

Cayman Islands 2017 Annual Client Memo

October 2017

Continuing Statutory Obligations of Cayman Islands Exempted Companies Cayman Islands Registered Office

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

Annual Fees & Returns

An Annual Return must be submitted to the Registrar in January of each year following incorporation along with the appropriate annual return fee. As the Registered Office, Trident will attend to the filing of the annual return and all statutory compliance. See the section above entitled "Authorisation of Annual Return submission by Trident" for a description of representations within the Annual Return.

Please note: Annual returns cannot be submitted unless cleared funds for annual fee payments have been received. Therefore, to ensure that the company does not fall into default, it is important to settle our invoices promptly.

Registrar 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
Between 1 April and 30 June	33.33%
Between 1 July and 30 September	66.67%
Between 1 October and 31 December	100%

A Certificate of Good Standing cannot be obtained after January 1st for a company with outstanding fees or returns.

Failure to Pay Annual Fees to Registrar of Companies

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. When a company is struck off the Register, any assets held by a company automatically vests in the Cayman Islands Government.

Meetings

Exempted 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. This register must be maintained at the registered office in the Cayman Islands.

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. The register may be kept in an electronic format or any other medium, and can now be freely maintained anywhere in the world. Although this is not required by statute the register is usually held at the registered office. Trident, as a regulated entity, requires, as a matter of "Know Your Customer" policy, that details of all shareholders and beneficial owners are held at the registered office and that all changes are notified to us promptly.

Register of Mortgages & Charges

This register contains details of the mortgages and charges specifically affecting the property of the company and must be maintained in the Cayman Islands. 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. Security documents which are brought to or executed in the Cayman Islands will be subject to stamp duty.

Register of Beneficial Owners

The Board of Directors of each Cayman Exempted Company and Limited Liability Company have an ongoing duty under the law to notify Trident of the following events (with appropriate supporting documentation) with respect to any In Scope Companies ("ISC"):

- If the Company was exempt but is no longer exempt, so is now an ISC
- If the Company was an ISC but has now met one of the exemptions
- If any person needs to be added to the list of Registrable Persons for that ISC
- If any person may now be removed from the list of Registrable Persons for that ISC
- If there is a material change in the data with respect to any existing Registrable Person

If a Registrable Person is identified as such by the Board of Directors of an ISC, but fails in reasonable time to supply such information to the Board of Directors or to Trident as is required under the law,

then the Board of Directors may have a duty under the law to issue a Restrictions Notice to such Registrable Person.

When a Restrictions Notice is issued in respect of any ownership interest on an ISC, it makes any transfer of (or agreement to transfer) such interest void and prohibits payment of sums due from the company in respect of such interest. A person to whom a Restriction Notice has been issued by the Board of Directors has certain rights as are set out in the Law.

Note that In-Scope Companies and other persons including the Directors and officers of that ISC, may be subject in due course to penalties for breaches of the Beneficial Ownership Law.

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 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: 60 days
- Increases in the authorised capital of the company: 30 days

Late filing of an increase in authorized share capital or the company having no registered office provider will incur a penalty of US\$12 per day, up to a maximum of US\$609.76.

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

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 officers
- The Register of Shareholders, Share transfer forms, Applications for Shares
- Copies of Certificates of Good Standing or Incumbency (if obtained)
- Annual returns
- Tax concessions certificate (if required)

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 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\$6,097.56.

If a company is regulated by CIMA 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.

Company 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 Trident can update the Register of Directors and Officers and make required filings electronically 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.

Alternate Directors

Under an amendment to the Companies' Law which came into force in May, 2013, alternate directors and any changes thereof may be required to be notified to the Registrar of Companies, if the alternate director(s) fall within the definition under the Law. However, Alternate Directors are not required to be recorded on the Register of Directors nor filed with the Registrar of Companies if they fall within the following categories (a) their powers are limited to fulfil limited responsibilities; or are appointed for a specified period of less than 90 days; or (b) they are appointed to attend a particular meeting or series of meetings; or are appointed to sign a particular board resolution or series of board resolutions.

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.

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