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

<p><b>New Securities &amp; Investment Business Legislation</b></p>	<p>Further to previous newsletters, the BVI Securities &amp; Investment Business Act, 2010, (“SIBA”), passed into law effective 17 May 2010. It has replaced the BVI Mutual Funds Act as the principal legislation governing the regulation of mutual funds and investment business in the BVI.</p> <p>The purpose of the legislation is to modernise and enhance the regulatory platform for investment business, demonstrating the BVI’s continued commitment to regulatory supervision that is appropriate for an OECD white-listed jurisdiction.</p> <p>SIBA covers the following:</p> <ul style="list-style-type: none"> <li>• A new investment business licensing regime to regulate investment advisors, investment managers, market makers, brokers, administrators, custodians and operators of investment exchanges.</li> <li>• Regulation of and restrictions on public issues of securities.</li> <li>• Repeal of the Mutual Funds Act, 1996, and its replacement with Part III of SIBA and the Mutual Funds Regulations, (“MFR”). Part III also anticipates a Public Funds Code, which is currently under public consultation.</li> <li>• Introduction of a market abuse regime, with offences in connection with insider dealing, making misleading statements and market manipulation.</li> </ul> <p>Certain aspects of SIBA are subject to transitional provisions for existing funds, which will apply only for a short period of time.</p> <p>For example, for existing private and professional funds, prescribed accounting and audit standards will take effect by 3 August 2010, along with obligations relating to the number of directors and appointment of functionaries. An investment warning must also be included in the offering documents. Changes will also be required to the constitutional documents of professional funds by 12 October 2010.</p> <p>The above is not a comprehensive list of the actions potentially required to be taken by existing funds and fund managers. Therefore, mutual fund clients are recommended to contact BVI counsel, or their Nerine representative, to ensure that all aspects of SIBA are complied with within the relevant time-frame.</p>
<p><b>Mutual Fund Annual Return</b></p>	<p>Clients are reminded that all BVI mutual funds, (i.e. private, professional and public funds formerly recognised or registered under the BVI Mutual Funds Act, 1996), are still 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 2009, and failure to complete a return may render a fund liable to administrative penalties and/or enforcement. The deadline for completion is 30 June 2010.</p>

<p><b>Other Legislative &amp; Regulatory Matters</b></p>	<p>The last few years have been exceedingly busy in the BVI legislative and regulatory arena. In addition to SIBA, the long-awaited Regulatory Code, which governs how licensed BVI entities should operate, became effective in early 2010, along with the Financing &amp; Money Services Act, (“FMSA”), to name just a few items.</p> <p>The financing aspect within FMSA is intended to regulate 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, however, 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><b>Update on the BVI Bearer Share situation</b></p>	<p>As per previous newsletters, the "transition date" for bearer shares of 31 December 2009 has now passed.</p> <p>As a result, companies, incorporated prior to 1 January 2005, that previously had the power in their Memoranda &amp; Articles of Association, (“M&amp;A”), to issue bearer shares, are deemed to no longer have that power.</p> <p>Bearer share certificates that are not currently held in custody, with an Authorised Custodian or Recognised Custodian, are now “disabled”. This means that all entitlements from the bearer shares are suspended, (including voting rights, payment of dividends, etc.), until the certificates are placed into custody.</p> <p>Clients that encounter bearer shares that are not in custody should contact BVI counsel or their Nerine representative for assistance. Nerine BVI is licensed as an Authorised Custodian of bearer shares.</p>
<p><b>Update on International Initiatives</b></p>	<p>As per previous newsletters, the BVI was elevated to the OECD’s “white” list, in August 2009, having signed 12 Tax Information Exchange Agreements, (“TIEAs”), and, therefore, being judged to have substantially implemented the internationally agreed tax standard.</p> <p>The BVI currently has 17 TIEAs in place, as follows, with: the USA, the UK, Australia, Sweden, Norway, Denmark, Finland, Greenland, Iceland, the Faroe Islands, France, New Zealand, the Netherlands, Aruba, the Netherlands Antilles, China and Ireland.</p> <p>The BVI is committed to continuing to extend its TIEA programme, especially with OECD countries, and negotiations are currently ongoing.</p> <p>It is important to note that strict criteria must be met before any tax information can be passed. “Fishing” expeditions are not tolerated, and requests must within the scope of the TIEA, (which is narrow and specific). Only if the request is legitimate and if the information is present in the BVI, will information be provided by the BVI to the requesting country – that information may not be passed by the requesting country to another country.</p> <p>The international pressure on international finance centres like the BVI shows no sign of abating. The IMF have recently visited the BVI, as part of their ongoing evaluation programme, and their report is expected to be published in the coming months.</p> <p>To date, the BVI has responded extremely well to that pressure, including a favourable Mutual Evaluation Report from the Caribbean Financial Action Task Force, published in October 2008, which placed the BVI in the top tier of jurisdictions globally.</p>
<p><b>BVI public holiday</b></p>	<p>Please note that Friday, 2 July 2010, (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, 5 July 2010.</p>
<p><b>Enquiries</b></p>	<p>If you have any questions, concerning the above information, please contact Simon Filmer in the BVI office, (<a href="mailto:simon.filmer@nerinebvi.com">simon.filmer@nerinebvi.com</a> or +1 284 494 8790), or your usual Nerine</p>

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