

# Alexander Management Ltd.

## Licensed Corporate Service Providers

Belvedere Building, 69 Pitts Bay Road, Ground Floor

Hamilton HM 08, Bermuda

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## INSTRUCTIONS FOR THE FORMATION OF A LOCAL LIMITED LIABILITY COMPANY IN BERMUDA

(NB: Subject to Change - Please read attached notes before completing)

1. **Name of proposed company** (Please give at least one alternative name)

(a) **Limited / Ltd.** (Please indicate preference)

(b)

(c)

2. **Type of Company** (please supply description of basic type of business activities envisaged, e.g. commercial trading, retail, investment holding, insurance, tourism, hospitality, etc. and a brief comment, giving fuller details of the trade, insurance or other business activity proposed, as an addendum to this form). This information will support the notice which must be advertised as part of the incorporation process.

3. **Beneficial Owner(s)** (see Note 1 (d))

(Please submit notarized photo identification, a bank reference and a recent copy of a utility bill or other verification of address (see Note 8))

Name (s)	Residential Address	Occupation	Nationality
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4. (a) **Authorized capital of Company** (we suggest BD\$100.00 - see Note 2 (a)):

(b) **Par value of shares** (shares of no par value are not permitted. we suggest BD\$1.00):

(c) **Amount of proposed call** on the capital (as a percentage): **100%**

5. **Allotment of share capital** as it will appear in share register (Only fully paid shares may be registered in the name of a nominee). (See Note 6).

Name (s)	Residential Address	Nationality	Percentage
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6. (a) Persons to be elected Directors (see Note 5 (b) - The company must have at least one Director, which can be a company.

Name (s)	Residential Address	Nationality
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(NB: Please submit notarized photo-identification and bank references (see Note 6)

- (b) Persons to be elected Alternate Directors (if necessary)

Name (s)	Residential Address	Nationality
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7. Address of Registered Office of Company (normally provided by us at c/o Alexander Management Ltd., Belvedere Building, 69 Pitts Bay Road, Pembroke, HM 08, Bermuda).

8. Location of Shares? (Note: usually kept in minute book):

9. Name of Officers to be elected:

(a) President:

(b) Vice President:

10. Additional officers (if any). (These need not be directors):

(a) Assistant Secretary:

(b) Treasurer:

(c) Other:

11. Person to be appointed Secretary (this service normally provided by Alexander Management Ltd.).

12. Name of Auditors for annual audit on behalf of shareholders. (If all shareholders and directors agree the appointment of an auditor may be waived).

13. Name of Accountant who will keep the company's accounts and financial records. Such records must be kept. Alexander Management Ltd. can recommend providers of these services – see Note 3 (c).

14. **Financial year end** of company (if immaterial then at option of auditor or 31<sup>st</sup> December):

15. **Bank account(s) required in Bermuda** (NB: work on opening Bank accounts is charged separately on a time-spent basis).

- (a) Name of Bermuda bank:  The Bank of N.T. Butterfield & Son Ltd.  
 HSBC Bank Bermuda Limited  
 Bermuda Commercial Bank Ltd.  
 Clarien Bank Limited

(b) Signatories Titles

\_\_\_\_\_

\_\_\_\_\_

(c) Number of signatures required:

N.B. Notarized Photo-identification and bank references must be supplied by all signatories (see Note 6)

16. A Retainer is required as payment on account in respect of preliminary incorporation disbursements in the event that this proposal is accepted. The amount required depends on the issued capital fixed for the company and should be discussed with us on submission of this questionnaire. Payment can be made to our Bermuda Dollar Client Account:

**Payments for incorporation of local companies should be made in Bermuda dollars to:**

**The Bank of Butterfield**

<b>For credit to:</b>	<b>Alexander Management Ltd.</b>
<b>Bermuda Dollar Account Number:</b>	<b>20006060386134100</b>
<b>Beneficiary Address:</b>	<b>Belvedere Building 69 Pitts Bay Road, Pembroke HM 08 Bermuda</b>

**N.B. Please have instructions state the name of the proposed company.**

17. Will the company require registration of any e-mail or website addresses?

Please list below:

\_\_\_\_\_

\_\_\_\_\_

18. Special instructions: Local company

19. I/We hereby confirm the above instructions and request Alexander Management Ltd. incorporate a local Bermuda company in accordance with them.

