

**CAYMAN ISLANDS**



# **COMPANIES MANAGEMENT ACT**

**(2024 Revision)**

**Supplement No. 11 published with Legislation Gazette No. 4 of 1st February, 2024.**

## PUBLISHING DETAILS

---

Law 15 of 1999 consolidated with Laws 4 of 2000, 6 of 2001, 39 of 2002, 24 of 2016, 1 of 2017, 44 of 2017, 26 of 2020 and with Acts 56 of 2020 and 2 of 2023.

Revised under the authority of the *Law Revision Act (2020 Revision)*.

Originally enacted —

Law 15 of 1999-6th August, 1999

Law 4 of 2000-14th July, 2000

Law 6 of 2001-20th April, 2001

Law 39 of 2002-19th December, 2002

Law 24 of 2016-24th October, 2016

Law 1 of 2017-27th February, 2017

Law 44 of 2017-16th November, 2017

Law 26 of 2020-1st July, 2020

Act 56 of 2020-7th December, 2020

Act 2 of 2023-28th April, 2023.

Consolidated and revised this 31st day of December, 2023.

*Note (not forming part of this Act): This revision replaces the 2021 Revision which should now be discarded.*



## CAYMAN ISLANDS



# COMPANIES MANAGEMENT ACT

(2024 Revision)

## Arrangement of Sections

Section	Page
1. Short title .....	5
2. Interpretation .....	5
3. Definition of “business of company management” .....	6
4. Definition of “group of companies” .....	8
5. Application to be made to Authority .....	8
6. Fees and returns .....	10
7. Display of licence .....	11
8. Register of management companies .....	11
9. Shares not to be issued or transferred without approval of the Authority .....	11
10. Net worth requirements .....	12
11. Use of words connoting business of company management .....	12
12. Segregation of property .....	13
13. Accounts and audit .....	13
14. Certain prohibitions on licensee .....	15
15. Number and approval of directors .....	15
16. Powers and duties of the Authority .....	15
17. Licensees to insure .....	17
18. Additional powers of Authority .....	18
19. Power of search .....	20
20. Winding up .....	21
21. Appeals .....	21
22. Offences by corporations, partnerships, limited liability partnerships, etc. ....	21
23. Regulations .....	22
24. Savings and transitional .....	23



**ENDNOTES**

**25**

---

Table of Legislation history:.....25



## CAYMAN ISLANDS



# COMPANIES MANAGEMENT ACT

(2024 Revision)

## Short title

1. This Act may be cited as the *Companies Management Act (2024 Revision)*.

## Interpretation

2. In this Act —

“**address**” in respect of a service provided by a person carrying on the business of company management, means an address for the receipt of correspondence or electronic communications (including telephone calls and facsimile communications), or both, provided by that person in the course of that business to a third party;

“**Authority**” means the Cayman Islands Monetary Authority established under section 5(1) of the *Monetary Authority Act (2020 Revision)*, and includes a person acting under the Authority’s authorisation;

“**company**” means a body corporate constituted under the Laws of the Islands or any other jurisdiction;

“**custodian**” means —

- (a) “**an authorised custodian**” who is a person licensed under this Act to act as a custodian of a bank or trust company licensed under the *Banks and Trust Companies Act (2021 Revision)*; or

(b) “**a recognised custodian**” which is an investment exchange or clearing organisation operating a securities clearance or settlement system and carrying on business in an equivalent legislation jurisdiction that is designated as having measures for combating money laundering and the financing of terrorism which are equivalent to those of the Islands in accordance with section 5(2)(a) of the *Proceeds of Crime Act (2024 Revision)*;

“**document**” includes a device by means of which information is recorded or stored;

“**exempted limited partnership**” has the meaning assigned by section 2 of the *Exempted Limited Partnership Act (2021 Revision)*;

“**licence**” means a licence granted under this Act;

“**limited liability partnership**” means a limited liability partnership registered under section 18(4) or 33(4) of the *Limited Liability Partnership Act (2023 Revision)*;

“**managed company**” means a company to which the services included in the definition of “**business of company management**” are provided by a licensee;

“**net worth**” means the excess of assets over liabilities as presented in accordance with applicable and generally accepted accounting principles;

“**partnership**” has the meaning assigned by section 3 of the *Partnership Act (2024 Revision)*;

“**prescribed**” means prescribed by any regulation made under this Act; and

“**senior officer**” means a managing director, president, chief executive officer or other officer with authority to bind the licensee of which that person is an officer.

