

LEGAL ALERT

Abolition of Bearer Shares in the Cayman Islands

The Companies (Amendment) Law, 2016 which came into force on 13th May 2016 has abolished the ability of Cayman Islands exempted companies to issue bearer shares and other forms of negotiable shares. Section 231A of the Companies Law states that:

- an exempted company may not issue any new bearer shares after May 13, 2016; and
- all existing bearer shares must be converted into registered shares before July 13, 2016 or they will be void.

Companies which have bearer shares in issue prior to May 13, 2016 are required to notify the beneficial owner of a bearer share or the relevant custodian of the abolition before July 13, 2016.

The outlawing of bearer shares and other forms of negotiable shares is part of a series of actions being taken by the Cayman Islands Government to assist global efforts to tackle tax evasion and corruption and increase transparency.

This publication is not intended to be a substitute for specific legal advice or a legal opinion. It deals in broad terms only and is intended to merely provide a brief overview and general guidance only. For more specific advice on bearer shares issued by Cayman Islands companies, please contact:

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