



Government of Bermuda
Ministry of Economic Development

Ministerial Statement
To the House of Assembly

By

Dr. the Hon. E. Grant Gibbons, JP, MP
Minister of Economic Development

COMPANIES AMENDMENT ACT 2015

Date: May 15, 2015

Mr. Speaker, I am pleased to introduce to this Honourable House the Bill entitled the **Companies Amendment Act 2015**, which is the last of the four related Bills being introduced today. This Bill will amend the Companies Act 1981 to create additional flexibility for exempted companies and to achieve the legislative intent of certain amendments to the partnership laws.

Mr. Speaker, this Bill will incorporate new provisions into the Companies Act which enable an exempted company to convert to a limited partnership that is exempted, and vice versa. Consistent with the prior Bills, the proposed amendments will streamline the legal and administrative processes by which Bermuda exempted companies are able to transition to a partnership. The transition can be effected without the company having to first wind up its business affairs and then form a new partnership. Instead, the exempted company can take advantage of an expedient and cost effective statutory formality that ensures continuity of any business entity wishing to restructure or change its business model. Once the conversion process is completed, the rights, powers, property and obligations of the entity that has converted will remain attached to the newly converted entity.

Mr. Speaker, partnerships generally offer a more nimble, less formal structure than Bermuda companies. For those companies whose current or future business model and operations are better positioned through governance under a partnership structure, a statutory framework to enable a transition may provide them with a competitive edge. Likewise, if an existing partnership determines that operating as an exempted company is a better fit for its business and its partners, then the partnership can more easily and efficiently convert to an exempted company.

Mr. Speaker, the proposed change is not only consistent with the options offered to entities by well-known onshore jurisdictions such as the state of Delaware, but it creates a mechanism that is not currently offered by one of our competitor offshore jurisdictions, the Cayman Islands. In order to influence jurisdictional decision-makers to choose Bermuda as a domicile for their operations and their clients, we must make sufficient changes to our laws to maintain pace with other jurisdictions and to gain a competitive edge wherever possible.

Mr. Speaker, by implementing the proposed reforms, we are helping to establish the requisite foundation to encourage the presence of new businesses and the facilitation of economic growth and job creation.

Mr. Speaker, I would like to thank the Business Development Unit and the Attorney General's Chambers for their hard work on this legislative reform project. I would also like to thank the BMA, Ministry of Finance, Registrar of Companies and the National Anti-Money Laundering Committee for their assistance and support of this project.

Finally, **Mr. Speaker,** I want to thank the members of the Bermuda Business Development Agency's Legal Focus Group who helped to create the

proposal for this law reform initiative as well as those members who worked with Ministry representatives to complete the project. Many members of the private sector work hard to develop and propose changes to our legislation to help ensure that Bermuda maintains its competitive edge and well-earned reputation as a premier financial center. Their efforts, expertise and hard work have proved very valuable in this respect and we look forward to continued collaborative efforts.

Thank you, **Mr. Speaker.**