and officers.

Generally, directors may be removed by an ordinary resolution of the shareholders passed at a general meeting of the shareholders. An ordinary resolution requires a simple majority of those shareholders present and entitled to vote at the meeting voting in favour of the resolution. Officers may usually be removed by a resolution of the directors. Alternatively, directors and officers may be removed by resolutions signed by all shareholders or directors respectively, in lieu of a formal meeting.

The Articles of Association and minute book must be checked to ensure compliance with any special provisions relating to the appointment and removal of directors.

Share Transactions

The issuance of new shares is usually approved by a resolution of the directors. If the Registered Office maintains the Register of Members, the original resolution should be lodged with the Registered Office for entry to the Register of Members, along with a copy of the Minutes of the meeting at which the resolution was passed to enable the Register to be amended and the share certificate(s) issued. Shares must be issued in consideration of additional paid in capital. Shares may be issued at a premium.

If existing shares are transferred, a share transfer form must be signed and placed on the minute book. The directors should pass a resolution approving the transfer and issue of a new share certificate, which may not be issued until the old share certificate is surrendered to the registered office for cancellation, unless the shares are in registered form only and certificates are not issued.

Bearer shares may only be issued into the custody of an Authorized Custodian as defined in the relevant Law. Existing Bearer shares were required to be deposited with an Authorized Custodian by 26 April 2002. Bearer shares which were not deposited with an Authorized Custodian by the deadline are deemed null and void. Directors commit an offence if they make or permit a false annual return declaration with regard to the custody of Bearer shares.

The Articles of Association and minute book must be checked to ensure compliance with any restrictions on the transfer of shares.