### Definition of “**business of company management**”

3. (1) In this Act —

“**business of company management**” means the provision of the following corporate services for profit or reward in or from within the Islands —

- (a) acting as a company formation agent;
- (b) providing a registered office or business address for a company;
- (ba) establishing and maintaining beneficial ownership registers on behalf of companies and limited liability companies incorporated or formed in the Islands, offering an information technology solution to those companies and limited liability companies to make extracts of information on the beneficial ownership register searchable by the competent authority established under Part XVIIIA of the *Companies Act (2023 Revision)* and responding to requests from the competent authority about whether a company or a limited liability company or a subsidiary of the same is



- exempted from the application of that Part or of Part 12 of the *Limited Liability Companies Act (2023 Revision)*;
- (c) providing an accommodation, correspondence or administrative address for a company or for any other person;
  - (d) filing statutory forms, resolutions, returns and notices;
  - (e) acting as or fulfilling the function of or arranging for another person to act as or fulfil the function of a person authorised to accept service of process on behalf of a foreign company carrying on business in the Islands or to accept any notices required to be served on it;
  - (f) acting as or fulfilling the function of or arranging for another person to act as or fulfil the function of an officer of a company;
  - (g) acting as a nominee shareholder for a company;
  - (h) acting as or fulfilling the function of or arranging for another person to act as or fulfil the function of director or alternate director of a company;
  - (i) acting as or arranging for another person to act as secretary, alternate, assistant or deputy secretary of a company;
  - (j) acting as or fulfilling the function of or arranging for another person to act as or fulfil the function of an authorised custodian for the purposes of the *Companies Act (2023 Revision)*;
  - (k) providing other corporate services involving the control of the whole or a substantial part of the assets of a company; and
  - (l) providing any additional corporate services as may be specified in regulations.
- (2) (a) In this section, reference to a company is a reference —
- (i) to a company wherever incorporated or otherwise established; and
  - (ii) to any similar or equivalent structure or arrangement, howsoever named; and
- (b) For the purposes of this Act, a person acts as a company formation agent if that person arranges for the registration or formation, or the sale, transfer or disposal of companies or that person provides for the subscribers to the memorandum of association.
- (3) A natural person shall not be deemed to be in the business of company management merely by virtue of being a director of one or more companies.
- (4) The provision of corporate services does not include —
- (a) the provision of services to other companies within the same group of companies as the company providing the services where all the assets of those other companies are wholly owned by companies within that group and do not include assets owned wholly or partly by third parties;

- (b) the provision of services to a company which holds a Trust licence under the *Banks and Trust Companies Act (2021 Revision)* by a subsidiary of that company and in connection with the business of that company; or
- (c) the provision of services to a company, listed on a stock exchange recognised for the purposes of this paragraph by the Authority, by a person who does not provide any of the specified services to any other company.

### **Definition of “group of companies”**

4. (1) For the purposes of this Act, a group of companies comprises every company which, directly or indirectly, is a subsidiary of the same holding company, and such a group includes the holding company.
- (2) A company shall be treated as a subsidiary (“the subsidiary”) of another company (“the parent”) where —
- (a) the parent is a member of the subsidiary and controls the composition of the subsidiary’s board of directors;
  - (b) the parent, directly or indirectly, controls more than half of the votes which may be cast at general meetings of the subsidiary; or
  - (c) the subsidiary is a subsidiary of any other company which is itself a subsidiary of the parent.
- (3) In paragraph (a) of subsection (2) the composition of a company’s board of directors shall be treated as controlled by another company if that other company, by the exercise of some power without the consent or concurrence of any other person, can appoint or remove all or a majority of the directors.
- (4) Notwithstanding paragraph (a) of section 3(4), the Authority may, from time to time, require a company which provides the services specified under that subsection to provide any or both of the certificates specified under paragraphs (b) and (c) of section 13(2).

### **Application to be made to Authority**

5. (1) An application for a licence under this Act shall be made to the Authority in writing.
- (2) The Authority may grant either —
- (a) a corporate services licence to an applicant who wishes to provide only the corporate services specified under paragraph (a), (b), (ba), (c), (d) or (e) of section 3(1) or such other corporate services as may be prescribed under paragraph (1); or
  - (b) a companies management licence to an applicant who wishes to provide the corporate services specified under paragraph (a) in addition to any other corporate services specified under paragraph (1) of section 3.





