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MEMORANDUM ON COMPANY FORMATION

INTERNATIONAL BUSINESS COMPANIES ACT, 2000

We are able to act on behalf of clients in the incorporation of a company (an "IBC") under the International Business Companies Act, 2000. If we are provided with the information and fees detailed below, the incorporation of a company customarily takes 48 hours. Should you require, we can incorporate on an expedited basis, subject to payment of an expedited incorporation fee outlined below.

1. INFORMATION REQUIRED TO INCORPORATE

- 1.1 The proposed name. As sometimes a similar name may be registered, provide 3 or more of your choices in order of preference. The name must include as its final word one of the abbreviations "Ltd.", "LLC", "Corp.", "Inc.", "GmbH" or "S.A." or their respective full terms to indicate limited liability. Advise us of your preference.
- 1.2 An IBC may engage in any lawful activity, provided a statement to such effect is contained in the Memorandum. Confirm to us your wish to include such a statement.

We require details of the proposed activities of the Company and specific confirmation whether the Company will be engaged in the business of (a) banking, (b) insurance, (c) fund management, (d) financing and leasing, (e) headquartering, (f) distribution and service centres, (g) shipping, (h) commercial use of intellectual property or (i) as a holding company engaged or where one or more of its subsidiaries is engaged in an activity listed in (a) – (h) (each a "**Relevant Activity**" and together the "**Relevant Activities**").

All Bahamian incorporated companies must comply with the substance requirements prescribed by the *Commercial Entities (Substance Requirements) Act, 2018* (the "**Substance Act**"). If the Company will be wholly or partially owned by non-residents of The Bahamas and will be carrying on a Relevant Activity, its core income generating activities and management and control must be conducted from within The Bahamas; specifically, (i) an adequate number of meetings of the Board of Directors must be held in The Bahamas, (ii) a quorum of the Board of Directors must be physically present in The Bahamas during the meetings referred to in item (i), (iii) strategic decisions made at such Board meetings must be recorded in the minutes of those minutes, (iv) all records and minutes must be kept in The Bahamas and (v) the Board of Directors as a whole must have the necessary knowledge and expertise to discharge its functions.

Core income generating activities presuppose adequate (i) amounts of annual operating expenditure, (ii) levels of qualified full time employees, (iii) physical offices and (iv) levels of board management and control, in The Bahamas. These requirements would not apply if the Company (i) (a) will be 100% beneficially owned by natural persons who are ordinarily resident and domiciled in The Bahamas or have been issued a certificate of annual or permanent residence and who physically reside in The Bahamas for a cumulative period of at least 3 months in every calendar year and (b) will conduct its core income generating activities within The Bahamas or (ii) is centrally managed and controlled outside of The Bahamas and is tax resident in a jurisdiction other than The Bahamas.

If the Company will be a pure equity holding company¹ whose sole purpose will be to hold the shares of any other entity that engages in a Relevant Activity, the Company must have adequate resources and adequate premises in The Bahamas for holding and managing equity participation in other entities.

- 1.3 Advise in what currency the **capital** is to be expressed, the amount of capital, and the way in which the capital is to be divided and whether the shares in the capital are to have a par value or not.
- 1.4 Advise us as to how many **shares** are to be issued, to whom and provide the full address(es) of the proposed shareholder(s). A minimum of one (1) shareholder is required. We are required to maintain a record of the beneficial owners of the shares and a Register of Shareholders. There is no public record of who are the shareholders or beneficial owners. However, see section 5 below (Compliance Obligations and Register of Beneficial Ownership).
- 1.5 An IBC must have a registered office and a registered agent in The Bahamas. We can supply these services. Registers of Shareholders and Directors and Officers are kept at the Registered Office. We shall require that the Company's records be kept at the registered office (including all minutes) so that we are best able to assist the Company from time to time on structural aspects. **The Register of Directors and Officers must be filed at the Companies Registry.**
- 1.6 The Company must have at least one (1) **director** and, we recommend, in addition at least one officer - a Secretary. Subject to compliance with the substance requirements outlined above, directors and officers do not have to be resident in The Bahamas, may be of any nationality and these positions may be filled by companies. Advise us of your proposed directors with their occupations and addresses. It is not our usual practice to provide directors. We are agreeable to providing a secretary or assistant secretary.
- 1.7 **Further information.** Any further details regarding the proposed corporate structure of the Company which is felt would be of benefit to this office should be supplied. We may also require additional information in order to comply with Bahamian legal and regulatory requirements.

¹ i.e., will only hold equity participations and earn dividends and capital gains or income.

