



PORTCULLIS TRUSTNET

PTN eUpdates – Keeping you informed (Issue 15 – July 2009)

Update Relating to Seychelles International Business Act 1994 –

Bearer Share Amendments

Last month saw the Republic of Seychelles enact the International Business Companies (Amendment) Act 2009 (the “**Amendment**”) that introduced changes to the International Business Companies Act 1994 (the “**Act**”). The most significant of these changes affect bearer shares that are issued by a Seychelles International Business Company (“**IBC**”).

NAME OF BEARER SHARE HOLDER TO APPEAR IN SHARE REGISTER

Unlike other jurisdictions, Seychelles has not required the immobilization of bearer share certificates. Bearer share certificates issued by an IBC can continue to be held by the owners of the IBC. **It is however now a requirement that an IBC’s Share Register include:-**

- **the name and address of the persons who hold bearer shares in the IBC;**
- **the number of each class and series of bearer shares held by each holder;**
- **the date on which the name of each holder of bearer shares was entered in the Share register;**
- **the date on which any holder of bearer shares ceases to be a member.**

TRANSFER OF BEARER SHARES

Previous to the Amendment, ownership of a bearer share was transferred by the simple delivery of the relevant bearer share certificate to the new owner. **The Amendment provides that a bearer share shall be transferable by delivery of the certificate relating to the share and “notification of transfer”.**

“notification of transfer” of a bearer share issued by an IBC is effected by delivery to the IBC’s registered agent in Seychelles of a written notice signed by the transferor stating the name and address of the transferee, and the date on which the certificate relating to the shares was delivered to the transferee.

The transfer of ownership to a bearer share will therefore not be effective until “notification of transfer” is made to the IBC’s registered agent in Seychelles.

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The Amendment provides that upon receipt of the “notification of transfer” by the IBC’s registered agent, the registered agent shall cause to be entered in the IBC’s Share Register:-

- the name and address of the transferee as the holder of the relevant bearer share;
- the date on which the transferor ceased to be the holder of the relevant bearer shares, which shall be deemed to be the day on which the registered agent received notification of transfer.

The Amendment provides penalties for both an IBC that contravenes the provisions relating to the “notification of transfer” and a director who knowingly permits the contravention of the “notification of transfer” provisions of USD25.00 for each day or part thereof during which the contravention continues.

HOW WILL THIS IMPACT ON EXISTING IBCs

The Amendment relating to bearer shares will not affect an IBC that has a Memorandum and Articles of Association (“**M&A**”) that prohibits the issue of bearer shares.

In respect of an IBC that has an M&A that allows for registered or bearer shares:

- (a) if only registered shares are issued, the Amendment will have no effect on the IBC;
- (b) if bearer shares are issued, the Amendment will apply with immediate effect.

SUMMARY

All bearer shares issued by IBCs are now subject to the Amendment relating to bearer shares. The name and address of the holders of bearer shares must be entered in the IBC’s Share Register and the new transfer requirements apply.

Please note that Portcullis TrustNet will be directly contacting all clients with Seychelles IBCs registered through us that have issued bearer shares to further discuss the options available to them and any associated costs.

Please contact your Portcullis TrustNet representative for further discussion on the available options and the relevant documentation and fees involved.

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