- (3) The Authority may grant a licence to an applicant under this section either unconditionally or subject to conditions.
- (4) Subject to subsection (2), a person who carries on the business of company management without being the holder of a current licence under this Act commits an offence and is liable —
- (a) on summary conviction to a fine of ten thousand dollars and to imprisonment for six months; or
  - (b) on conviction on indictment to a fine of one hundred thousand dollars and to imprisonment for five years,
- and if the offence of which that person is convicted is continued after conviction that person commits a further offence and is liable to a fine of ten thousand dollars for every day on which the offence is so continued.
- (5) An offence under subsection (4) is not committed by —
- (a) a trust company which is the holder of a Trust licence to carry on trust business granted under paragraph (c) of section 6(5) of the *Banks and Trust Companies Act (2021 Revision)*;
  - (b) a trust company which is the holder of a Restricted Trust licence granted under paragraph (e) of section 6(5) of the *Banks and Trust Companies Act (2021 Revision)* in respect of the clients and services specified in the restrictions;
  - (c) a trust company which is the holder of a Nominee (Trust) licence granted under paragraph (f) of section 6(5) of the *Banks and Trust Companies Act (2021 Revision)* in respect of the nominee function only;
  - (d) a holder of an Insurance Managers licence issued under *the Insurance Act, 2010 [Law 32 of 2010]* when engaged in the business of company management in respect of that holder’s clients who are insurance companies licensed under that Act; or
  - (e) a holder of a Mutual Funds Administrator’s licence granted under the *Mutual Funds Act (2021 Revision)* when engaged in the business of company management in respect of that holder’s clients who are mutual funds whether or not licensed or regulated under that Act.
- (6) An application under this section shall —
- (a) include such information and references; and
  - (b) be accompanied by such fee,
- as may be prescribed.
- (7) The Authority may not grant a licence unless the Authority is satisfied by the applicant —
- (a) that that applicant has sufficient expertise to carry on the business of company management; and

- (b) that that applicant's business of company management will be carried on by persons who are fit and proper persons to be directors or, as the case may be, managers or officers.
- (8) In determining for the purposes of this Act whether a person is a fit and proper person, regard shall be had to all circumstances, including that person's —
  - (a) honesty, integrity and reputation;
  - (b) competence and capability; and
  - (c) financial soundness.
- (9) A recognised custodian is not required to be licensed under this Act.
- (10) Where the Authority has granted a licence under this section, the Authority shall immediately publish notification of the grant in the Gazette.
- (11) No person who is licensed under this Act is required to be licensed under the *Trade and Business Licensing Act (2021 Revision)* or the *Local Companies (Control) Act (2019 Revision)* in respect of that person's business of company management.

### **Fees and returns**

6. (1) Every person to whom a licence is first granted shall, at the date of such grant, pay the prescribed fee.
- (2) The holder of a licence on the 1st January of any calendar year shall, on or before the 15th January in each calendar year, pay the prescribed renewal fee, and there shall be payable by a licensee who fails to pay the prescribed renewal fee by that date a surcharge of one-twelfth of that fee for every month or part of a month after the 15th January in each year that the fee is not paid.
- (3) A licence in respect of which the prescribed renewal fee remains unpaid by the 31st March in any year shall lapse forthwith but if, within a period of one month, the person who held the licence prior to its lapse pays —
  - (a) the prescribed renewal fee;
  - (b) the surcharges due under subsection (2); and
  - (c) an administration fee of ten per cent of the prescribed renewal fee,the licence may be renewed for the period from the 1st January to the 31st December, inclusive, of the year in question.
- (4) Without prejudice to the foregoing provisions of this section, if the renewal fee referred to in subsection (2) is not paid on or before the 15th January in each calendar year, the unpaid renewal fee may be sued for by the Crown by action as a civil debt and the Crown may require, and the court may order, the payment of any penalties accrued in respect of the late payment of the fee.
- (5) A holder of a licence under this Act who does not inform the Authority of such changes made relating to any of the information furnished in accordance with



section 5(6) as may be prescribed within fourteen days after any such change has occurred commits an offence and is liable on summary conviction to a fine of ten thousand dollars.

(6) In subsection (4) —

“**court**” means the Grand Court or a court of summary jurisdiction, as the case may be.

### **Display of licence**

7. A licence issued under this Act shall be prominently displayed on the premises where the business of company management is carried on.

### **Register of management companies**

8. (1) The Authority shall maintain a register in which shall be entered the following particulars —

- (a) the name of the licensee;
- (b) the address of the licensee;
- (c) the type of licence granted;
- (d) the location of the registered office of the licensee; and
- (e) the date the licence was issued.

(2) Any person during ordinary office hours may request and, upon payment to the Authority of the prescribed fee, obtain a copy of particulars of any entry in the register.

### **Shares not to be issued or transferred without approval of the Authority**

9. (1) Where a licensee is a company, the company shall not issue shares or a person owning or having an interest in shares in the company shall not transfer or otherwise dispose of or deal in those shares or that interest, unless the Authority has given its approval to the issue, transfer, disposal or dealing, as the case may be, and any conditions of the approval are complied with.

