

FOR IMMEDIATE RELEASE

Bermuda welcomes raft of new corporate legislation

Hamilton, Bermuda, August 2, 2016—Bermuda’s Parliament has passed an impressive raft of new corporate legislation to update the island’s legal framework, stimulating growth and keeping the jurisdiction globally competitive amid ever-changing market demands.

Over the past 15 months, a total of nine bills related to international business were passed by Bermuda’s House of Assembly and Senate, paving the way for more streamlined and effective operations across industry sectors.

“One of the most important components of achieving success in this effort is working in collaboration with entities across the government and the private sector to develop and implement policies and initiatives aimed at improving our economic performance,” said Minister of Economic Development Dr Grant Gibbons, whose team piloted the legislation. “This collaboration resulted in the enactment of numerous bills that received bipartisan support in the legislature, and which made significant enhancement to our legislative framework governing partnerships, companies, trusts and contracts.”

Business-related bills passed since May 2015 included four amendments to key acts governing partnerships and companies:

- Partnership Amendment Act 2015 (Partnerships Act 1902)
- Exempted Partnerships Amendment Act 2015 (Exempted Partnerships Act 1992)
- Limited Partnership Amendment Act 2015 (Limited Partnership Act 1883)
- Companies Amendment Act 2015 (Companies Act 1981)

“These legislative reforms were designed in response to private-sector demands to improve Bermuda’s product offering and increase its competitiveness as a jurisdiction of choice,” the Minister said. In particular, the updates create more flexibility in the management and operation of partnerships, facilitating, for example, changes in partners, clarification of partner responsibilities, and partnership relocation to and from Bermuda.

“The vast majority of partnerships on the Bermuda register are private or closed investment funds,” Gibbons noted. “The Ministry is therefore taking a multi-faceted approach to stimulating growth specifically in Bermuda’s asset-management industry and increasing the number of asset managers conducting business in Bermuda.”

Other legislative reforms included the passage of several significant pieces of new legislation aimed at modernising Bermuda’s menu of corporate and trust products:

- Limited Liability Company Act 2016
- Perpetuities & Accumulation Amendment Act 2015
- Contracts (Right of Third Parties) Act 2016
- Partnerships and Companies Amendment Act 2016
- Bermuda International Interests in Mobile Equipment Act 2016 (Cape Town Convention)

“This augmentation of our legislative platform is critical for Bermuda to maintain our long-standing reputation as a blue-chip international financial centre,” said BDA CEO Ross Webber. “The driving principle is to make doing business in Bermuda sustainable so companies can prosper and we can attract appropriate new business to our domicile. We applaud the efforts of government, the legislature and industry, particularly the BDA Legislative Reform Committee, to successfully achieve these much-needed amendments.”

Industry has welcomed the reforms, notably the recent Limited Liability Company (LLC) Act. As a hybrid entity combining features of both corporations and partnerships, LLCs are commonly used in the US for private-equity funds and other asset-management structures, as well as trusts and private-client vehicles. Bermuda’s LLC legislation is expected to appeal to US counsel.



“Bermuda’s LLC legislation is closely modelled on Delaware law, and will therefore be easily understood and accepted by US legal advisors,” said Graham Collis, a Director in the Corporate Department at Conyers. “LLCs should provide an attractive alternative for US-based corporate clients and represent a key selling point for Bermuda.”

Another key piece of legislation passed at the end of this year’s Parliamentary session last week was the Bermuda International Interests in Mobile Equipment (or “Cape Town Convention”) Act 2016, which brings the island’s aviation sector in line with global standards.

“It caps a number of years of successful collaboration with the UK Department of Transport and the UK Department of Business Innovation and Skills,” noted Gibbons, explaining the Cape Town Convention Treaty was first ratified by the UK and then extended to Bermuda and other British Overseas Territories (BOTs).

“The Treaty extension and the recently passed Bermuda Act gives Bermuda clients access to the same international standards for registration of sale contracts, security interests and legal remedies for financing default that have become accepted practice for aircraft and aircraft-engine financing as set out in the Cape Convention and Protocol,” he said.

Thomas Dunstan, Director of Bermuda’s Department of Civil Aviation—that is transitioning to a semi-autonomous body this year—said the Cape Town Convention and Protocol aimed to facilitate financial transactions involving aircraft and aircraft engines, as well as expand opportunities and reduce costs. “This is a great step forward for Bermuda in the aircraft-registry business,” Dunstan said. “It puts us on a level playing field with states that have previously ratified the convention, and gives us a competitive edge above those that haven’t.”

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