

Campbells

**NOTICE OF CAYMAN ISLANDS LEGAL
REQUIREMENTS FOR BENEFICIAL
OWNERSHIP REGISTERS**

WHAT YOU NEED TO DO TO COMPLY

COMPRISING NOTICE, EXPLANATORY
NOTES AND FORMS

INDEX

- 1 **IMPORTANT NOTICE TO THE COMPANY AND THE DIRECTORS**
- 2 **FLOW CHART 1**
- 3 **EXPLANATORY NOTES**
 - Part 1 – Individuals who are [registrable persons](#)
 - Part 2 – Relevant Legal Entities that are [registrable persons](#)
- 4 **FORMS A-1, B-1, C-1 AND C-2 (AVAILABLE [HERE](#))**

The Forms are PDF documents that must be completed and saved using Acrobat Reader¹. Please see Flow Chart 1 to determine which Forms and which Confirmations need to be completed.

- [Form A-1](#) – Instructions, Form A-1 Self Certification Questionnaire Registrable Person – Individual(s)
- [Form B-1](#) – Instructions, B-1 Self Certification Questionnaire Registrable Person – Entity(ies)
- [Form C](#) – Instructions to Confirmations by the Company:-
 - [C-1](#) – Company Out of Scope
 - [C-2](#) – No Registrable Person

¹Get the free latest version of Adobe Reader from: <<http://www.adobe.com/go/reader>>

IMPORTANT NOTICE TO THE COMPANY, THE DIRECTORS AND THE SHAREHOLDERS

Under legislation passed in 2017 in the Cayman Islands² (the "UBO Law"), unless it is "out of scope", every Cayman Islands company (the "Company") is required to take reasonable steps to identify:

- any individuals who are [registrable persons](#); and
- any companies that are [registrable persons](#).

This information will be stored on the Company's beneficial ownership register. This is a private register, not publically available.

In 2018 the UBO Law was amended to require every Cayman Islands company that is "out of scope" to provide details of why it is out of scope. In 2020 the UBO Law was further amended to change the registrable person threshold to 25% or more (instead of more than 25%) and the subsidiary threshold to 75% or more (instead of more than 75%) as described below.

A copy of the beneficial ownership register or the out of scope details will be uploaded to a secure platform maintained by the Cayman Islands Registrar of Companies. The platform will only be searchable at the request of law enforcement authorities of countries who have entered into reciprocal arrangements with the Cayman Islands and Cayman Islands law enforcement or regulatory authorities. Currently, the only country to have entered into reciprocal arrangements is the United Kingdom.

Failure to comply with the UBO Law may constitute a criminal offence and may give rise to fines and restrictions on transfers of shares in the Company.

WHAT DOES THE COMPANY NEED TO DO?

If the Company only has one individual (i.e. a person, not a company) who is the sole shareholder, and no-one else has an interest in the Company (directly or indirectly), you can simply complete Form A-1 email this document to Regulation@campbellslegal.com. Nothing further is required in these circumstances.

If this is not the case, please follow the steps below.

Two Steps to UBO Law Compliance:

- Step 1 Read this Notice and the Explanatory Notes
- Step 2 Follow Flow Chart 1 (See p. 8)

² Companies Law (2020 Revision), Limited Liabilities Companies Law (2020) Revision, The Beneficial Ownership (Companies) Regulations (2019 Revision), and The Beneficial Ownership (Limited Liability Companies) Regulations (2019 Revision),

Submission by the Company

Completed forms and confirmations should be collated by the Company, which should then deliver the completed set of documents to Campbells by email to Regulation@campbellslegal.com.

Preparation of the Register

Campbells Corporate Services Limited (“CCSL”) will use the Company’s completed forms and confirmations to generate the Company’s beneficial ownership register (if required) in the format prescribed by the Cayman Islands Competent Authority (the “UBO Register”) and upload the data to a platform maintained by the Cayman Islands Competent Authority.

Using an encryption protocol mandated by the Cayman Islands Competent Authority, CCSL will encrypt the UBO Register and upload the UBO Register to the Cayman Islands Registrar of Companies CAP platform a secure platform maintained by the Cayman Islands Registrar of Companies.

