



Quorum Limited

Thistle House, 4 Burnaby Street, Hamilton HM 11, Bermuda
Or
P.O. Box HM 796, Hamilton HMCX, Bermuda

Tel: (441) 294-3619

Fax: (441) 292-5962

A wholly owned company of Mello Jones & Martin, Barristers & Attorneys
Thistle House, 4 Burnaby Street, Hamilton HM 11, Bermuda
Tel: (441) 292-1345; Fax. : (441) 292-9151
Web: www.mjm.bm

Foreword

This memorandum is intended to provide a general guide to persons considering the incorporation of companies in Bermuda. It seeks to give a broad overview of the types of companies permitted under Bermuda law, their uses and the requirements for their formation and operation. It is not intended to be exhaustive or comprehensive and we strongly recommend that specific legal advice is sought at the outset in connection with each particular proposal.

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Incorporation of Bermuda Companies

A: Types of Bermuda Company

The principal legislation governing the formation and operation of Bermuda companies is *The Companies Act 1981* (“the Act”) as amended from time to time. All Bermuda companies are designated either ‘local’ or ‘exempted’. Local companies are those in which the majority ownership and control of the company resides with Bermudians. Exempted companies are predominantly owned by non-Bermudians (although Bermudian ownership is permissible in certain circumstances).

Only local companies are permitted to carry on business in the Bermuda market i.e. in Bermuda, with Bermudians.

Exempted companies, while deemed resident in Bermuda, with or without a physical presence, are permitted only to carry on business external to Bermuda and with other exempted companies within Bermuda.

The Act makes no distinction as such between public (i.e. listed on a stock exchange) and private companies but certain provisions of the Act apply only to companies listed on an approved exchange or offering shares to the public.

The Act provides for four different types of Company:

1. Company Limited by Shares

The most common form of company, where the members’ (shareholders’) liability is limited to the amount unpaid on any shares issued to them.

2. Company Limited by Guarantee

Principally used to facilitate charitable and other non-business purposes. The members’ liability is limited to an amount which the members undertake to contribute in the event of a winding up and stated in the memorandum of association.

3. Unlimited Liability Company

Often a useful alternative investment vehicle to a partnership. The members’ liability is unlimited, in a similar way to the liability of partners in a partnership but the company retains all the usual features of a company structure.

4. Limited Duration Company

The duration of the company is fixed in the memorandum, either to a particular date or time period or by reference to a specified event (e.g. a death) so that it automatically dissolves on the expiration of the period or on the happening of the event. This facility is often useful in the structuring of investment holding vehicles.

B: Bermuda Law Requirements

The authorities charged with the regulation of companies in Bermuda are the Bermuda Monetary Authority (the “BMA”) and the Registrar of Companies (the “ROC”).

All incorporations must be approved by the BMA who will require disclosure of the ultimate beneficial ownership and signed personal declarations from each ultimate beneficial owner holding 5% or more of the share capital of the company.

Other than in the case of public companies, the BMA must approve all transfers of shares in Bermuda companies and such transfers will also be subject to the same beneficial ownership disclosure requirements as noted above.

Certain business activities are restricted and may be subject to additional requirements, licensing or scrutiny (e.g. insurance, banking, trust services) it is therefore most important to seek specialist legal advice before commencing incorporation.

Company names may be reserved with the ROC prior to incorporation but certain company names are restricted and in any event all names must receive prior approval by the ROC. Where there is likely to be a conflict or confusion with an existing company name, the ROC will withhold approval.

Share Capital

The minimum share capital of a Bermuda company is \$1 (\$120,000 in the case of an insurance company and \$1 in the case of a mutual fund company) which may be divided into any number of shares of relevant par value; shares of no par value are not permitted. A general meeting of the members of the company may authorise an increase or decrease in the authorised share capital, subject to the minimum requirement.

Bearer Shares

Bearer shares are not permitted.

Shareholders

There must be at least one shareholder whose name and address must be entered in the Register of Members alongside the number of shares held by him. A member may hold shares as nominee for another person.

Constitution

a) Memorandum of Association (the “Memorandum”)

The Memorandum document is retained on file at the ROC and is open to inspection by the public.