2. **COST OF INCORPORATION.** Our minimum incorporation fee is \$1,400.00. There are filing fees based on authorized capital as follows:

A capital of \$50,000 and under	\$	400.00
A capital of over \$50,000	\$	1,200.00

In addition there are out of pocket expenses for the Company such as the name reservation fee of \$25.00 and fees for the corporate seal, share certificates and for certifying a copy of the Memorandum and Articles of Association.

3. **ANNUAL MAINTENANCE EXPENSES.** The minimum maintenance expenses in connection with each calendar year amount to the following:

1. the annual fee payable to the Registrar General of The Bahamas on 1st January of each year is based on the authorized capital. Where the authorized capital is \$50,000 and under, the annual registration fee is \$350. Where the authorized capital is \$50,001 and over, the annual registration fee is \$1,000.
2. Our fee for providing the registered office, the registered agent and maintaining the Company's statutory records are \$575.00 per year, payable in advance of the year.

Note: It is our experience that most clients require a straight-forward company having the following features, which you may consider in giving us your instructions:

Capital: US\$50,000.00 divided into 50,000 shares of US\$1.00 par value each.

Shares: In registered form with 1 or more issued to the principal.

Directors: The principal is a director and his nominee serves as additional director and one of whom also serves as secretary.

Officers: Secretary

4. **ANNUAL GOVERNMENT BUSINESS LICENCE FEE**

If the Company will be carrying on business in The Bahamas, it will require a business license in accordance with the provisions of the *Business Licence Act, 2010*. Details of the fees charged will be supplied upon request. If the Company will be carrying on business with “residents” of The Bahamas for Exchange Control purposes, its annual business license fee will depend on the turnover. If the Company will be carrying on business with “non-residents” of The Bahamas for Exchange Control purposes, the annual business license fee is currently \$300.00.

5. **EXCHANGE CONTROL**

The Company must obtain a “resident” designation from the Exchange Control Department of the Central Bank of The Bahamas if the Company will conduct business within The Bahamas, own real estate in The Bahamas or will have an authorised capital designated in a currency other than Bahamian Dollars with any Bahamian resident shareholders.

6. **RETAINER**

We require a retainer of **B\$3,143.00 (US\$3,158.79).**

The retainer is intended to meet the incorporation fee and expected disbursements together aggregating \$2,068.00, as well as \$575.00 on account of the first year’s registered office/agent fees and a retainer of \$500 for future services. After incorporation, a statement will be provided showing funds (if any) held on account.

PLEASE NOTE: The incorporation of a company customarily takes 2 working days. In cases of urgency we will make every effort to accommodate our clients; however there is an additional fee of \$500.00 per incorporation within 2 hours and \$50.00 for all other services.

To expedite formation we recommend you send the retainer by way of bank wire transfer to our bankers addressed as follows:

**Chas US 33
JP Morgan Chase Bank, New York
ABA No. 021-0000-21
Roy CBSNS
Account No. 001-1-188448
For Further Credit to: Royal Bank of Canada, Nassau, Bahamas
Transit No. 05625
Account No. 409-367-0
Account Name: H & J Corporate Services Ltd.
Ref: Client/Matter and Invoice No**

7. **COMPLIANCE OBLIGATIONS AND REGISTER OF BENEFICIAL OWNERSHIP**

We are required by our regulatory authorities to be supplied with certain information and documentation in respect of the owner(s) and ultimate beneficial owners. All material will be kept in confidence unless disclosure is required under our laws. Attached is our client profile form. Please complete it and return it to us together with the documents required. Each beneficial owner of the Company will have to complete one form. Where the Company will form a part of a group, we require a certified copy of the group structure chart and a client profile form is required in respect of each person or entity in the ownership structure all the way up to the individual beneficial owners.

Each director and officer of the Company will have to provide us with a notarized copy of a government issued identification and evidence of his or her street address (eg. a utility bill).

PLEASE NOTE: We will be unable to commence the incorporation process until our compliance requirements have been fully satisfied.

We are required by the *Register of Beneficial Ownership Act, 2018* (the “**RBOA**”) to enter information regarding the beneficial ownership of the Company into a database. All information maintained on the database is confidential and is only accessible by (i) a person within the Office of the Attorney General designated by the Attorney General in writing, through a secured search system maintained by the Attorney General in his capacity as the Competent Authority and (ii) H & J Corporate Services Ltd. as Registered Agent.

