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Using British Virgin Islands Companies for International Listings

The British Virgin Islands' (BVI) corporate statute is ideally suited for international listings. BVI companies have been used widely for listings on international stock exchanges in New York, London, Singapore and Oslo. They have been especially popular for listings on the world's most successful growth market, the LSE's Alternative Investment Market (AIM).

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BVI companies enjoy flexible and business-friendly approaches to corporate governance, funding, and share capital requirements without sacrificing shareholder rights and remedies.

As the World economy continues to strengthen, there has been notable growth in equity fundraising, with the first half of 2014 seeing more capital raised on AIM than in 2012 and 2013 combined. This bodes well for those looking to go to market with an IPO or to raise additional capital by means of a rights issue or placement.

BVI companies continue to be popular vehicles for IPOs, particularly in the mining and natural resources sectors, although the past year has seen an increase in IPOs from other sectors including retail, media and professional services.

The reasons for their popularity in relation to the equity capital markets include their versatility, low start-up and maintenance costs and the BVI's zero tax regime. BVI companies enjoy a flexible and business-friendly approach to corporate governance, funding, and share capital requirements without sacrificing shareholder rights and remedies which are of increasing importance to institutional and individual investors.

On the following pages you will find a summary of some of the key features of the BVI Business Companies Act, 2004 (as amended).

Key features of company law legislation in the BVI

Types of vehicles	<ol style="list-style-type: none">1. Company limited by Shares2. Company limited by guarantee that is not authorized to issue shares3. Company limited by guarantee that is authorized to issue shares4. Unlimited Company not authorised to issue shares5. Unlimited Company authorised to issue shares6. Segregated Portfolio Company7. Restricted Purpose Company
Capacity and powers	<p>A company is a legal entity in its own right separate from its members.</p> <p>Company has full capacity to carry on or undertake any business, activity or transaction</p>
Share capital	Shares may be issued with or without a par value and may be issued in any currency
Capital maintenance requirements	None (but share buybacks are subject to a solvency test)
Amendment to the Memorandum and Articles	Either by a resolution of directors (if permitted by the Memorandum of Association) or by a resolution of members
Types of shares	<ol style="list-style-type: none">1. Convertible, common or ordinary;2. Redeemable at the option of the shareholder or the company or either of them;3. Shares which confer preferential rights to distributions;4. Shares which confer special, limited or conditional rights, including voting rights5. Shares which confer no voting Rights6. Shares which participate only in certain assets of the Company (for example, tracker shares)
Financial assistance	No restrictions
Other features	Multi-currency, fractional shares available. Shares may be in registered form, and the issue of share certificates is not compulsory
Treasury shares	Yes
Transfer of shares	Yes

Offering document	Required for companies regulated under the Securities and Investment Business Act, 2010 if conducting “investment business”
Distributions and solvency test	Distribution of assets to members possible, subject to a solvency test (ability of company to pay its debts as they fall due and that the value of the company’s assets exceed the liabilities)
Minimum number of members	One
Annual General Meetings	Not compulsory
Minimum number of directors	One
Corporate directors	Yes
Local directors	No
Location of directors	Anywhere
Directors meetings	Physical and participation by electronic means permitted
Members and directors written resolutions	Yes
Company administration	Registered Agent required; Registered Office to be located in the BVI although transfer agents/share registrars may be located elsewhere
Company records	<ol style="list-style-type: none"> 1. Memorandum and Articles of Association of the Company 2. Register of members 3. Register of directors 4. Copies of all notices and other documents filed by the company in the previous ten years 5. Minutes of meetings and resolutions of members and of classes of members and committees of members 6. Minutes of meetings and resolutions of directors and committees of directors 7. Register of Charges 8. Company Seal
Financial records	<p>Records that:</p> <ol style="list-style-type: none"> (a) are sufficient to show and explain the company’s transactions; and (b) will, at any time, enable the financial position of the company to be determined with reasonable accuracy.

Audit	Not compulsory
Taxation	No income, capital gains, corporation or stamp taxes
Annual Returns	No
Business combination/public to private	Yes, statutory merger and consolidation available as well as Plan of Arrangement and Scheme of Arrangement.
Time for incorporation	One day
Minimum annual Government fees	US\$350 rising to US\$1,100
OECD status	White-listed
Reputation	The BVI is the largest offshore corporate domicile in the world
Ease of doing business	Very creditor friendly and stable common law jurisdiction; company can be incorporated in one day; tried and tested corporate legislation
Regulatory approval for listings	No prior regulatory approval required in the BVI
Dematerialised shares	Shares in BVI companies are capable of being held in dematerialised form (no BVI stamp duty applicable)
Multi-currency shares	Yes
Public and private companies	No distinction
Ability to trade shares via CREST	No, but can trade Depositary Interests/ADRs and ADSS as well as GDRs instead
Takeover Code	None. No Stock Exchange in the BVI. Although aspects of City Code (UK) and Combined Code on Corporate Governance and United States Securities Act may be incorporated into the Memorandum and Articles of BVI companies.
Direct taxation	No income, capital gains, corporation or stamp taxes
VAT implications	Nil

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