The authorised share capital will be set out in the Memorandum together with the names of the initial subscribers for shares in the company, the objects of the company and its powers. It is acceptable, and usual for the initial subscribers to be nominees (MJM is able to provide nominees).

The company may adopt unrestricted objects.

b) The Bye Laws

The bye-laws (analogous to the Articles of Association in UK company law) set out the rights and duties as between the company, its shareholders and the directors. They will set out the rules governing the operation of the company including its meetings and those of its officers and directors. The bye laws may also provide for differing share classes, including

redeemable preference shares, and the rights attaching to each class. The bye-laws are not filed with the ROC and are not available for inspection by the public.

Registered Office

A Bermuda company must have a registered office in Bermuda which may not be a post office box number and the location of which must be registered with the ROC.

Certain company records must be kept at the registered office, including the register of shareholders and the register of directors and officers. Duplicate records may be maintained elsewhere, in Bermuda or abroad.

Directors

The company's bye-laws may provide for any number of directors, subject to a minimum requirement under the Act of two. Directors must be individuals, corporate directors are not permitted. In addition, certain Bermuda residency requirements apply: the company must have

- two resident directors; or
- one resident director and a resident secretary; or
- a resident secretary and a resident representative.

Exemptions to the above rules may apply in the case of a company listed on an appointed stock exchange.

Any director may appoint an alternate to act in his place; the alternate acts with the full authority of the director for whom he is alternate.

Directors need not hold shares in the company.

Resident Representative

Public companies are exempted from the resident director requirements noted above provided that they must instead appoint a Bermuda resident representative who has the right to be notified of and attend all meetings of the company and is charged by the Act with keeping certain company records, including minutes of all meetings.

Officers

Every Bermuda company must have a secretary. A company may have a president and a vice president (or a chairman and a deputy chairman).

The bye laws may provide for the creation of other offices who need not be directors and for the appointment of assistant secretaries.

Company Records

Register of Members (shareholders), containing the names and addresses of each shareholder alongside the number of shares held by him, the amount paid up in respect of those shares and the date on which he was entered in the register.

The register must be retained at the registered office and is available for inspection by the public on request and payment of a reasonable fee.

Register of Officers and Directors, containing the full names and addresses of those persons. The register must be retained at the registered office and is available for inspection by the public on request and payment of a reasonable fee.

Public Records

The memorandum is kept on file at the Registrar of Companies and is open to inspection by the public on request.

The register of shareholders and register of directors and officers must be kept at the registered office and are available for inspection by the public on reasonable request and payment of a reasonable fee.

Accounts and audits

A company must keep proper records of account with respect to its activities and these records must be available for inspection by the directors at any time. These records may be kept in such place as the directors see fit but if outside Bermuda, then records sufficient to enable a director to, each quarter, accurately ascertain the financial condition of the company must be retained at the registered office.

There is no requirement to file accounts with any regulatory authority.

Generally, the members in general meeting must appoint an auditor but this requirement may be waived if all shareholders and all directors agree in writing or at a general meeting. Such a waiver must be renewed at each annual general meeting if it is to persist.

Public Companies and Public Offerings of Shares

Where a Bermuda company intends to make a public offering of its shares it may be subject to a number of additional requirements under the Act. Whether or not a particular offering constitutes a public offering will depend on various factors and certain types of offerings may not necessarily be considered 'public' for the purposes of the Act. Where a share offering is contemplated we strongly recommend that legal advice is sought at the earliest juncture.

Taxation, Stamp Duty and Exchange Control

The Bermuda government currently imposes no taxes on the income, capital gains or profits of a Bermuda company or its shareholders nor is there any withholding tax or transfer taxes of any kind.

It is usual for a Bermuda company to apply for and be granted by the Minister of Finance an assurance that in the event of any legislation being enacted which seeks to impose taxes of the kind mentioned above such taxes will not be applicable to the company before March 2016.

Stamp duty is not applicable to instruments executed by an exempted company nor in respect of transactions entered into by an exempted company except in the case of transactions concerning Bermuda property.

Exempted companies (and Permit companies) are designated non-resident for exchange control purposes and are permitted to operate free of exchange control regulations in connection with the payments of dividends and capital distributions and may freely acquire and hold foreign currency and securities.