\_\_\_\_\_  
Signature/Authorized Signatory

Date: \_\_\_\_\_

**NOTES ON THE FORMATION OF  
LOCAL COMPANIES IN BERMUDA**

1. Most local companies can be formed by registration within two weeks from the date when complete instructions and due diligence are received by our offices. To enable our office to accomplish registration on your behalf, we will require the following:
  - (a) the proposed name of the company, preferably with two alternative names. The Registry is quite flexible and allows registration of names that are case sensitive (e.g. with certain letters or words either in block capitals or with each word capitalized) or using plays on words or letters. Accordingly, please insert the name as you want it to appear;
  - (b) Business Plan containing a full description of the intended activities of the proposed exempted company (as opposed to what its objects and powers are to be). The company will have the powers of a natural person and will be able to conduct any business that is allowed by law;
  - (c) the full names, (including middle names - initials are not acceptable), residential addresses, occupations and nationalities of all beneficial owners and their proposed percentage of ownership of the proposed company; and
  - (d) Personal Declarations (which accompany this questionnaire), completed and signed by each non-Bermudian proposed beneficial owner, for submission to the Bermuda Monetary Authority.
2. Our standard fees and disbursements for the formation and organization of a local company, incorporated by registration, are set out on page 7. These are minimum fees and do not include any additional work such as the drafting of special objects or bye-laws and opening bank accounts. They also do not include disbursements in connection with the incorporation, which are also listed on page 7 and as follows:
  - (a) The Annual Government Fee of BD\$685 plus a filing fee of BD\$50 on issued share capital of less than BD\$50,000 (see item B, page 7 and the Government Fee Scale on page 8) is payable to the Registrar of Companies by 31<sup>st</sup> March of each year the company is in existence. The first payment is due upon application to incorporate the company. If the company is formed between 1<sup>st</sup> September and 31<sup>st</sup> December, the Annual fee for the balance of that year is reduced by half (i.e. \$342.50);
  - (b) A fee for incorporation of \$320 is payable on application to the Accountant General, together with a filing fee of \$95 and ad valorem Stamp Duty of 0.5% on the capital (for the Memorandum of Association) and a \$50 filing fee for the Annual Return;
  - (c) The fee of \$95 payable to the Registrar of Companies for registration of the names of the directors; and
  - (d) Advertising costs, corporate supplies normally amount to approximately \$380 and miscellaneous disbursements of approximately \$100.00 (faxes, calls, photocopies, etc.).
3. The annual running expenses of a local company will be as follows:
  - (a) The Annual Government & Filing Fee mentioned above (BD\$735).
  - (b) Costs for the provision of corporate services, a secretary, registered office and directors (if necessary). (The company must maintain a registered office at which the corporate and financial records must be maintained).

A local company must have a minimum of one director (which can be a company) and a secretary who is ordinarily resident in Bermuda. Alexander Management Ltd. will be pleased to consider providing these services subject to negotiation. If the company is to be a “60/40” company, then it is required to have a majority of Bermudian directors.

Our fees for the provision of some or all of these services depend upon the responsibility and activities involved and are normally settled by negotiation. It is difficult to give a pre-estimate of such fees, although our minimum annual service fee for the provision of corporate secretarial services and registered office is listed on page 7. This is charged separately from the incorporation fees and is usually pro-rated to the end of the current year.

- (c) Bermuda law specifically requires an exempted company to maintain at its registered office in Bermuda, records of its financial affairs sufficient to show a true accounting on a quarterly basis and further, that such accounts be audited each year (subject to waiver when unanimously agreed by the shareholders). There is no requirement that such audited accounts be filed with any governmental authority or body, although they may be required be made available for inspection in certain circumstances.
4. Although the authorized capital for local companies must be issued, there is no legal requirement (other than in the case of those companies writing insurance) that the share capital be fully paid up. The costs of incorporation can and usually are capitalized. It is our policy that the share capital be fully paid up where we are requested to act as nominees for a beneficial owner or owners. Should the need arise; the capital can be increased by simple resolution of the shareholders.
  5. All local companies are normally designated by Foreign Exchange Control as “resident” for exchange control purposes. While these companies are free to deal in any currency of their choosing, including Bermuda dollars, they are subject to any exchange control regulations which may be applied.
  6. In keeping with Bermuda Law and International requirements regarding Money Laundering and Proceeds of Crime, we are required to obtain satisfactory information regarding our clients before commencing a relationship. This information ensures that we are able to keep in close contact and provides protection for confidential arrangements. Accordingly, we require the following information on all proposed directors, officers and ultimate beneficial owners of companies we administer:
    - Certified true copies of passport photo pages and driver’s licences (or some other form of government-issued photo identification);
    - a completed Personal Declaration (copy attached); and
    - a recent (within three months) original or certified true copy of a utility bill (or other official correspondence such as a bank statement) addressed to their residence with their name on it.
    - A professional (accountant, lawyer, or financial planner) or bank reference. References should include:
      - a) Introduction of Client
      - b) Length of relationship with client (preferably over three years)
      - c) Integrity of client as it relates to their financial status and business activities
      - d) Confirmation as to source of funds
    - Information is also required as follows:
      - (a) the source of monies being used to fund the client’s arrangements;
      - (b) that professional tax advice on the proposed structure has been obtained as appropriate; and
      - (c) Biographical information such as a resume or curriculum vitae.

