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The following is a brief summary of important current events in the British Virgin Islands financial services industry:

<p>Update on the BVI Bearer Share situation</p>	<p>The "transition date" for bearer shares is 31 December 2009. On that date, all those companies, incorporated prior to 1 January 2005, that currently have the power in their Memoranda & Articles of Association, ("M&A"), to issue bearer shares, will be deemed to no longer have that power. The relevant legislation can be found in Schedule 2, Part IV, Division 5, paragraph 34A of the BVI Business Companies Act.</p> <p>Those companies, that wish to retain bearer shares in issuance beyond the transition date of 31 December 2009, will need to elect to disapply the deeming provision, prior to the transition date. They will also need to ensure that the bearer share certificates are placed into custody, with an Authorised Custodian or Recognised Custodian – Nerine BVI is licensed as an Authorised Custodian of bearer shares, one of only eight such licensees.</p> <p>To disapply the deeming provision, an appropriate resolution must be passed, followed by a filing to be conducted at the BVI Registry. Drafts of the required documentation are available upon request.</p> <p>The overall BVI bearer share situation is summarised below:</p> <ul style="list-style-type: none"> i. BVI companies with bearer share provisions that were incorporated prior to 1 January 2005 and which do not have bearer shares in issuance, (or which intend to exchange any existing bearer shares for registered shares, prior to the transition date), do not have to take any action. On the transition date, 31 December 2009, the M&A will be deemed to have been amended to prohibit bearer shares. ii. BVI companies, with bearer share provisions that were incorporated prior to 1 January 2005, and which intend to retain bearer shares, will need to elect to disapply the deeming provision, before the transition date. The licence fee for such companies will increase in 2010 from \$350 to \$1,100, (or from \$1,100 to \$1,350, if the company is authorised to issue more than 50,000 shares), and their bearer share certificates will need to be placed in custody, before the transition date; iii. BVI companies that were incorporated after 1 January 2005 with the capacity to issue bearer shares already pay an increased licence fee. iv. Any bearer share certificates that are issued after 1 January 2005 must already be immobilised and be placed with an Authorised Custodian or a Recognised Custodian. <p>Those existing clients who still have bearer shares in issuance will be contacted by Nerine BVI over the coming months, with a reminder that action is required to be taken before the end of the year.</p>
<p>Mutual Fund Legislation Update</p>	<p>Clients are reminded again that all BVI mutual funds, (i.e. private, professional and public funds recognised or registered under the BVI Mutual Funds Act, 1996), are required to submit a return in the prescribed form to the BVI Financial Services Commission, ("FSC").</p>

	<p>The period to be covered in the return is the calendar year up to 31 December 2008.</p> <p>At the time of writing, the necessary legislation to make the return mandatory has yet to be passed into law. The deadline for completion is 30 June 2009*, and we continue to urge clients to treat the filing as mandatory. When the legislation has been passed, failure to complete a return may render a fund liable to administrative penalties and/or enforcement action.</p> <p><i>* Shortly after this newsletter was first issued, the deadline for filing the annual return was extended by the FSC to 15 October 2009.</i></p> <p>Also in the investment business arena, the FSC have recently issued drafts of the Securities & Investment Business Act, 2009, (“SIBA”), and Mutual Funds Regulations, 2009, (“MFR”), for public consultation. The intention is that SIBA and the MFR will become law later in 2009 - the draft legislation is available on the FSC website, (www.bvifsc.vg).</p> <p>SIBA proposes a new investment business licensing regime to regulate investment advisers, custodians, broker-dealers, etc., and also restrictions on, and regulation of, public issues of securities.</p> <p>More relevant to our clients, the Mutual Funds Act, 1996 will be repealed and replaced with Part III of SIBA and the MFR. These are very similar to the current Mutual Funds Act, and propose to maintain the two-tier regulatory regime, with a clear distinction between the regulatory requirements for private and professional funds, as opposed to public funds. Many of the proposed changes simply codify established FSC practice.</p>
<p>Update on Anti-Money Laundering & International Initiatives</p>	<p>In November 2008, the Caribbean Financial Action Task Force, (“CFATF”), published their Mutual Evaluation Report on the BVI. The report was very favourable and placed the BVI in the top tier of jurisdictions.</p> <p>In response to the report, the BVI’s compliance regime was further enhanced in 2009, by amendments to the Anti-Money Laundering and Terrorist Financing Code of Practice, 2008. This included the introduction of a list of recognised jurisdictions that are equivalent to the BVI in terms of anti-money laundering.</p> <p>Another result was the introduction of a Financing & Money Services Bill, 2009, which has been passed into law, but is yet to be enacted. The financing aspect is intended to regulate those persons resident in the BVI, and financiers not carrying on business in the BVI should not be caught.</p> <p>The definition of money services is very wide and includes money transmission services, currency exchange services and cheque cashing services. Businesses caught by the new licensing requirement will need to apply to the FSC for a licence and comply with certain requirements.</p> <p>Within the last few months, the BVI has finalised Tax Information Exchange Agreements, (“TIEAs”), with France and the seven Nordic countries. This brings the total number of TIEAs entered into by the BVI to eleven.</p>
<p>BVI public holiday</p>	<p>Please note that Friday, 3 July 2009, (Territory Day), is a public holiday in the British Virgin Islands. As a result, the Nerine BVI office will be closed on that day, as will all other BVI financial institutions, including the Registry of Corporate Affairs. Normal business will resume on Monday, 6 July 2009.</p>
<p>Enquiries</p>	<p>If you have any questions, concerning the above information, please contact Simon Filmer in the BVI office, (simon.filmer@nerinebvi.com or +284 494 8790), or your usual Nerine contact.</p>

The information in this newsletter has been prepared in good faith and is for guidance purposes only. It does **not** constitute legal advice and is subject to change without warning. Before acting on any information contained herein, you should check it, by contacting your Nerine office or seeking formal legal advice from BVI counsel.