If Beneficial Ownership Changes

If there are changes to the information contained in the Company’s UBO Register, the Company is required to advise its registered office (CCSL) of the change **within one (1) month** of the date of the change and the Company should supply revised Form(s) A-1, Form(s) B-1 and/or Form C-2 as applicable.

Campbells can provide specific legal advice on the Company’s compliance with the UBO Law.

Please email us at Regulation@campbellslegal.com if you require assistance.

EXPLANATORY NOTES

REGISTRABLE PERSONS - INDIVIDUALS

Unless a Cayman Islands company is “out of scope” (see below), an individual is a **registrable person** for the Company if he or she meets one of the following specified conditions (the “**specified conditions**”):

1. he or she holds, directly or indirectly, **25% or more** of the Company’s shares; or
2. he or she holds, directly or indirectly, **25% or more** of the Company’s voting rights; or
3. he or she has the right, directly or indirectly, to appoint or remove **a majority of** the Company’s board of directors; or
4. if no individual meets the above conditions, he or she has the absolute and unconditional legal right to exercise, or actually does exercise, **significant influence or control** over the Company through the ownership structure or interests described in 1, 2, or 3 (other than solely as a director, professional advisor or professional manager); or
5. if no individual meets the above conditions described in 1, 2, 3, or 4 and the Company’s shares are held by a trust or a partnership that does satisfy one of the above conditions, then he or she is a registrable person **if** he or she has the absolute and unconditional legal right to exercise, or actually does exercise, **significant influence or control** over the activities of that trust or partnership (other than solely as a director, professional advisor or professional manager).

Please refer to Part 1 of these Explanatory Notes for examples to assist in determining individuals who are registrable persons.

REGISTRABLE PERSONS - COMPANIES

A Cayman Islands company or a foreign company registered in the Cayman Islands (each a “**relevant legal entity**”) will be a “**registrable person**” if it:

1. directly (i.e. it does not do so through another entity) satisfies any of the specified conditions set out above at 1-5; and
2. is an entity through which an individual or another relevant legal entity (when applying this test, a relevant legal entity shall be treated as if it were an individual) indirectly owns an interest in the Company.

Please refer to Part 2 of these Guidelines for examples to assist in determining whether relevant legal entities are registrable persons.

INDIRECT SHAREHOLDINGS/OWNERSHIP

It is important to note, however, that in cases of indirect shareholdings or voting rights, an indirect shareholder will only be a registrable person if he or she has a majority stake in the entity(ies) which holds the shares or voting rights.

“**majority stake**” means:

- holding or controlling a majority of the voting rights; or
- having the right to appoint or remove a majority of the board of directors; or
- having the right to exercise, or actually exercising, dominant direct influence or control.

OVERRIDING CONTROL

If there is no individual who meets the specified conditions above, but there is an individual who has the right to, or actually does, exercise significant influence or control over the Company through the ownership structure or voting rights (other than solely as a director, professional advisor or professional manager) then such individual would be a registrable person.

OUT OF SCOPE

Certain Cayman Islands companies are “out of scope” and, hence, are not required to maintain a beneficial ownership register. Out of scope entities include any legal entity which:

- (i) is listed on the Cayman Islands Stock Exchange or an approved stock exchange¹; or
- (ii) is registered or holds a licence under Cayman Islands regulatory laws (as defined below). This includes registered mutual funds, registered person managers and advisers and other entities registered with or regulated by the Cayman Islands Monetary Authority (“CIMA”) but **does not** include a company registered as an “excluded person” under section 5(4) of the Securities Investment Business Law or a company registered under The Directors Registration and Licensing Law; or
- (iii) is managed, arranged, administered, operated or promoted by an Approved Person (defined below) as a special purpose vehicle, private equity fund, collective investment scheme or investment fund (including where the vehicle, fund or scheme is a Cayman Islands exempted limited partnership); or
- (iv) is regulated in a jurisdiction included in the list of countries and territories published by the Anti-Money Laundering Steering Group (<https://www.cima.ky/list-of-equivalent-jurisdictions>) which are deemed to have Anti-Money Laundering legislation equivalent to the Anti-Money Laundering legislation of the Cayman Islands (an “Approved Country”);
- (v) is a general partner of a vehicle, fund or scheme referred to in paragraph (iii) that is:
 - (i) registered or holds a licence under a regulatory law; or
 - (ii) managed, arranged, administered, operated or promoted by an Approved Person (defined below); or
- (vi) holds directly a legal or beneficial interest in the shares of a legal entity which holds a licence under the following Cayman Islands legislation: Banks and Trust Companies Law, the Companies Management Law, the Insurance Law, Part III of the Mutual Funds Law or the Securities Investment Business Law.

An “Approved Person” means a person or a subsidiary of a person that is:

- (a) regulated, registered or holds a licence in the Islands under a “regulatory law” as defined below (other than a company registered as a registered person under section 5(4) of the Securities Investment Business Law) or regulated in an Approved Country (<https://www.cima.ky/list-of-equivalent-jurisdictions>); or
- (b) listed on the Cayman Islands Stock Exchange or an approved stock exchange¹.

¹ Schedule 4 of the Companies Law (2020 Revision)

“Regulatory law” means any one of the following Cayman Islands laws:

- (a) Banks and Trust Companies Law (2020 Revision);
- (b) Building Societies Law (2020 Revision);
- (c) Companies Management Law (2018 Revision);
- (d) Cooperative Societies Law (2020 Revision);
- (e) Insurance Law, 2010 (Law 32 of 2010);
- (f) Money Services Law (2020 Revision);
- (g) Mutual Funds Law (2020 Revision); and
- (h) Securities Investment Business Law (2020 Revision).

(Note: The Directors Registration and Licensing Law, 2014 is not considered regulatory laws for these purposes.)

To be a “subsidiary” the parent must:

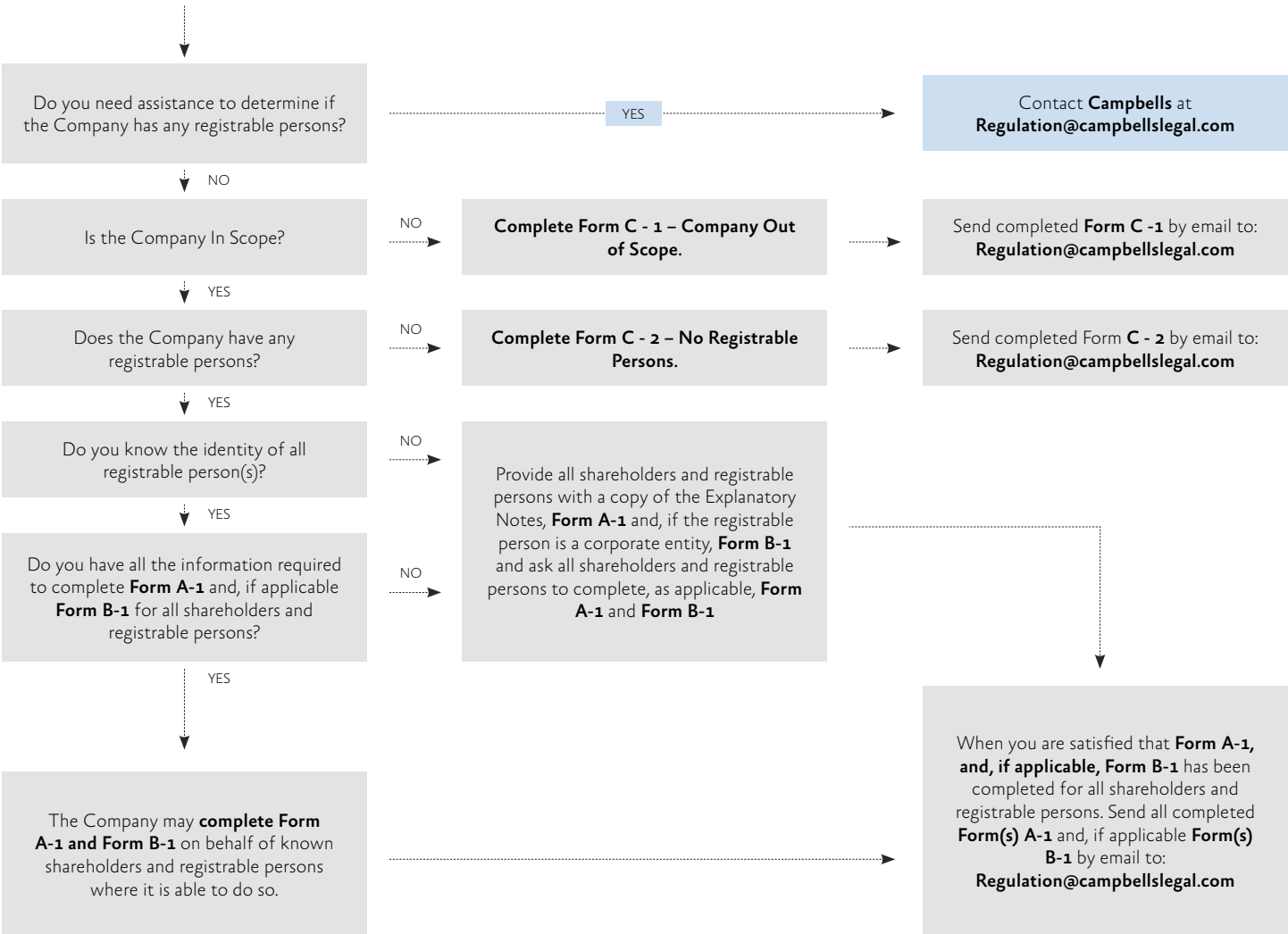
- (i) hold 75% or more of the shares or voting rights of the subsidiary (separately or collectively);
or
- (ii) have the right to appoint or remove a majority of directors or managers of the subsidiary (separately or collectively).

A subsidiary of an out of scope subsidiary (and any downstream subsidiary) is also “out of scope”. An entity that does not meet any of the criteria set out above is considered to be “in scope”.

JOINT INTERESTS AND ARRANGEMENTS

If shares or rights are held jointly by persons, or are the subject of a joint arrangement between persons, each person is treated as holding the combined shares or rights of all such persons.

Flow Chart 1
Read the Explanatory Notes and review the Forms A-1, B-1, C-1 and C-2



PART 1 INDIVIDUAL REGISTRABLE PERSON

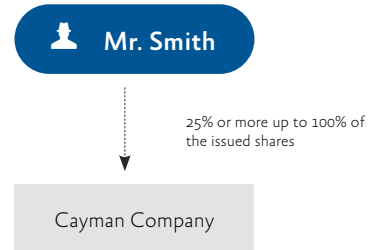
READ THIS TO DETERMINE HOW TO COMPLETE FORM A-1

Companies - Direct or Indirect Ownership

An individual may satisfy the criteria for beneficial ownership requirement either directly or indirectly.

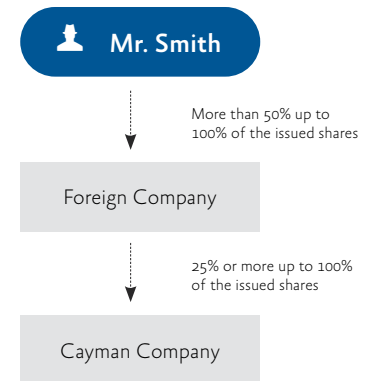
Direct Ownership

If the Cayman Company's shares are held as set out below, then Mr. Smith will be classed as a registrable person of the Cayman Company, because he holds 25% or more of the Cayman Company's shares directly. In this scenario Mr. Smith would complete Form A-1.



Indirect Ownership

If the Cayman Company's shares are held as set out below, then Mr. Smith will be a registrable person of the Cayman Company, because he holds more than 50% of the foreign company which, in turn, holds 25% or more of the Cayman Company's shares. In this scenario Mr. Smith would complete Form A-1.

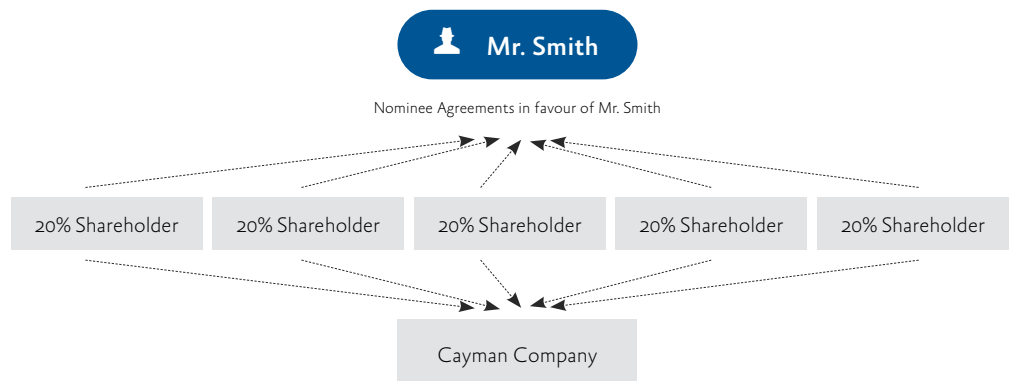


In this example, if Mr. Smith did not hold a majority stake in the foreign company (i.e. he held 50% or less), then Mr. Smith would not be a registrable person.

Overriding Control

If the Cayman Company's shares are held as set out below, then none of the shareholders will be a registrable person of the Cayman Company because none of them hold 25% or more of the Cayman Company.

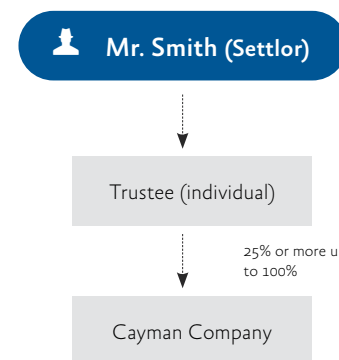
However, if the shareholders all hold their shares as nominee for Mr. Smith, Mr. Smith has the absolute and unconditional right to exercise significant influence or control over the Cayman Company which makes Mr. Smith a registrable person. In such case, Mr. Smith would complete Form A-1.



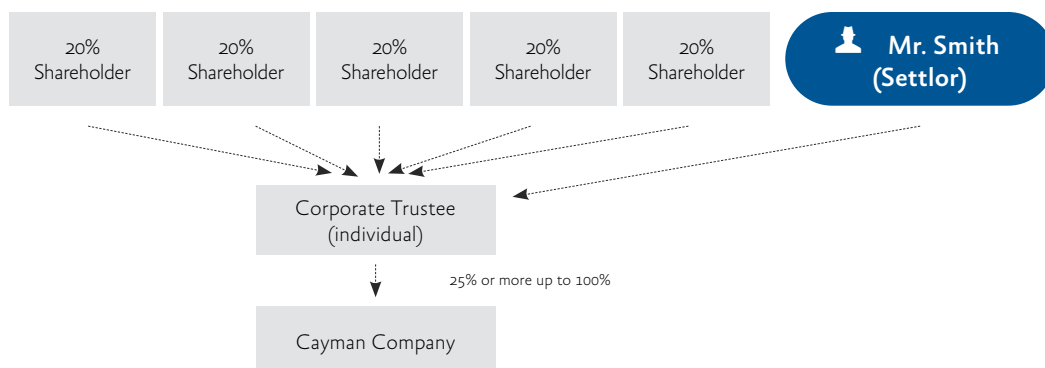
TRUSTS

(Note: this part is only relevant if shares of the Cayman Company are held by a trustee.)

If the shares of the Cayman Company are held by an individual trustee on the terms of a trust as set out below, then the trustee would be the registrable person. Mr. Smith is not a registrable person solely by virtue of being the settlor or a beneficiary.



If the shares of the Cayman Company are held by a corporate trustee on the terms of a trust, the shareholders of the corporate trustee may be the registrable persons, if they meet the specified conditions. In the below example there would be no registrable persons as the shareholders of the corporate trustee do not meet the specified conditions (since none of them hold more than 25% of the issued shares). Again, Mr. Smith is not a registrable person solely by virtue of being the settlor or a beneficiary.



However, if Mr. Smith has the absolute and unconditional right to exercise, or actually does exercise, significant influence or control over the trust/trustee (other than solely as a director, professional advisor or professional manager) this makes Mr. Smith a registrable person. In such case, Mr. Smith would complete Form A-1.

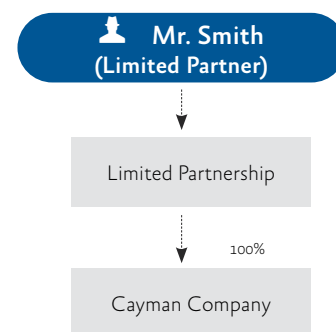
Note: a licensed corporate trustee and any subsidiary thereof may be “out of scope”. See the definition of “out of scope” above in this regard.

PARTNERSHIPS

(Note: this part is only relevant if shares of the Cayman Company are held by a limited partnership.)

Limited Partners

If the shares of the Cayman Company are held by a partnership in which Mr. Smith is a limited partner, Mr. Smith is not a registrable person solely by virtue of being a limited partner.

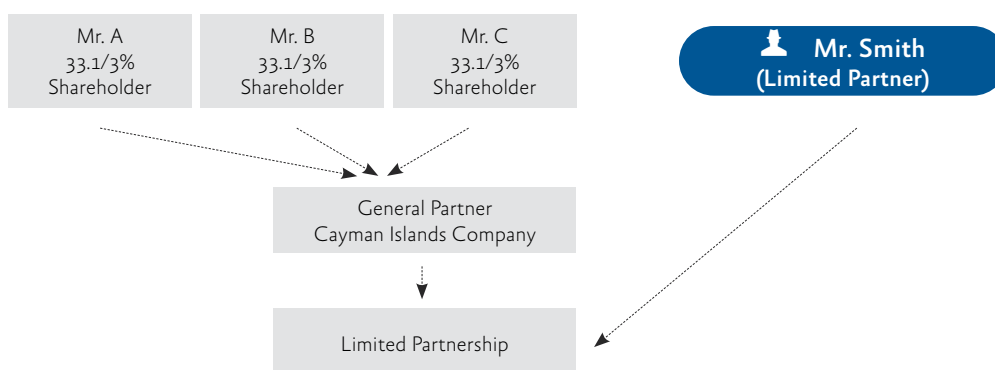


However, if Mr. Smith would be a registrable person if he has the absolute and unconditional legal right to exercise, or actually does exercise, significant influence or control over the partnership (other than solely as a director, professional advisor or professional manager). If so, Mr. Smith would complete Form A-1. A limited partnership participation would, however, not ordinarily give the limited partner significant influence or control over the partnership.

General Partners

If the general partner of a limited partnership is a Cayman Islands company, it will be subject to the same reporting requirements as any other Cayman Islands company.

In the below example, the shareholders of the general partner, Mr. A, Mr. B and Mr. C, would all be registrable persons. See the [section](#) above headed "Companies - Direct or Indirect Ownership" for further examples in this regard.



Note: If the limited partnership is managed, arranged, administered, operated or promoted by an Approved Person, the general partner will be out of scope.