You are required to notify us within 15 days of identifying any person as a beneficial owner or registrable legal entity of the Company. Failure to do so is an offence under the RBOA. For this purpose, a beneficial owner is a natural person who ultimately owns or controls the Company and includes, but is not restricted to: (a) where the Company is not listed on a securities exchange, a natural person who ultimately owns or controls, whether directly or indirectly, 10% or more of the shares or voting rights of the Company, (b) a natural person who otherwise exercises control over the management of the Company other than solely in the capacity of a director, advisor or professional manager, (c) if the Company goes into liquidation, administration or receivership proceedings, the natural person or entity who is appointed as a liquidator, administrator or receiver of the legal entity, (d) in the case of a receiver being appointed over 25% or more of the shares or voting rights in the Company, the creditor who appoints the receiver or (e) in the case of a shareholder in the Company who would otherwise be a beneficial owner but is deceased, the natural person acting as an executor or a personal representative of the deceased's estate.

A registrable legal entity is a legal person, its affiliates or wholly owned subsidiaries which (a) would be a beneficial owner of the legal entity if it were a natural person and (b) which is either (i) a legal entity which is an exempt person², (ii) a legal entity the securities of which are listed on a regulated securities exchange, (iii) a licensee or a foreign regulated person or (iv) a foreign state or a wholly owned subsidiary of a foreign state.

9. **FILINGS**

The Company is required to make certain filings with the Companies Registry and the Minister of Finance as Competent Authority respectively, in order to

² An exempt person is a person who meets one or more of the following conditions: (a) the securities of a legal entity which are listed on a regulated securities exchange, (b) a licensee or registrant under (i) the Banks and Trust Companies Regulations Act (Ch. 316), (ii) the Investment Funds Act (Ch. 369A); (iii) the Securities Industry Act (No.10 of 2011); (iv) the Insurance Act (Ch. 347); (v) the External Insurance Act (Ch. 348); and (vii) the Financial and Corporate Services Providers Act (Ch. 363) and also includes its affiliates and wholly owned subsidiaries, (c) a legal entity which is a wholly owned subsidiary of a legal entity that falls within paragraph (b) above or (d) any other legal entity that the Minister of Legal Affairs may exempt by regulations.

comply with the provisions of the *Companies Act, 1992* and the Substance Act. These include (i) a copy of the Company's Register of Officers and Directors, and all amendments thereto, which must be filed with the Companies Registry, (ii) a declaration executed by the Company stating that it is maintaining reliable accounting records and that those records shall be made available to H & J Corporate Services Ltd. as its Registered Agent, which must be provided to us upon incorporation and filed with the Companies Registry within 90 days of incorporation and (iii) a form regarding the Company's compliance with the requirements of the Substance Act, signed by a Director of the Company, which must be filed with the Minister of Finance as Competent Authority within 9 months of the Company's financial year end. We will prepare the Accounting Declaration and Register of Officers and Directors as a part of our Registered Office services. The reporting portal under the Substance Act has not yet been established. We will notify you when it is operational.

INTERNATIONAL BUSINESS
COMPANY
Instruction Form

I, the undersigned client, hereby instruct H & J Corporate Services Ltd. to incorporate an international business company in accordance with the information set out herein, declare that such information is correct and true and agree to immediately notify H & J Corporate Services Ltd. in writing of any change in the information set out herein:

GENERAL INFORMATION:

DATE: _____ LAWYER: _____ REFERRED BY: _____

NAME OF CLIENT: _____

ADDRESS: _____

OCCUPATION: _____ E-MAIL: _____

TEL. NO: _____ FAX NO.: _____

PROPOSED NAMES: (1) _____

(2) _____

(3) _____

REGISTERED OFFICE/AGENT: ☐ H & J Corporate Services Ltd. _____

BUSINESS ACTIVITIES:

PRINCIPAL PLACE OF BUSINESS: _____

PROPOSED FINANCIAL YEAR END: _____

INTENDED ACTIVITY OF THE COMPANY: _____

WILL ANY SUBSIDIARIES OF THE COMPANY ENGAGE IN ANY OF THE FOLLOWING ACTIVITIES?:

Banking Business ☐ Yes ☐ No Insurance Business ☐ Yes ☐ No

Fund Management Business ☐ Yes ☐ No Shipping Business ☐ Yes ☐ No

Financing and Leasing ☐ Yes ☐ No Headquarters Business ☐ Yes ☐ No

Distribution and Service

Centre Business ☐ Yes ☐ No Commercial use of intellectual property ☐ Yes ☐ No

If the answer to any of these questions is yes, a consultation with an Attorney at Higgs & Johnson will be required to discuss the substance requirements prescribed by law.