(2) The Authority may, in respect of a licensee whose shares are publicly traded on a stock exchange recognised by the Authority, waive the obligation to obtain approval under subsection (1), and any such waiver —

- (a) shall be subject to a condition that the licensee shall, as soon as reasonably practicable, notify the Authority of —
  - (i) any change in control of the licensee;
  - (ii) the acquisition by any person or group of persons of shares representing more than ten per cent of the issued share capital or total voting rights of the licensee’s issued share capital or total voting rights; or

- (iii) the acquisition by any person or group of persons of shares representing more than ten per cent of the issued share capital or total voting rights of the parent company of the licensee;
  - (b) shall be subject to a condition that the licensee shall, as soon as reasonably practicable, provide such information to the Authority, and within such period of time as the Authority may require, for the purpose of enabling an assessment as to whether persons acquiring control or ownership of the licensee in the circumstances set out in paragraph (a) are fit and proper persons to have such control or ownership; and
  - (c) shall be subject to such terms and other conditions as the Authority may deem necessary.
- (3) In subsection (1), the reference to shares being transferred, disposed of, or dealt with includes the transfer or disposal of, or dealing with, either the legal or a beneficial interest in the shares.
- (4) In the event of shares in a company which is licensed under this Act vesting automatically through process of law in a person, the secretary of the company, as soon as that person becomes aware of such vesting, shall inform the Authority of the number of shares and the identity of the person in whom they have vested, and the Authority shall have power to impose conditions on the licence and to issue instructions as to the management and operations of the licensee.
- (5) A person who contravenes this section commits an offence and is liable on summary conviction to a fine of twenty thousand dollars.

### **Net worth requirements**

- 10.** (1) Where a limited liability company applies for a companies management licence, no licence shall be issued in respect of such company unless the net worth of that company is not less than twenty-five thousand dollars or such other sum as may be prescribed.
- (2) The holder of a companies management licence which is a limited liability company shall, during the period of its licence, maintain its net worth at not less than twenty-five thousand dollars or such other sum as may be prescribed.
- (3) Where a limited liability company applies for a corporate services licence, the minimum net worth of the company and the minimum net worth that the company shall be required to maintain during the period of such licence shall be such sum as may be determined by the Authority from time to time.

### **Use of words connoting business of company management**

- 11.** (1) No person, other than a licensee, shall —
- (a) use a word which connotes the business of company management, either in English or in any other language, in the description or title under which that person carries on business in or from within the Islands; or



- (b) make a representation in a document or in any other manner that that person is carrying on the business of company management.
- (2) The Authority may require a licensee, being a body corporate with a name, or carrying on business under a name, which —
- (a) is identical with that of another person, whether within the Islands or not, or which so nearly resembles that name as to be likely to deceive;
  - (b) in the opinion of the Authority connotes, falsely, the patronage of or connection with a person whether within the Islands or not;
  - (c) in the opinion of the Authority connotes, falsely, that it has a special status in relation to or derived from the Government, or has the official backing of or acts on behalf of the Government or of any of its departments or officials; or
  - (d) includes any word or expression prescribed in regulations,
- forthwith to change the name, and in default of compliance within three calendar months of the receipt of notice from the Authority of the Authority's requirements the Authority may revoke the licensee's licence.

### **Segregation of property**

- 12.** A licensee shall segregate the funds and other property of every managed company from the licensee's own funds and property.

### **Accounts and audit**

- 13.** (1) The holder of a companies management licence shall have that holder's accounts audited annually or at such other time as the Authority may require by an auditor who shall be approved by the Authority and who shall be a member of —
- (a) the Institute of Chartered Accountants in England and Wales;
  - (b) the Canadian Institute of Chartered Accountants;
  - (c) the Chartered Association of Certified Accountants of England and Wales;
  - (d) the American Institute of Certified Public Accountants; or
  - (e) any other professional body or institute approved by the Authority.
- (2) Within six months of the end of the financial year of the holder of a companies management licence, that person shall forward to the Authority —
- (a) the audited accounts for the financial year just ended;
  - (b) a certificate of compliance with this Act and any regulations made hereunder or the *Monetary Authority Act (2020 Revision)*, signed by the licensee or, if the licensee is a body corporate, a director of the licensee; and