N.B. The above information is treated as confidential and would only be disclosed to third parties under process of law or in connection with required transactional procedures in connection with the client's affairs (e.g. to support opening of bank accounts).

**COSTS OF FORMING AND OPERATING A  
LOCAL COMPANY  
IN BERMUDA PRIOR TO AUGUST EACH YEAR**

**(A) INCORPORATION**

Professional fee for incorporation (minimum)	\$2,000.00
Application for Consent – Registrar of Companies	320.00
Registrar of Companies Filing Fee - Memorandum of Association	95.00
Registrar of Companies Filing Fee – Register of Directors (each application)	95.00
Registrar of Companies Filing Fee - Annual Return of Shareholdings	50.00
Annual Fees (see note and schedule below)*	685.00
Stamp Duty on Memorandum of Association) (based on \$100.00)	.50
Corporate equipment (minute book and corporate seal)	250.00
Advertisement in the Royal Gazette (required for local companies - estimate)	130.00
Miscellaneous disbursements (office expenses, telephone, photocopies – est.)	100.00
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TOTAL	\$3,725.50
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Our professional fees cover standard incorporation procedures. Non-standard requirements, such as the opening of bank accounts, drafting of special bye-laws and objects and transactions required as a matter of urgency are charged separately on a time-spent basis.

**(B) ANNUAL CORPORATE ADMINISTRATION FEES FOR  
MAINTAINING A LOCAL COMPANY IN BERMUDA**

Registered office and Corporate secretarial services (Minimum)**	2,500.00
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Directorships*** (Annual minimum)	\$ 2,500.00
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\* Payable on registration in the year of incorporation and each March thereafter. The fee is based on assessable capital (combining authorised share capital and share premium, if applicable). If incorporated in Bermuda between 1<sup>st</sup> September and 31<sup>st</sup> December the fee is reduced by half.

\*\* Accounting and Administration fees are based on time spent at standard rates subject to the minimum and are invoiced annually in advance. Unless there is frequent activity, the minimum fee should be sufficient to cover minuting and corporate record keeping of the company for the year. Hourly charges vary from simple record keeping to fees for professional services and average approximately BD\$250.00 per hour. Disbursements are charged separately. Please note that we will keep track of time spent on the Company's affairs and will invoice additionally if time spent exceeds the value of the minimum amount.

\*\*\* Directors' Fees are negotiable and are based on a variety of considerations relating to the responsibilities involved.

(C) **BANK ACCOUNTS** – Bermuda companies can hold bank accounts in whatever country the principals desire those accounts to be located. The opening of corporate bank accounts is frequently a time-consuming process separate from incorporation. Accordingly, the costs are **additional** to those charged for incorporation.

To open accounts in Bermuda, local Banks now frequently require (inter alia) the following:

1. An explanation of why the applicant has chosen to establish a company and open accounts in Bermuda - The banks seek a solid rationale for having a company and accounts in Bermuda.
2. Evidence of professional tax advice and detailed explanation of why Bermuda was chosen over other jurisdictions.
3. A business plan for the company.
4. Confirmation that the source of funds to establish the account is legal and in future will be generated by the business of the company.
5. Information on expected transactional volume on the account.

Bermuda Banks are now required to assign a risk weighting to all new account applications based on factors that they are required to assess. If the proposed business is deemed to be “higher risk” involving modest balances, it is likely that they will refuse to open accounts. Accordingly, we cannot guarantee that the company will be allowed to hold an account in Bermuda.

#### Accounting and Administration

Such services outside of standard corporate secretarial activities are charged on time spent. Hourly charges vary from simple record keeping to fees for professional services and average approximately US\$250.00 per hour. Disbursements are charged separately.

#### **GOVERNMENT FEE SCALE – LOCAL COMPANIES**

<u><b>Issued Capital</b></u>	<u><b>Annual Fee</b></u>
<b>BDS</b>	<b>BDS</b>
Less than \$50,000	685.00
\$50,000 or more but less than \$250,000	1,020.00
\$250,000 or more but less than \$500,000	1,700.00
\$500,000 or more but less than \$1,000,000	3,385.00
\$1,000,000 or more but less than \$5,000,000	6,765.00
\$5,000,000 or more but less than \$10,000,000	12,890.00
\$10,000,000 or more	19,330.00

The Annual Return of Shareholders and Annual Government Fee should be delivered to the Registrar of Companies by 31<sup>st</sup> March annually, in addition to a filing fee of \$50.00 in respect of the Return.