AUTHORIZED CAPITAL:

SHARE CAPITAL: _____

CURRENCY: _____

PAR VALUE OF SHARES: _____

OWNERSHIP STRUCTURE:

SHARES: ☐ REGISTERED IS A NOMINEE SHAREHOLDER REQUIRED: ☐ Yes ☐ No

NAME(S) OF SHAREHOLDERS: ADDRESS: AMOUNT OF SHARES
TO BE ISSUED:

NAME(S) OF PERSONS OWNING OR CONTROLLING (DIRECTLY OR INDIRECTLY) 10% OR MORE OF THE VOTING RIGHTS OF THE COMPANY:

NAME(S) ADDRESS:

DESCRIPTION OF THE PROPOSED OWNERSHIP STRUCTURE OF THE COMPANY ALL THE WAY UP TO THE INDIVIDUAL ULTIMATE BENEFICIAL OWNERS (Please attach ownership chart, if applicable):

ARE ANY OF THE ENTITIES IN THE PROPOSED OWNERSHIP STRUCTURE OF THE COMPANY:

1. Listed on a regulated securities exchange³ ☐ Yes ☐ No

(If yes, please provide details):

2. A licensee or registrant under the Banks and Trust Companies Regulations Act, the Investment Funds Act, 2003, the Securities Industry Act, 2011, the Insurance Act, 2009, the External Insurance Act, 2009 or the Financial and Corporate Services Providers Act, 2001 or a wholly owned subsidiary or affiliate of a licensee or registrant? ☐ Yes ☐ No

(If yes, please provide details):

³ A regulated securities exchange is the Bahamas International Securities Exchange or any other securities exchange in a country that is a member in good standing with the International Organization of Securities Commissions.

3. A foreign regulated person⁴

☐ Yes ☐ No

If yes, please provide details and documentary evidence of status): _____

4. A foreign state or a wholly owned subsidiary of a foreign state.

☐ Yes ☐ No

(If yes, please provide details): _____

⁴ A foreign regulated person is a person (a) that is incorporated, registered, licensed or formed, or if it is not a body corporate, has its principal place of business in a jurisdiction outside The Bahamas, (b) that carries on business outside The Bahamas that, if carried on within The Bahamas, would be a financial institution or a designated non-financial business or profession for the purposes of any laws governing reporting of financial transactions and (c) in respect of a business referred to in (b) above, (i) is subject to legal requirements in its jurisdiction for the detection and prevention of money laundering that are consistent with the requirements of the Caribbean Action Task Force Recommendations or Financial Actions Task Force Recommendations in relation to that business and (ii) is properly and adequately supervised for compliance with those legal requirements by a foreign regulatory authority. For this purpose, a “**financial institution**” includes (a) a bank or trust company licensed under the Banks and Trust Companies Regulation Act; (b) a company carrying on (i) long term insurance business, as defined in section 2 of the Insurance Act; (ii) insurance business as defined in section 2 of the External Insurance Act; or (iii) such other insurance business as the Minister of Finance may designate by notice published in the Gazette; (c) a co-operative credit union registered under The Bahamas Co-operative Credit Unions Act; (d) the holder of a gaming licence, proxy gaming licence, mobile gaming licence, restricted interactive gaming licence and gaming house operator licence under the Gaming Act; (e) a broker-dealer within the meaning of section 2 of the Securities Industry Act, 2011; (f) a trustee, administration manager or investment manager of a superannuation scheme; (g) an investment fund administrator of an investment fund within the meaning of the Investment Funds Act, 2003; (h) a person whose business or a principal part of whose business consists of (i) borrowing or lending or investing money; (ii) administering or managing funds on behalf of other persons; (iii) acting as trustee in respect of funds of other persons; (iv) dealing in life insurance, and insurance business, which is investment related; (v) providing financial services that involve the transfer or exchange of cash, including (without limitation) services relating to financial leasing, money transmissions, credit cards, debit cards, treasury certificates, bankers draft and other means of payment, financial guarantees, trading for account of others (in money market instruments, foreign exchange, interest and index instruments, transferable securities and futures), participation in securities issues, portfolio management, safekeeping of cash and liquid securities, investment related insurance and money changing; but not including the provision of financial services that consist solely of the provision of financial advice; (i) a financial and corporate service provider licensed under the Financial and Corporate Service Providers Act, 2001; (j) a designated non-financial business and profession (defined below); (k) a non-bank entity licensed and regulated by the Central Bank under the Payment Systems Act, 2012; and (l) any other category of institutions that the Minister of Finance may by order designate. A “**designated non-financial business and profession**” includes the business or profession of (a) real estate agents and brokers, when they are involved as real estate broker in financial transactions for their client concerning the buying or selling of real estate, and with respect to both the vendors and purchasers; (b) land developer engaging in the sale or partition or condominiumizing of any part, parcel, lot or condominium unit of any larger tract or lot of land or any development of land involving the building of units sharing walls, common areas and utilities; (c) a person whose business or any part of whose business consists of (i) buying for the purpose of trade, sale, exchange, or otherwise dealing in any previously owned precious metals or precious stones, whether altering the same after acquisition or not; or (ii) lending of cash on the security of previously owned precious metals or precious stones of which the person takes possession, but not ownership, in expectation of profit, gain or reward; (d) a pay day advance provider, hire purchase lender or any lender whose loans are secured by salary deductions; (e) a counsel and attorney or accountant when they engage in, or carry out transactions for a client concerning (i) the buying or selling of real estate; (ii) a deposit or investment of cash; (iii) the management of client funds or securities; (iv) the management of bank, savings or securities accounts; (v) the organisation of contributions for the creation, operation or management of a legal person; (vi) the creation, incorporation, operation or management of a legal person or legal arrangement, and buying and selling of a business entity; (vii) the provision of a registered office or acting as a registered agent; or (viii) the acting as or arranging for another person to act as, a nominee shareholder for another person; (f) an accountant, but only to the extent that the accountant receives cash in the course of that person’s business for the purposes of deposit or investment otherwise than as part of services rendered pursuant to a financial and corporate service provider’s license; and (g) a trust and company services providers not otherwise covered by the this definition which, as a business, prepare for and carry out or otherwise provide the following services or transactions to third parties (i) acting as a formation, registration or management agent of legal persons; (ii) acting as, or arranging for another person to act as, a director or secretary of a company or a partner of a partnership, or to hold a similar position in relation to other legal persons; (iii) providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or legal arrangement; (iv) acting as, or arranging for another person to act as, a trustee of an express trust or performing the equivalent function for another, similar for of legal arrangement; (v) acting as, or arranging for another person to act as, a nominee shareholder for another person; (h) the Savings Bank as constituted under the Savings Bank Act; (i) a friendly society enrolled under the Friendly Societies Act; (j) the Bahamas Mortgage Corporation established under The Bahamas Mortgage Corporation Act; (k) the Bahamas Development Bank established under the Bahamas Development Bank Act; and (l) such other businesses and professions as the Minister of Finance may designate by Order.