- (c) an auditor's certificate of the existence of adequate procedures to ensure compliance by the licensee with any Code of Practice that may be issued —
  - (i) under section 113 of the *Proceeds of Crime Act (2024 Revision)*; or
  - (ii) under regulations made hereunder.
- (3) The holder of a corporate services licence shall, once every two years (or such shorter or longer period as the Authority may require in any individual case), forward to the Authority the certificates specified under paragraphs (b) and (c) of subsection (2)
- (4) A licensee may not change that licensee's auditor without the prior written approval of the Authority, and the outgoing auditor shall explain the circumstances giving rise to the change of auditor prior to such approval being given.
- (5) A person who signs a certificate under paragraph (b) of subsection (2) who knows or ought reasonably to know that such certificate is false commits an offence and —
  - (a) is liable on summary conviction to a fine of five thousand dollars;
  - (b) shall have that person's licence, or the licence held by the body corporate of which that person is a director, revoked; and
  - (c) shall not be granted a further licence, nor be permitted to be a director of a body corporate which holds a licence.
- (6) If an auditor, in the course of carrying out an audit of the accounts of a licensee, becomes aware, or has reasonable grounds to believe, that the licensee is —
  - (a) unable to meet that licensee's obligations as they fall due;
  - (b) carrying on or attempting to carry on that licensee's business of company management or winding up that licensee's business of company management in a manner that is prejudicial to that licensee's managed companies or their owners, or to that licensee's creditors, or to the creditors of that licensee's managed companies or their owners;
  - (c) carrying on or attempting to carry on business without keeping any or sufficient accounting records to allow that licensee's accounts to be properly audited; or
  - (d) carrying on business in a fraudulent or criminal manner,the auditor shall immediately give the Authority written notice of that auditor's knowledge or belief and giving that auditor's reasons for that knowledge or belief.
- (7) A person who contravenes subsection (6) commits an offence and is liable on summary conviction to a fine of ten thousand dollars.



- (8) A reference in this section to an auditor carrying out an audit of the accounts of a licensee includes an auditor who was engaged to carry out such an audit or who was in the course of carrying out such an audit but resigned before carrying out or completing the audit or whose contract to carry out or complete the audit was otherwise terminated.
- (9) No person carrying out or charged with the carrying out of any duty, obligation or function under this section shall incur civil liability to any other person for anything done or omitted to be done in respect of the discharge, purported discharge or non-discharge of that duty or function unless it is shown that the act or omission was in bad faith.

### **Certain prohibitions on licensee**

**14.** A licensee shall not without the prior approval of the Authority —

- (a) open outside the Islands a subsidiary, branch, agency or representative office; or
- (b) change that licensee's name.

### **Number and approval of directors**

- 15.** (1) The holder of a companies management licence which is a company shall at no time have fewer than two directors.
- (2) No appointments —
- (a) to the board of directors; or
  - (b) of a senior officer of a licensee which is a company,
- shall be made without the prior written approval of the Authority, or, in the case of the holder of a corporate services licence, without giving one month's prior notice to the Authority.
- (3) A licensee shall remove or replace a director, or dismiss a senior officer, who is convicted in any country of an offence involving dishonesty within fourteen days of the conviction.
- (4) The Authority may require any licensee which is a company to remove any director or senior officer.

### **Powers and duties of the Authority**

- 16.** (1) The Authority shall —
- (a) maintain a general review of the business of company management in the Islands and make such recommendations to the Cabinet as may be considered necessary with respect to the making of regulations under this Act;

- (b) whenever the Authority considers it necessary, examine, by way of the receipt of regular returns or in such other manner as the Authority may require, the affairs or business of any licensee for the purpose of —
    - (i) carrying out the functions of the Authority or exercising the powers of the Authority under section 18;
    - (ii) confirming that the provisions of this Act are being complied with; or
    - (iii) confirming that the licensee is in a sound financial position;
  - (c) whenever the Authority considers it necessary, assist in the investigation of any offence against the laws of the Islands for which there are reasonable grounds for believing has or may have been committed by a licensee or by any of its directors or officers in their capacity as such;
  - (d) examine accounts and audited annual accounts forwarded to it under section 13 and report on them to the Cabinet whenever the Authority considers it necessary;
  - (e) examine and determine applications for licences; and
  - (f) act as the adviser to the Cabinet and take all necessary action to ensure the proper and just implementation of this Act.
- (2) In the performance of its functions under this Act, the Authority may, at all reasonable times, require a person whom the Authority reasonably believes is carrying on the business of company management in contravention of this Act, or a licensee to provide —
- (a) access to, and to allow copies to be made of, such books, records and documents;
  - (b) access to such cash and securities; and
  - (c) such information or explanation,
- as the Authority may reasonably require for the performance of its functions under this Act.
- (3) If it appears to the Authority that there are reasonable grounds for suspecting that an offence against this Act has been or is being committed by any person, the Authority may, with the approval of the Court, take such action as may be necessary in the interests of —
- (a) a managed company;
  - (b) an owner of a managed company;
  - (c) a creditor of a managed company; or
  - (d) a creditor of an owner of a managed company,
- to preserve any assets held by that managed company, owner or creditor.
- (4) If the Authority considers there are reasonable grounds for believing that an offence against this Act has been committed, the Authority may apply to the





Court for any order which is necessary to facilitate the investigation of the offence.

- (5) A person who fails to comply with any requirement of the Authority under subsection (2) commits an offence and is liable on summary conviction to a fine of ten thousand dollars, and on conviction on indictment to a fine of one hundred thousand dollars, and if the offence of which that person is convicted is continued after conviction that person commits a further offence and is liable to a fine of ten thousand dollars for every day on which the offence is so continued.
- (6) A person who, knowingly or recklessly, furnishes any information, provides any explanation or makes any statement which is false or misleading in a material particular commits an offence and is liable on summary conviction to a fine of ten thousand dollars and to imprisonment for six months, or on conviction on indictment to a fine of one hundred thousand dollars and to imprisonment for five years.

### **Licensees to insure**

17. (1) A licensee shall insure with authorised insurers against the losses referred to in subsection (3).
- (2) The insurance required by subsection (1) shall provide a minimum aggregate cover of one million dollars and a minimum cover of one million dollars for each and every claim.
- (3) The losses against which a licensee is required to insure are all losses arising from claims in respect of civil liability incurred in connection with the business of company management —
  - (a) by the licensee;
  - (b) by any of that licensee's officers or employees, or former officers or employees; or
  - (c) by any person who is or was —
    - (i) a consultant to the licensee;
    - (ii) an associate employed by the licensee; or
    - (iii) working for the licensee as an agent.
- (4) An authorised insurer shall issue annually a certificate of insurance to a licensee upon payment by the licensee of the relevant insurance premiums.
- (5) A certificate of insurance issued to a licensee under subsection (4) shall specify the amount of insurance cover provided to the licensee.
- (6) The Authority may, at any time, by notice in writing, require a licensee to submit to it a copy of the current certificate of insurance issued to that licensee under this Act.
- (7) In this section —

“**authorised insurer**” means an insurer licensed under the *Insurance Act, 2010 [Law 32 of 2010]* to carry on insurance business within the meaning of that Act, or any other insurer approved by the Authority.

- (8) The Cabinet may, by regulations, prescribe different amounts of minimum cover specified in subsection (2).

### **Additional powers of Authority**

**18.** (1) Where the Authority is of the opinion that —

- (a) a licensee is or appears likely to become unable to meet the licensee’s obligations as they fall due;
- (b) a licensee is carrying on business in a manner detrimental to the public interest or the interest of the licensee’s clients or creditors;
- (c) a licensee has contravened this Act, Part XVIIIA of the *Companies Act (2023 Revision)* or Part 12 of the *Limited Liability Companies Act (2021 Revision)*;
- (d) a licensee has failed to comply with a condition of the licensee’s licence;
- (e) the direction and management of a licensee’s business is not being conducted in a fit and proper manner;
- (f) a person holding a position as a director, manager or officer of a licensee’s business is not a fit and proper person to hold the respective position; or
- (g) a person holding or acquiring control or ownership of a licensee is not a fit and proper person to have such control or ownership,

the Authority may —

- (i) revoke the licence;
- (ia) require the licensee immediately to take steps to rectify the matter;
- (ib) suspend the licence of the licensee pending a full examination of the licensee’s affairs under section 16(1)(b);
- (ic) impose conditions with respect to decisions made by the licensee including the suspension of voting rights or nullification of votes cast;
- (id) impose an administrative fine in accordance with section 42A of the *Monetary Authority Act (2020 Revision)*;
- (ii) impose conditions or further conditions, upon the licence and may amend or revoke any such condition;
- (iii) require the substitution or removal of any director, manager or officer of the licensee;
- (iv) at the expense of the licensee, appoint a person to advise the licensee on the proper conduct of that licensee’s affairs and to report to the



- Authority thereon within three months of the date of that person's appointment;
- (v) at the expense of the licensee, appoint a person who shall be known as the Authority's appointed controller, to assume control of the licensee's affairs who shall, subject to necessary modifications, have all the powers of a person appointed as a receiver or manager of a business appointed under section 18 of the *Bankruptcy Act (1997 Revision)*; and
  - (vi) require such action to be taken by the licensee as the Authority considers necessary.
- (2) Notwithstanding section 21(1), a licensee may, within seven days of a decision to revoke a licence under paragraph (i) of subsection (1), apply to the Authority for a reconsideration of its decision.
  - (3) A person appointed under paragraph (iv) or (v) of subsection (1), or whose appointment has been extended under paragraph (b) of subsection (4) shall, from time to time at that person's discretion and in any case within three months of the date of that person's appointment or of the extension of that person's appointment, prepare and furnish to the Authority a report of the affairs of the licensee and of that person's recommendations thereon.
  - (4) On receipt of a report under subsection (3), the Authority may —
    - (a) revoke the appointment of the person appointed under paragraph (iv) or (v) of subsection (1);
    - (b) extend the period of that person's appointment;
    - (c) subject to such conditions as the Authority may impose, allow the licensee to reorganise that licensee's affairs in a manner approved by the Authority; or
    - (d) revoke the licence and apply to the Court for an order that the licensee, if the licensee is a company, be forthwith wound up by that Court, in which case the provisions of the *Companies Act (2023 Revision)* relating to the winding up of a company shall apply.
  - (5) Notwithstanding any other provision in this Act, the Authority may revoke a licence if the licensee has ceased to carry on the business of company management.
  - (6) Whenever the Authority revokes a licence under paragraph (i) of subsection (1), paragraph (d) of subsection (4) or subsection (5), notice of such revocation shall forthwith be gazetted.
  - (7) **Repealed** by section 3(b) of the *Companies Management (Amendment) Act, 2020 [Law 26 of 2020]*.

**Power of search**

19. (1) If a magistrate or a judge of the Grand Court, on sworn information in writing, is satisfied that there are reasonable grounds for entry into any premises for any such purposes as are mentioned in subsection (2) and either —
- (a) that admission to the premises has been refused, or that a refusal is expected, and that reasonable notice of the intention to apply for the warrant has been given to the occupier; or
  - (b) that an application for admission, or the giving of such a notice, would defeat the object of the entry, that the case is one of urgency, that the premises are unoccupied or that the occupier is temporarily absent,
- the magistrate or judge of the Grand Court may, by warrant signed by that magistrate or judge, authorise the Authority and any other person named in the warrant to enter the premises, if need be by reasonable force.
- (2) The purposes referred to in subsection (1) are to ascertain whether —
- (a) there is or has been on the premises to which entry is sought any contravention of this Act, Part XVIII A of the *Companies Act (2023 Revision)* or Part 12 of the *Limited Liability Companies Act (2023 Revision)*; or
  - (b) there is on those premises evidence of any contravention of this Act, Part XVIII A of the *Companies Act (2023 Revision)* or Part 12 of the *Limited Liability Companies Act (2023 Revision)*.
- (3) Every warrant granted under this section shall continue in force for a period of one month.
- (4) A person entering any premises by virtue of this section, or of a warrant issued under this section, may be accompanied by such employees of, or advisers to, the Authority as may be necessary to fulfil the purposes listed in subsection (2).
- (5) The person authorised by any such warrant to search any premises may search every person who is found in or whom that authorised person has reasonable grounds to believe to have recently left or to be about to enter those premises and may seize any documents found in the possession of any such person or in such premises which that authorised person has reasonable grounds for believing ought to have been produced under section 16(2).
- (6) Any documents seized under subsection (5) shall be returned to the person or premises from which they were seized within a period of six calendar months from their seizure, and the Authority may, before returning them, make copies of such documents.
- (7) A person who wilfully obstructs the Authority or other authorised person in the exercise of any powers conferred on it or that authorised person by this section commits an offence and is liable on summary conviction to a fine of ten



thousand dollars and to imprisonment for six months, or on conviction on indictment to a fine of fifty thousand dollars and to imprisonment for two years.

### **Winding up**

- 20.** (1) Where a licensee, being a company, is being wound up voluntarily, the Authority may apply to the Court for the licensee to be wound up by the Court.
- (2) The Court may, upon the application of the Authority, make an order for the licensee to be wound up by the Court on the ground that the public interest will be prejudiced by a voluntary winding up or on any other ground permitted by the *Companies Act (2023 Revision)*.
- (3) On an application under subsection (1), the Court may make an order for the licensee to be wound up by the Court —
- (a) if the Court is of the opinion that a voluntary winding up would not be in the public interest in all the circumstances of the case; or
- (b) if the Court is satisfied of any of the grounds referred to in the *Companies Act (2023 Revision)* for a winding up of the licensee by the Court.

### **Appeals**

- 21.** (1) A licensee shall have the right of appeal to the Court from any decision of the Authority —
- (a) revoking a licence; or
- (b) requiring a licensee to take any steps specified by the Authority under section 18.
- (2) An appeal brought under this section against a decision referred to in subsection (1) shall not have the effect of suspending the execution of the decision.

### **Offences by corporations, partnerships, limited liability partnerships, etc.**

- 22.** (1) Where an offence under, or under any regulation made under, this Act which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, that person as well as the body corporate commits that offence and is liable to be proceeded against and punished accordingly.
- (2) Where the affairs of a body corporate are managed by its members, subsection (1) shall apply in relation to the acts and defaults of a member in connection with that member's functions of management as if that member were a director of the body corporate.

- (3) Where an offence under this Act is committed by a partnership, a limited liability partnership or an exempted limited partnership and it is proved that the offence —
- (a) was committed with the consent or connivance of; or
  - (b) is attributable to any neglect on the part of,
- a partner concerned in the management or control of a partnership or a limited liability partnership, or a partner who takes part in the conduct of the business of an exempted limited partnership, that partner, as well as the partnership, the limited liability partnership or the exempted limited partnership, as applicable, commits the offence and is liable to be proceeded against and punished accordingly.
- (4) Where an offence under this Act is committed by an unincorporated association other than a partnership, a limited liability partnership or an exempted limited partnership and it is proved that the offence —
- (a) was committed with the consent or connivance of; or
  - (b) is attributable to neglect on the part of,
- a person concerned in the management or control of the unincorporated association, that person, as well as the unincorporated association, commits the offence and is liable to be proceeded against and punished accordingly.

## Regulations

- 23.** (1) The Cabinet, having consulted the Authority, may make regulations —
- (a) requiring, prohibiting or regulating the carrying out by licensees or any class or description of licensees, of such advertising, marketing or promotion of the business of company management as may be prescribed;
  - (b) regulating any aspect of the business of company management carried on by licensees or any class or description of licensees;
  - (c) setting out a code of practice relating to the business of company management for the guidance of licensees;
  - (d) prescribing anything which is to be prescribed under this Act; and
  - (e) generally for carrying the purposes and provisions of this Act into effect.
- (2) Regulations made under this Act may provide that the contravention of any provision constitutes an offence and may prescribe penalties for any such offence not exceeding the maximum fine and term of imprisonment prescribed in this Act for any offence under this Act.



**Savings and transitional**

- 24.** A licence granted under the **repealed** *Companies Management Law (1998 Revision)* and in force at the 13th March, 2000 shall (until revoked, renewed or surrendered in accordance with this Act) continue in force and have effect as if it had been granted under this Act.

**Publication in consolidated and revised form authorised by the Cabinet this 30th day of January, 2024.**

**Kim Bullings**  
*Clerk of the Cabinet*





## ENDNOTES

### Table of Legislation history:

SL #	Act/Law #	Legislation	Commencement	Gazette
	2/2023	Companies Management (Amendment) Act, 2023	26-May-2023	LG16/2023/s2
		<b>Companies Management Act (2021 Revision)</b>	12-Jan-2021	LG4/2021/s9
	56/2020	Citation of Acts of Parliament Act, 2020	3-Dec-2020	LG89/2020/s1
	26/2020	Companies Management (Amendment) Law, 2020	7-Jul-2020	LG49/2020/s2
		<b>Companies Management Law (2018 Revision)</b>	16-Mar-2018	GE22/2018/s7
	14/2017	Companies Management (Amendment) (No. 2) Law, 2017	27-Nov-2017	GE100/2017/s4
	1/2017	Companies Management (Amendment) Law, 2017	7-Apr-2017	GE31/2017/s3
	24/2016	Companies Management (Amendment) Law, 2016	5-Dec-2016	G25/2016/s14
		<b>Companies Management Law (2003 Revision)</b>	2-Jun-2003	G11/2003/s8
		Companies Management (Amendment) Law, 2002 (Commencement) Order, 2003	12-Mar-2003	GE10/2003/s2
	39/2002	Companies Management (Amendment) Law, 2002	17-Mar-2003	GE5/2003/s9
		<b>Companies Management Law (2001 Revision)</b>	30-Apr-2001	GE8/2001/s3
	6/2001	Companies Management (Amendment) Law, 2001	26-Apr-2001	GE7/2001/s6
		<b>Companies Management Law (2000 Revision)</b>	11-Sep-2000	G19/2000/s7
	4/2000	Companies Management (Amendment) (Access to Information) Law, 2000	24-Jul-2000	GE7/2000/s2
	15/1999	Companies Management Law, 1999	13-Mar-2000	G6/2000/s4





(Price: \$5.60)

