The purpose of this Memorandum is to provide an introductory summary of the types of company available in the Cayman Islands and the formalities associated with their incorporation and maintenance. It should not be regarded as legal advice, which should always be obtained prior to incorporating any type of company.

We would draw your attention to our Memorandum on Due Diligence Requirements. It is essential that these requirements are met before we can proceed with any incorporation.

**TYPES OF COMPANY**

Companies may be registered in the Cayman Islands as exempted, ordinary (subdivided into resident and non-resident) and foreign. As this Memorandum is intended to assist clients proposing to incorporate a Cayman Islands company, it does not address the registration of a foreign company in the Cayman Islands however we will provide information on these on request.

**1. Exempted Companies**

The Exempted company is the most common type of Cayman company used for offshore activities. The key feature of an Exempted company is that its business is to be carried on outside of the Islands. It may not trade in the Islands with any person, firm or corporation except in furtherance of its business carried on outside of the Islands and, for this purpose, it may effect and conclude contracts in the Islands and exercise in the Islands all of its powers necessary for carrying on its business outside of the Islands. It is a highly flexible vehicle and is widely used in structuring international transactions and holding offshore assets. Common uses of an exempted company include:

- Operating as an Investment fund
- Acting as the General Partner of an exempted limited partnership
- Providing the offshore vehicle in a securitisation or other structured finance transaction
- Special purpose vehicle in asset backed financing transactions
- Enabling an international joint venture
- Operating as a captive insurance company
- Providing the holding company for international groups

**Characteristics of Exempted Companies**

An Exempted company is not subject to certain provisions of The Companies Law and hence there are certain features of an exempted company which distinguish it from an ordinary company including the following:
a) an Exempted company can obtain an undertaking from the Governor-in-Council safeguarding it against the imposition of any future taxation in the Cayman Islands for a period of twenty years.

b) an Exempted company may keep its Register of Members (shareholders) outside of the Cayman Islands and the register is not open to public inspection.

c) an exempted company is not required to file an annual return of shareholders with the Registrar although the directors must file an annual declaration that the company has complied with certain provisions of the Companies Law.

d) The company is not required to hold an annual general meeting of shareholders.

e) an exempted company may but is not required to use "Limited" or "Ltd." in its name and the words or letters used in other countries to designate limited liability may be used.

f) an exempted company may register by way of continuation in another jurisdiction thereby changing its place of domicile.

g) it may not own land in the Islands without the consent of the Financial Secretary.

h) an exempted company may be incorporated as or be converted into an exempted segregated portfolio company or an exempted limited duration company. Further information on these types of company is available on request.

i) an exempted company may issue no par value, negotiable or (subject to certain restrictions) bearer shares.

j) an exempted company that is not listed on the Cayman Islands Stock Exchange is prohibited from making any invitation to the public of the Cayman Islands to subscribe for any of its shares or other securities.

2. Non-Resident Companies

A Non-Resident company is an ordinary company which does not, and does not intend to, carry on business within the Cayman Islands and in respect of which the Financial Secretary of the Cayman Islands, has designated it as "non-resident". The certificate of designation is evidence that the company is exempt from the licensing obligations under the Local Companies Control Law normally applicable to ordinary companies conducting business in the Cayman Islands.

3. Ordinary Companies

An Ordinary Company is any Cayman Company which is not an Exempted or Non-Resident Company. It is the appropriate corporate vehicle for carrying on business in the Cayman Islands. Unless the Ordinary Company is licensed under certain Cayman Islands laws it must be at least 60% Caymanian owned and controlled and licensed under the Local Companies (Control) Law. Further details of Ordinary resident companies are available on request.
INCORPORATION OF A CAYMAN ISLAND COMPANY

Forms of Company

A company may be limited or unlimited and a limited company may be limited by shares or by guarantee. The most common form of company in the Cayman Islands is a company limited by shares and this is the only type of company covered by this Memorandum.

The Company Name

Except in the case of an Exempted company, the name of every company formed with limited liability must end in the word “Limited” or the abbreviation “Ltd.”. Certain sensitive words may not be used at all or without the Registrar’s consent and other words, such as “Bank”, “trust”, “Insurance” etc. may not be used unless the company obtains a special licence. The Registrar will not register the name of a company that is nearly identical to an existing company or, which resembles an existing company name to the extent that it is calculated to deceive. A proposed name of a company can be reserved for certain periods on payment of a fee.

The Registered Office

Every Cayman Islands company must have a registered office in the Islands. The address should include the physical address as well as the post office box number. This is the only information provided to the public by the Registrar on request.

Share Capital

A company may have an authorised share capital in any amount or currency, although different fees are payable depending on the amount of the authorised share capital. The share capital may be divided into any number of shares and divided into different classes of shares. A company need not issue more that one share.

Objects and Powers

The objects and powers of a company may be listed in full and if they are so listed, the objects may be limited to those specified. However, if no objects are listed or the business of the company is not limited to the furtherance of those objects specified, a company will have full power and authority to carry out any object not prohibited by law.

Directors and Officers

A company need only have one director, unless there is a greater requirement imposed by a special licence. A company usually has a secretary and, where Athena provides the registered office of a company, Athena must either be the secretary or assistant secretary. Other officers may be appointed by the directors.