**PART 2
RELEVANT
LEGAL ENTITY -
REGISTRABLE
PERSON**

READ THIS TO DETERMINE HOW TO COMPLETE FORM B-1

A relevant legal entity in relation to a Company is a legal entity that:

- (a) is incorporated, formed or registered (including by way of continuation or as a foreign company) under the laws of the Cayman Islands; and
- (b) would be a registrable person if it were an individual i.e.
 1. it holds **25% or more** of the Company's shares; or
 2. it holds **25% or more** of the Company's voting rights; or
 3. it has the right to appoint or remove **a majority of** the Company's board of directors; or
 4. if no individual meets the above conditions, it has the absolute and unconditional right to exercise, or actually does exercise, **significant influence or control** over the Company (other than solely as a director, professional advisor or professional manager); or
 5. if no individual meets the above conditions and the Company's shares are held by a trust or a partnership that satisfies one of the above conditions, it has the absolute and unconditional right to exercise, or actually does exercise, **significant influence or control** over the trust or partnership (other than solely as a director, professional advisor or professional manager).

However, a relevant legal entity is only a registrable person if it:

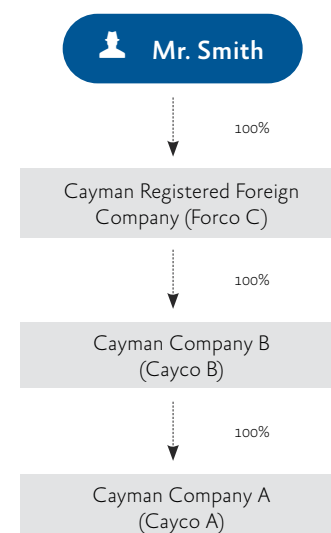
- (c) **directly** holds an interest in the Company or meets one or more of the specified conditions **directly** in respect of that Company; **and**
- (d) is an entity through which any individual registrable person or relevant legal entity (when applying this test, a relevant legal entity shall be treated as if it were an individual) **indirectly** owns an interest in the Company.

EXAMPLE 1:

In the diagram:

- Cayman Company A ("**Cayco A**") is wholly owned by Cayman Company B ("**Cayco B**").
- Cayco B is wholly owned by Foreign Company C which is registered in the Cayman Islands as a foreign company ("**Forco C**").
- Forco C is owned 100% by Mr. Smith.

Cayco B is a registrable person in respect of Cayco A and will need to be entered in Cayco A's beneficial ownership register. Forco C is not required to be entered on Cayco A's register as it does not directly hold shares in Cayco A. As Mr. Smith has a majority stake in Cayco B and Forco C, Mr. Smith is a registrable person in respect of Cayco A and will also need to be entered on the beneficial ownership register of Cayco A. In this scenario Mr. Smith would complete Form A-1 and Cayco B would complete Form B-1.



In relation to Cayco B, as it is also a Cayman Islands company and required to maintain its own beneficial ownership register, Forco C will be a registrable person in respect of Cayco B and entered in Cayco B's beneficial ownership register and Mr. Smith is also a registrable person in respect of Cayco B. In this scenario Mr. Smith would complete Form A-1 and Forco C would complete Form B-1.

Forco C is a foreign company and is not required to maintain a register of beneficial ownership in the Cayman Islands.

EXAMPLE 2:

In the above diagram, if Forco C was not registered as a foreign company in the Cayman Islands, it would not be a registrable Relevant Legal Entity, so Forco C would not be a registrable person in relation to Cayco B. In this scenario only Mr. Smith would be a registrable person in relation to Cayco B and he would complete Form A-1.

EXAMPLE 3

In the above diagram, if Forco C only held a 20% interest in Cayco B, then Forco C would not be a registrable Relevant Legal Entity and neither Forco C nor Mr. Smith would be a registrable person as regards Cayco B.

If the remaining 80% of the shares or voting rights of Cayco B were held by another Cayman Company, Cayco X, which in turn was held equally by two (2) or more different shareholders equally (so that no one person held more than 50% of the shares or voting rights of Cayco X), CayCo X would not be a registrable person in respect of Cayco B. This is because there is no individual registrable person who holds more than 50% of the shares or voting rights of Cayco X. However, if Cayco X, only had one shareholder, then it would be a registrable person and so would its sole shareholder in relation to Cayco B. In either case, the shareholders of Cayco X would be registrable persons in relation to Cayco X.

ENQUIRY/CONTACT US

If you have questions or concerns about the UBO Law, the Explanatory Notes or the Forms, please email us at Regulation@campbellslegal.com.

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