Other Considerations

Pre incorporation contracts

A company cannot enter into a binding contract prior to its incorporation and any person entering into such a contract, purportedly in the name of the company, will be personally liable in respect of that contract unless the contract itself provides otherwise. The company, post-incorporation, may adopt such a contract and assume the contractual liabilities of the individual making it.

Banking

The company may open accounts with banks within or outside Bermuda.

Seal

In the case of documents executed under seal, the company seal may be affixed by any two directors or by one director and the secretary. The secretary signing alone under the seal may

authenticate corporate records. The bye-laws may authorise other persons and also make other provisions regarding the use of the seal.

Purchase by a company of its own shares; treasury stock

A Bermuda company may only generally redeem or purchase its own shares if it complies with the specific requirements set out in the Act. Any shares redeemed or purchased may be cancelled or may be retained as treasury shares in accordance with the Act. The reduction in issued capital consequent on cancellation of shares does not constitute a reduction in authorised share capital.

Financial year-end

A date must be fixed as the financial year-end. The bye-laws will usually provide that this date can be changed from time to time.

C: Incorporation Procedure

Incorporation may be by registration (the usual procedure) or by private act of parliament where there are special considerations. This pamphlet will deal only with the procedure for incorporation by registration. Your legal advisor will be able to advise on those situations where incorporation by private act is desirable or necessary.

In the ordinary course, where there are no special factors, we anticipate the incorporation procedure to take approximately four working days.

Exempted companies are not generally required to advertise the intention to incorporate although advertisement may be required if the company intends to carry on restricted activities or in other special situations such as amalgamations and continuations.

Local Companies

Persons incorporating local companies are required to advertise their intention to incorporate. The advertisement must include the name of the company, names of beneficial owners and the proposed objects of the company. The notice must be published in an appointed Bermuda newspaper not more than three months prior to making the application to register. Additional advertising requirements may apply in some situations such as amalgamations and continuations. Your legal advisor will be able to advise further in any given situation.

The Application for Registration

The application in the prescribed form, together with the approved name reservation form, the memorandum of association and supporting documentation concerning beneficial ownership (see personal declarations: **Appendix IV**) and the appropriate fee is submitted to the BMA. On approval, the BMA will refer the application to the Minister of Finance with a recommendation to consent. The memorandum of association is then registered with the Registrar of Companies who will issue a dated certificate of incorporation.

The Authority may require further information relating to the applicants, the company itself or its activities.

Once the Authority has vetted an application it is presented to the Minister of Finance with a recommendation as to whether or not a Consent to Register the company should be issued.

Statutory Meetings

a) Provisional directors meeting

The provisional directors are usually the subscribers to the Memorandum. Their role is limited to performing the functions necessary to appoint the board of directors. The meeting of the provisional directors will therefore:

- (i) allot shares to shareholders

- (ii) call the statutory general meeting of shareholders
 - (iii) approve the bye-laws (subject to later confirmation by the shareholders in general meeting).
- b) Statutory General Meeting of Shareholders

It is usual to hold this immediately after the Provisional Directors meeting, the shareholders waiving the minimum 5 days' notice. The meeting counts as the annual general meeting for the year in which it takes place. The usual business will be to:

 - (i) adopt the bye-laws
 - (ii) appoint the board of directors
 - (iii) appoint any auditors
- c) First Meeting of the Board of Directors

This will normally take place immediately following the Statutory General Meeting. The usual business will be to:

 - (i) elect or appoint the officers of the company;
 - (ii) appoint a secretary and resident representative, where required;
 - (iii) appoint accountants;
 - (iv) determine the registered office of the company;
 - (v) make any calls on issued shares;
 - (vi) adopt the seal of the company;
 - (vii) authorise opening any bank accounts;
 - (viii) authorise the application for a certificate of tax exemption; and
 - (ix) approve payment of fees (i.e. to government).

D: Operation of Bermuda Companies

The bye-laws will set out the rules by which the company will be managed and operated. Usually it will be the responsibility of the board of directors to carry out the management functions directly or through such officers as they may appoint. The shareholders retain ultimate control to appoint and remove directors.

The company may transact any legal business which falls within the scope of its stated objects and which is in furtherance of those objects, subject to any limitations expressed in its powers or bye-laws. The directors' primary duty is to the company, whose interest may or may not coincide with those of the shareholders or the directors themselves. This may be a relevant consideration where it is contemplated that the company may make purchases, loans or guarantees on behalf of or in respect of third parties.

Directors Meetings

The bye-laws will usually make provisions regarding the calling, notice and conduct, including voting thereat, of directors meetings. A director must declare any direct or indirect interest he may have in the business being transacted or discussed at a directors meeting. The Act permits the holding of directors meetings by telephone or by unanimous written resolution, in lieu of a meeting.

Shareholders Meetings

The Act provides for a minimum notice period of five days for calling any meeting of the shareholders. Shorter notice may be agreed by all shareholders entitled to attend and vote at an annual general meeting and by the holders of 95% of the nominal value of all shares at any special meeting.

Contracts

A third party will generally be able to rely on a written or oral contract executed or entered into by two directors in the name of the company. The board may also authorise any other party to enter into a contract on behalf of the company.

Issues and Transfers of Shares

Generally, the BMA must approve all share issues and share transfers taking place subsequent to incorporation. The bye-laws may specify other provisions (such as pre-emption rights).

Any premium arising from share issues will be treated as credited to a share premium account. Shares may not be issued at a price below the stated par value per share.

Share transfers are normally effected by means of a standard instrument of transfer signed by or on behalf of both transferor and transferee.

Public Offers

Offerings of shares to the public are subject to particular regulation under the Act. Your legal advisor will be able to advise further.

Contributions to Surplus

Any person may make a gift of cash or other property to the company, unrelated to any issue of shares. This will be accounted as contributed surplus, not share premium.

Dividends and Distributions

Dividends and distributions may be paid from profits and surplus subject to a solvency requirement provided under the Act; after the payment of any dividend or distribution:

- a) the company must be solvent; and
- b) the realisable value of its assets will be greater than the aggregate of its liabilities, issued share capital and share premium.

Charges

Charges over the assets of a company may be submitted for entry in the Register of Charges maintained by the Registrar of Companies. Charges on the register will have priority over later-registered charges and unregistered charges. Your legal advisor can advise further on the procedure for registration.

Miscellaneous Operating Matters

Your legal advisor will be able to assist further in connection with the following matters:

Constitutional Amendments

It is possible to amend the company's constitution as follows:

- increase or decrease the authorised capital (subject to the statutory minimum)
- amend the memorandum of association
- amend bye laws or adopt new bye-laws

Amalgamations

Bermuda companies may amalgamate with other companies within Bermuda or elsewhere.

Continuances and Discontinuances

A foreign company may continue into Bermuda and become a Bermuda exempted company.

A Bermuda exempted company may discontinue out of Bermuda and continue into and under the laws of another country.

Permit companies

In certain circumstances a foreign company may be permitted to carry on business from Bermuda, subject to the grant of a licence by the Minister and certain other requirements. A licence will only be granted in circumstances where the Minister is satisfied that the activities of the foreign company could not be carried out by a Bermuda company.

Appendices

Appendix I

QUORUM INTERNATIONAL LIMITED

INCORPORATION COST SUMMARY - ORDINARY EXEMPTED COMPANIES

<u>Description</u>	<u>Cost (US\$)</u>
1. Quorum International Limited fee for incorporation (<u>Minimum, subject to time spent</u>)	\$2,625
2. Government Registration Fee (minimum) based on Level of Assessable Capital. (See Note below) Where incorporation takes place on or after 1st September, only one-half of applicable fees are payable.	\$1,995
3. Corporate equipment and advertising costs	400
4. Application fee for incorporation	261
5. Tax Exemption Certificate fee	160
6. Registration fee	<u>78</u>
Total (minimum)	\$5,519 =====

Note: The amount of the Government Registration Fee depends on the Government Fee Scale as follows:

<u>Assessable Capital - US\$</u>	<u>Fee - BD\$</u>
12,000	\$1,995
12,001 - 120,000	\$4,070
120,001 - 1,200,000	\$6,275
1,200,001 - 12,000,000	\$8,360
12,000,001 - 100,000,000	\$10,455
100,000,001 - 500,000,000	\$18,670
500,000,001 or more	\$31,120

"Assessable Capital" is the total of the Company's authorized share capital plus its share premium account, if any.

Deposit on Account Payable to Quorum International Limited

Quorum requests a minimum deposit on account of fees and disbursements as listed above of **US\$5,519**, based on the minimum Government Registration Fee of \$1,995. If the Assessable Capital of the Company is to be greater than \$12,000, then the deposit on account payable to Quorum should be increased by the corresponding increase in the Government Incorporation Fee (see Note above).

- Notes:** (1) International businesses incorporate in Bermuda as 'exempted' companies, which are exempt from Bermuda's laws in relation to 'local' companies.
(2) BD \$1.00 = U.S. \$1.00

Appendix II

QUORUM INTERNATIONAL LIMITED

PER ANNUM COST SUMMARY - ORDINARY EXEMPTED COMPANIES

1. Corporate Administrative Services Fee (Quorum Services Limited)

Minimum Fee for corporate administrative services, per annum: US\$4,725.00

The above is a minimum fee subject to time spent, payable in full on 30 June of each year (i.e. one-half in arrears; one-half in advance). As a general guideline, corporate administrative services include the following:

- (a) Providing Registered Office;
- (b) Providing a Bermuda Resident Company Secretary and Assistant Company Secretary;
- (c) Telephone attendances and receiving instructions;
- (d) Convening and holding Board Meetings and Shareholders Meetings, including Annual General Meeting;
- (e) Drafting of Minutes, maintaining Minute Book and Share Register, etc.; and
- (f) Ensuring that the Company is kept in good standing through payment of Annual Government Fee and filing of Annual Declaration.

2. Annual Government Fee - Based on Government Fee Scale, as follows:

<u>Assessable Capital - US\$</u>	<u>Fee - BD\$</u>
12,000	\$1,995
12,001 - 120,000	\$4,070
120,001 - 1,200,000	\$6,275
1,200,001 - 12,000,000	\$8,360
12,000,001 - 100,000,000	\$10,455
100,000,001 - 500,000,000	\$18,670
500,000,001 or more	\$31,120

"Assessable Capital" is the total of the Company's authorised share capital plus its share premium account, if any.

The Annual Government Fee is payable in January of each year following the year of incorporation.

3. Auditors' and Accountants' Fees

Auditors and Accountants charge their fees to the Company based upon the nature of the work carried out. Their fees are subject to negotiation.

Notes:

- (1) International businesses incorporate in Bermuda as 'exempted companies, which are exempt from Bermuda's laws in relation to 'local' companies.
- (2) BD \$1.00 = U.S. \$1.00

Appendix III

B E R M U D A

COMPANY FORMATION QUESTIONNAIRE

PRIVATE AND CONFIDENTIAL

Quorum Limited

Thistle House, 4 Burnaby Street, Hamilton HM 11, Bermuda
or
P.O. Box HM 796, Hamilton HMCX, Bermuda

Tel: (441) 294-3619

Fax: (441) 292-5962

This form is for internal use only by
Quorum Limited

PART A: INCORPORATION

PART A OF THIS QUESTIONNAIRE (Items 1 to 9) IS DESIGNED TO ELICIT THE INFORMATION AND THE DOCUMENTATION WE REQUIRE IN ORDER TO INCORPORATE A BERMUDA *EXEMPTED COMPANY (*exempted from Bermuda local ownership laws).

1. Name of Company

Please print below the name of the proposed Bermuda company (the "Company") with at least two alternatives in order of preference (Note that name must end with either "Ltd." or "Limited").

- 1.
- 2.
- 3.

If initials are used in the name, please indicate what (if anything) they stand for. The proposed name must first be approved and then reserved. We will do this as part of our incorporation service.

2. Ownership of the Company

Bermuda Government policy requires full disclosure of the direct, intermediate and ultimate beneficial ownership of a Bermuda company. This information is provided to the Bermuda Monetary Authority (the "BMA") on a confidential basis.

Please provide the following particulars (if necessary, on a separate sheet) for each of the direct owner(s), the intermediate owner(s) and the ultimate beneficial owner(s) of the Company.

- (i) Name:
- (ii) Date of Birth:
- (iii) Address:
- (iv) Occupation or Business:
- (v) Nationality or Place of Incorporation:
- (vi) Percentage of Ownership in the Company or intermediate company:

Particulars of the beneficial owners of a public company are not required, except in relation to major or controlling shareholders.

If any owner is a public company quoted on a recognised stock exchange, please specify below the name and address of the company and the stock exchange(s) on which it is listed:

- (i) Name:

(ii) Address:

(iii) Stock Exchange(s):

If any individual owner or company in the ownership chain is acting as a trustee or nominee for any other person or company, please disclose this to your MJM attorney. Should a trust, settlement or partnership be proposed as the owner of the Company, please consult your attorney for additional requirements.

If you think it would be helpful, please outline below or provide separately an organization chart showing the full ownership structure including companies, individuals, partnerships, trusts, etc.

Organization Chart (Ownership of Company)

3. Supporting Documentation

As a general rule, for each individual proposed owner (whether direct or ultimate) of a Bermuda exempted company, we require financial reference (in writing) from an accredited bank which has known that individual proposed owner for at least three years (the actual number of years should be indicated in the reference).

In the case of a private company proposed owner, the BMA requires the most recent (preferably audited) financial statements for the private company itself as well as a bank reference, as described above, in respect of each individual owner of that private company. Where one or more intermediate companies are involved, the financial statements are required for the direct private company owner(s), but in most cases not for the intermediate companies. Again, if the ultimate owner(s) is an individual, the financial reference described above is required. **Please note the specific requirements of Bermuda Banks with regard to five year references as noted in Information Sheet, # 8.**

In the case of a public company owner, the BMA requires the most recent annual report and subsequent quarterly reports, if available.

Please note that the owner of an existing Bermuda exempted company may be required (upon application to form another company) to provide updated financial information.

Depending on the circumstances, ownership structure and type of company, additional or modified information may be required. Your Mello Jones & Martin (MJM) attorney will advise you on this as necessary.

Please specify below the document(s) you are/will be providing by way of supporting documentation. Documentation provided:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

4. **Objects and Powers**

The company can adopt unrestricted objects.

To assist us in preparing appropriate objects and powers, please describe below, in as much detail as possible, the principal intended business of the Company:

Description of Intended Business of Company

It is recommended that, where appropriate, you supply a brief (one or two paragraphs) Business Plan for the Company.

The Bermuda Government has specific additional requirements and/or policies regarding the incorporation of certain types of companies. These policies apply to companies to be involved in Mutual Funds, Insurance (including insurance management and insurance brokerage), Aviation (aircraft registration), Shipping (ship registration), Banking, Group Finance, Investment Advice, Trust Business, Professional Services, General Management and Consultancy, Computer Services in Bermuda. Government policies also prohibit incorporation of companies which intend to engage in activities which are considered undesirable. New policies or policy changes may be developed from time to time. Please consult your MJM attorney for further advice if the Company's proposed business relates to any of the areas listed above.

The powers of the Company to purchase its own shares and to issue preference shares redeemable at the option of the holder are included in the Memorandum of Association of the Company.

5. Bermuda Bank Accounts

As part of our Firm's incorporation service, we will make the arrangements necessary to open a Bermuda bank account for the Company. **Please refer to banking requirements noted in covering Information Sheet.**

Please specify below the Bermuda bank(s) at which an account is to be opened:

The Bank of N.T. Butterfield & Son Ltd. _____
Bermuda Commercial Bank Limited _____
The Bank of Bermuda Limited _____

There are no other banks in Bermuda. Current Government policy does not permit the incorporation of exempted companies as banks.

Please designate below the Company's proposed Signing Authorities on its bank account(s):

Either: any two (2) directors
(Including alternate directors) _____Yes _____No

Or: please specify below:

6A. Share Capital (Ordinary Exempted Company)

Please note that the Government Incorporation Fee (and the Annual Government Fee) increases on a graduated scale from a minimum of \$1,995 for a company with authorised share capital of \$12,000 or less, as the authorised capital is increased above \$12,000 (see Incorporation Cost Summary - Ordinary Exempted Companies.) **Kindly confirm whether the initially issued shares will be paid up by the initial subscribers.**

Paid up share capital by subscribers _____Yes _____No

If the Company is to be an ordinary exempted company (as opposed to an insurance company), please state below the amount and currency of the proposed authorised share capital:

Authorised
Share Capital: Currency _____ Amount _____

6B. Share Capital (Exempted Insurance Company)

For insurance companies the minimum authorised, issued and paid-up capital is:

- US \$120,000 - for companies writing "general business"
- US \$250,000 - for companies writing "long-term business" (i.e. life insurance)
- US \$370,000 - for companies writing general and long-term business

It should be noted that the Insurance Regulations made under the Insurance Act 1978 provide for a solvency margin in accordance with a prescribed formula, which may require a higher capitalization than the minimum amounts set out above.

