



Bermuda Corporate Update
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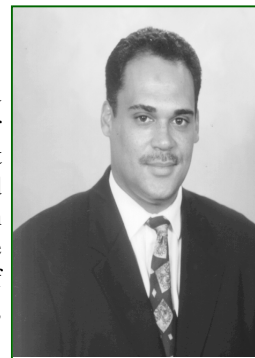
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FIRM'S SENIOR ASSOCIATE

The law firm of LYNDA MILLIGAN-WHYTE & ASSOCIATES is pleased to welcome Kevin G. Bean as a Senior Associate (International Commercial Law).

Kevin brings to the firm and to Bermuda broad experience in the law from several major jurisdictions. His legal career over the past seventeen years has spanned several continents and areas of practice. He began his legal career in London in 1990 when he received his LL.B. degree from the University of London (London School of Economics and Political Science). He subsequently, became a Member of Lincoln's Inn in London.



In 1992, Kevin's career path extended to the U.S.A., where he was employed with the Brooklyn District Attorneys Office in Kings County, New York. While there, he was assigned to the Organized Crime Bureau working under the direction of the Most Honorable Charles Hinds, the then District Attorney. During this period, Kevin gained substantial experience in civil and criminal law.

Kevin graduated with an L.E.C. Degree from the Hugh Wooding Law School (Trinidad Council of Legal Education). Soon thereafter, Kevin was admitted to practice at the Bar of Barbados in October 1998 and Bermuda in December 1998. Kevin is also a member of the Chartered Institute of Arbitrators.

Kevin currently specializes in international commercial law which includes advising on corporate/commercial, trust, entertainment and conveyancing legal matters.

For further information please contact Kevin at kbean@milligan.bm.

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PUBLIC OFFERINGS UTILIZING BERMUDA COMPANIES

A number of corporations, financial institutions, investment managers or promoters have utilized Bermuda companies to make public offerings of either equity or debt securities. Such securities can be denominated in any foreign currency.

PUBLIC OFFERINGS

Utilizing the Euro-currency or Euro-bond markets as well as the typical capital markets in the United States and Europe to raise capital, gives the issuer a wider distribution than merely its domestic market and is very attractive for North American, South America, Far Eastern or European based entities that are raising capital to finance their international activities. Such entities often establish Bermuda companies to do the public offering.

Bermuda, as a jurisdiction, has a significant track record and credibility throughout the world in assisting companies to launch into the capital markets.

Apart from Bermuda's lack of complexity in the regulation of public offerings, it also offers important ancillary benefits to such companies which include low costs in launching an IPO, tax neutrality, freedom from exchange controls and a secure jurisdiction from which to operate international businesses.

The Companies Act, 1981 requires that no offering of shares to the public takes place without filing a Prospectus under the Companies Act. There are certain specific exemptions from the filing requirement if, for example, the offering is a private placement made to high net worth individuals or institutional investors or existing shareholders.

There is no regulation in Bermuda of a secondary securities market, but if an issuer continuously over a period offers shares to the public in Bermuda, it must file a new prospectus every twelve calendar months.

BERMUDA STOCK EXCHANGE

A Bermuda company that is seeking to raise funds through the issuance of equity or debt securities, may list its securities on either the Bermuda Stock Exchange, an Appointed Stock Exchange or Approved Competent Regulatory Authority located outside Bermuda. The more significant advantages of a listing include:-

Reasons for Incorporating in Bermuda

- § Respected International Business jurisdiction (built on the principle of “know your customer”);
- § Tax Neutral Business Environment (no income, capital gains, transfer or withholding taxes);
- § Business sensitive and well established Legal System (based upon English common law);
- § Minimal Government Annual Reporting except for Restricted Businesses;
- § Access to Capital Markets (through Bermuda Stock Exchange listings);
- § Access to one of the most successful Insurance/Reinsurance Markets in the world;
- § Reliable Banking System;
- § Efficient Support Services (legal, accounting, management, corporate and trust services);
- § State-of-the-Art Global Internet Services and Telecommunications (connecting Bermuda to the world); and
- § Friendly yet efficient business environment for holding Company Meetings.

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- International public confidence in the banking and regulatory environment in Bermuda gives added prestige to issuers that have gained approval for listing on an exchange;
- The broad exposure of listed securities that are marketed worldwide;
- A wider investor base, often from multiple domiciles;
- Provides lenders with a better collateral for loans than unlisted securities and better trade credit if the market places a premium on the securities above book value;
- More practicable for the listed company to add warrants or conversion features to a subsequent debt issue, thereby lowering its cost of borrowing;
- Institutions favour listed securities. For example, institutional investors such as insurance companies and mutual funds control large pools of investment funds. Those tend to deal in large blocks of securities and therefore a listed company enjoys access to an important source of investment funds.

A listing on the Bermuda Stock Exchange has many advantages to issuers, institutions or investment houses seeking an offshore jurisdiction of high integrity with a well developed financial infrastructure.

To secure a listing on the Bermuda Stock Exchange, a company, if not already listed on one of the Appointed Stock Exchanges outside Bermuda, must make an application to the Exchange through one of the members of the Exchange. The application for a listing should be accompanied with a prospectus containing information on the promoters, directors and officers, business activities and up-to-date audited financial statements, details of classes of shares or units and conditions attaching to such shares or units, the total number of shareholders or investors (minimum 25) and any information with respect to Bermudian ownership.

APPOINTED STOCK EXCHANGES

A Bermuda listed company may also seek a listing on an Exchange outside Bermuda provided that it meets the requirements of that Exchange. The Minister of Finance has approved a significant number of Stock Exchanges and Competent Regulatory Authorities located outside Bermuda for listing of Bermuda based securities.

It is not uncommon for a Bermuda company to seek a listing on one of the Appointed Stock Exchanges located outside Bermuda to take advantage of a particular market for that security. When such a listing is sought, the Bermuda company must comply with the regulations of that Exchange.

Appointed Stock Exchanges

(Approved by the Bermuda Government)

The Alberta Stock Exchange
American Stock Exchange
Australian Stock Exchange
The Bermuda Stock Exchange
Boston Stock Exchange
Canadian Dealing Network
Canadian Venture Exchange
The European Association of Security Dealers Automated Quotations
Frankfurt Stock Exchange
The Kuala Lumpur Stock Exchange
The Stock Exchange of Hong Kong Ltd.
The Irish Stock Exchange
The Johannesburg Stock Exchange
London Stock Exchange
Societe de la Bourse de Montreal (Montreal Stock Exchange)
Bourse de Montreal (Montreal Stock Exchange)
National Association of Security Dealers Automated Quotations System
(NASDAQ)
New York Stock Exchange
New Zealand Stock Exchange
Oslo Børs (Oslo Stock Exchange)
Paris Bourse
Singapore Exchange Securities Trading Limited
Tokyo Stock Exchange
The Toronto Stock Exchange
Vancouver Stock Exchange
Viennese Stock Exchange
London Stock Exchange – Alternative Investment Market (AIM)
Shanghai Stock Exchange
Stockholm Stock Exchange
Swiss Exchange

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If you require further information on Bermuda Public Offering, please contact Lynda Milligan-Whyte at LMW@milligan.bm.

RICHMOND GROUP LIMITED AND ITS AFFILIATES

Richmond Corporate Services Limited - provides corporate administration and compliance services to Bermuda companies, partnerships and trusts.

Richmond Financial Managers Ltd. - provides a wide range of management services to its clients. It can also assist in advising insurance professionals on the Bermuda regulatory environment, particularly the capital requirements, solvency margins and liquidity ratios.

Richmond Investments (Bda) Limited - provides investment advisory services to clients of the Richmond Group of Companies who are institutional and high net worth clients.

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CORPORATE GOVERNANCE ISSUES

REGISTER OF MEMBERS AND BRANCH REGISTERS

The Companies Act, 1981 requires that the Register of Members (or “Share Register”) be kept at the registered office of the Company or after giving written notice to the Registrar of Companies, it shall be kept at such other place in Bermuda convenient for inspection by members of the company and other persons entitled to inspect it.

In the case of a listed company, the Company may keep in any place outside Bermuda, one or more Branch Registers, after giving written notice to the Registrar of the place where each such register is to be kept. Any Branch Register shall be kept in the same manner in which the Register of Members in Bermuda is kept – namely, the names and addresses of the members, the number of each share and the amount paid or agreed to be considered as paid on the shares of each member; the date at which each person was entered in the register as a member; and the date at which any person ceased to be a member.

REGISTRAR AND TRANSFER AGENTS

In the event that a Registrar and Transfer Agent is appointed, the said Registrar & Transfer Agent must keep a proper record of the shareholders of the Company in Bermuda at the registered office of the Company so that the Company remains in compliance with Section 65 of the Companies Act, 1981.

Any alteration of the Bermuda Register of Members to reflect changes in shareholdings in the Company will require further documentation (i.e. subscription sheets). The Secretary of the Company or Assistant Secretary needs to liaise directly with the Registrar and Transfer Agent to ensure that the Register of Members in Bermuda truly reflects the records kept by the Registrar & Transfer Agent. It is very important that the Secretary or Assistant Secretary works closely with the Registrar & Transfer Agent.

SECRETARY AND ASSISTANT SECRETARY

When the Secretary of the Company is a person resident outside of Bermuda, it is advisable to appoint an Assistant Secretary in Bermuda so that they are made aware of any document that needs to be approved by the Company. In this manner we can more efficiently ensure compliance with Bermuda law.