MANAGEMENT STRUCTURE:

NAME(S) OF DIRECTORS: ADDRESS: OCCUPATION:

NAME(S) OF OFFICER(S): ADDRESS: OCCUPATION: OFFICE:

NAME(S) OF AUTHORIZED SIGNATORIES/REPRESENTATIVES OF THE COMPANY:

NAME(S) ADDRESS: TITLE:

NAME(S) OF PERSONS (OTHER THAN THOSE NAMED ABOVE) WHO WILL HAVE PRINCIPAL CONTROL OVER THE COMPANY'S ASSETS OR WILL EXERCISE CONTROL OVER THE MANAGEMENT OF THE COMPANY:

NAME(S) ADDRESS: NATURE OF RELATIONSHIP

POLITICALLY EXPOSED PERSONS:

ARE ANY OF THE PROPOSED SHAREHOLDERS, BENEFICIAL OWNERS (DIRECT OR INDIRECT) OF 10% OR MORE IN THE COMPANY, DIRECTORS, OFFICERS, AUTHORIZED SIGNATORIES, PERSONS HAVING PRINCIPAL CONTROL OVER THE ASSETS OF THE COMPANY OR PERSONS WHO WILL EXERCISE CONTROL OVER THE MANAGEMENT OF THE COMPANY, A POLITICALLY EXPOSED PERSON?⁵

☐ Yes ☐ No

If yes, please provide the following details:

NAME(S) TITLE:

⁵ A politically exposed person (1) is an individual who holds or has held within the last 12 months, (a) a position in the executive, legislative, administrative, military or judicial branches of government, whether elected or not, including the position of (i) head of state or head of government, (ii) senior official, (iii) senior official in a major political party and (iv) senior executive in a major statutory or government owned corporation or (b) a senior position at an international organization or branch thereof, (2) includes any parent, sibling, spouse, or child or other family member or close associate of an individual referred to in paragraph (1) above and (3) any corporation, business or other entity formed by or for the benefit of any person referred to in paragraph (1)(a)(i) above.

CLIENT SIGNATURE:

Name:
Title:
Date:

FOR OFFICIAL USE ONLY

Accepted and agreed on behalf of
H & J Corporate Services Ltd.

Date: