



**CAYMAN  
LAW  
GROUP LTD.**

***GUIDE TO FORMING AN  
ORDINARY RESIDENT COMPANY  
IN THE CAYMAN ISLANDS***

*We have set out below some general information in relation to the formation of an Ordinary Resident 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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## **ORDINARY RESIDENT COMPANIES IN THE CAYMAN ISLANDS**

An Ordinary Resident Company is usually formed for the purpose of carrying on business within the Cayman Islands. It can either be limited by shares or by guarantee or unlimited.

The principal laws governing the formation and operation of Cayman Islands ordinary companies are the Companies Law (Revised) and the Local Companies (Control) Law (as revised) (the “LCCL”).

### **FORMATION OF LOCAL COMPANIES**

#### **Requirements:**

The name of the company must end in Ltd or Limited; and

Most local companies are permitted to do business in the Islands as they are majority owned and controlled by Caymanians i.e. at least 60% of the total voting rights in the company are exercisable by Caymanians, at least 60% of the shares are beneficially owned by Caymanians and at least 60% of the board of directors are Caymanians (“Majority Caymanian Participation”).

Majority Caymanian Participation must be valid for all purposes to avoid serious penalties.

Please note however that:

An ordinary company with Foreign Control may carry on business in the Islands if:

- (a) it is licensed under the LCCL and under the Trade and Business Licensing Law (the “TBLL”); or
- (b) it is licensed under the Banks and Trust Companies Law; or
- (c) it is a company operating under a franchise granted by the Government.

## **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.

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 ordinary 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 active ordinary company must have a minimum of one director and secretary.
3. Every local 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.
4. In addition to filing an annual return and paying the requisite filing fee an ordinary company is also required to submit a return of shareholdings annually.
5. An application for an allotment, transfer of shares or changes to the board of directors must at all times maintain Majority Caymanian Participation.
6. An ordinary resident company incorporated in Cayman Islands must have at least one shareholder of record and at least one director.

7. Every ordinary resident 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.
8. An annual general meeting must be held each calendar year.
9. The Register of Members (“Register”) is to be maintained at the registered office and to enter therein the names and addresses of the members of the company. The Register is open to inspection by any member free of charge and by any other person upon payment of a fee of no more than ten dollars.
10. Every limited ordinary company 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.

For more information on the Trade and Business Licence requirements as well as the Local Companies (Control) please contact our legal department by email on [info@caymanlaw.com](mailto:info@caymanlaw.com).