



**CAYMAN  
LAW  
GROUP LTD.**

***GUIDE TO FORMING AN  
EXEMPTED COMPANY  
IN THE CAYMAN ISLANDS***

*We have set out below some general information in relation to the formation of an Exempted Company in the Cayman Islands. This information should not be construed as giving legal advice and the general public and clients should obtain advice on specific areas of concern. It should also be read in conjunction with our Memorandum on Due Diligence Requirements.*

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## **EXEMPTED COMPANIES IN THE CAYMAN ISLANDS**

An exempted company is usually formed for the purpose of carrying on business mainly outside the Cayman Islands. An exempted company may also be incorporated with limited duration or as a segregated portfolio company all of which can either be limited by shares or by guarantee or unlimited.

The principal law governing the formation and operation of Cayman Islands exempted companies is the Companies Law (Revised) (“Law”).

### **DOCUMENTS TO BE FILED WITH THE CAYMAN ISLANDS REGISTRAR OF COMPANIES:**

1. Two duly executed copies of the Memorandum of Association and Articles of Association (if any) containing the requisite stamp duty accompanied by the prescribed filing fee.
2. A declaration signed by a subscriber to the effect that the operation of the proposed exempted company will be conducted mainly outside the Islands.

Kindly note that upon the filing of the memorandum of association a company shall be deemed to be registered, and the Registrar shall issue a certificate under his hand and seal of office that the company is incorporated with effect from the date of the registration of the memorandum of association and, in the case of a limited company, that the company is limited.

### **ONGOING REQUIREMENTS**

1. Every exempted company is bound from the day on which it commences business to have a registered office in the Cayman Islands to which all communications and notices may be addressed.

2. Every exempted company, whether limited by shares or by guarantee, shall paint or affix, and shall keep painted or affixed, its name on the outside of every office or place in which the business of the company is carried on, or in any corridor, passage or hallway adjacent or proximate thereto, in a conspicuous position, in letters easily legible, and shall have its name in legible characters on any seal it uses, and shall have its name set out in legible characters in all notices, advertisements and other official publications of such company, and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of such company, and in all bills of parcels, invoices, receipts and letters of credit of the company and its name may be followed with or preceded by, at the discretion of the company, its dual foreign name or its translated name, if any, or both.
3. An exempted company must file an annual return form accompanied by the requisite filing fee every 31 January immediately following the year of incorporation.
4. Every exempted company shall keep at its registered office a register list of directors, containing the names and addresses of its directors, including alternate directors, and officers, and shall –
  - (a) send a copy of such register to the Registrar within sixty days of the registration of the company; and
  - (b) notify the Registrar of any change that takes place in such directors or officers including a change of the name of such directors or officers, within sixty days of any such change.
5. Every exempted company is to maintain a Register of Members and to enter therein the names and addresses of the members of the company to be located at any place within or outside the Cayman Islands.

Kindly note that an exempted company incorporated in Cayman Islands must have at least one shareholder of record and at least one director always pursuant to its articles of association.
6. Every exempted company limited by shares shall keep at its registered office in writing on one or more sheets, whether bound or unbound, a register of all mortgages and charges specifically affecting property of the company, and shall enter in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created and the names of the mortgagees or persons entitled to such charge open to inspection by any creditor or member of the company at all reasonable time.
7. Every exempted company must keep proper books of account pursuant to the Law.

### **Advantages of a Cayman Islands Exempted Company**

1. There are no taxes levied on exempted companies.
2. The name of a limited exempted company does not have to be incorporated with the name “limited” or abbreviation “Ltd”. Please note however that the name of a segregated portfolio company must contain the words “segregated portfolio company” or the abbreviation “SPC” and also that the name of a limited duration company must contain the word “limited duration company” or the abbreviation “LDC”.
3. The name may be preceded by or followed with a dual foreign name.
4. There is no statutory requirement to file a register of members with the registrar of companies.
5. There is no statutory requirement for audited accounts.
6. There is no statutory requirement for a resident board member.
7. There is no statutory requirement to hold an annual general meeting.