Please state below the amount and currency of the proposed share capital of the insurance company:

Authorised and
Issued Share Capital: Currency _____ Amount _____

7. Par Value and Classes of Shares

Under Bermuda law, "no par value" shares are not permitted. \$1.00 is the most common denomination for par value where capital is expressed in US\$.

Please describe below the class and par value of the Company's shares. The usual description for an ordinary exempted company with minimum capitalization is: "12,000 ordinary shares of US \$1.00 par value each". If more than one class of shares is contemplated, please also indicate below the basic attributes of each class (e.g. "10,000 7% non-cumulative, redeemable, non-voting preference shares of US \$1.00 par value each").

	<u>Number of Shares</u>	<u>Class of Shares (Description)</u>	<u>Par Value</u>
1.			
2.			
3.			

8. Registered Office/Corporate Records

The Company must have a Registered Office in Bermuda at which the statutory corporate records (i.e. Minute Book, Share Register, Register of Directors and Officers, etc.) are maintained. MJM will provide a Registered Office for the Company as part of our annual corporate administrative services.

Please indicate below whether you wish Quorum International Limited to provide the Registered Office and/or maintain the statutory corporate records:

Registered Office

Thistle House, 4 Burnaby Street
Hamilton, Bermuda
(i.e. Quorum offices) _____ Yes _____ No

If No, please specify the proposed address of the Registered Office:

Maintenance of Corporate Records

Quorum International Limited ("Quorum") Yes No

If No, please specify the name and address of the Company which will be providing these services:

9. Date of Commencement

Please state when the Company would wish to commence its business and if the commencement date is critical, say why:

Commencement Date: _____ Critical: Yes No

If yes, please specify reasons:

PART B: ORGANISATION

THE BALANCE OF THIS QUESTIONNAIRE (ITEMS 10 TO 21) IS DESIGNED TO ELICIT THE INFORMATION AND THE DOCUMENTATION WE REQUIRE TO ENABLE US TO PREPARE THE COMPANY'S ORGANISATIONAL DOCUMENTS.

10. Share Registration/Calls on Capital

Under Bermuda law, bearer shares are not permitted. The share register of a company is open for inspection by the public on request. Shares may be registered in the name of the beneficial owner or a nominee. A nominee is not required to disclose for whom shares are held, except pursuant to a court order.

There is no legal requirement as to the minimum percentage of the call on capital, except in the case of an insurance company where the minimum issued share capital must be called and paid up (See Item 6B above). Unpaid or partly paid shares create a liability for the outstanding balance. If the shares are to be registered in the name of Fernbank Limited, MJM's nominee company, all issued shares must be 100% called and paid up at the outset.

Most auditing firms will not accept appointment without details of the beneficial owner(s). If a nominee shareholder is to be used, please indicate below whether or not there is any objection to the name(s) of the beneficial owner(s) being furnished to the auditor.

Name(s) of beneficial owner(s)

To be furnished to auditors: _____ Yes _____ No

11. Increases to Authorized Share Capital

The authorised and issued share capital of the Company will be as set out in Item 6 above. Please indicate below present intentions regarding authorised share capital.

(a) Minimum authorised share capital to
Be increased at the outset: _____ Yes _____ No

If yes, please indicate

Amount of increase: _____

(b) Additional shares created by
The increase to authorised capital
To be issued immediately: _____ Yes _____ No

If yes, please indicate:

Name of Shareholder: _____

Number of Shares to be issued: _____

12. Share Premium/Contributions to Surplus

The Annual Government Fee is payable by a Company on a graduated scale, details of which are set out in the Annual Cost Summary - Ordinary Exempted Companies. The actual amount of the Annual Government Fee depends on the Company's "assessable capital" which, in the case of a joint stock company, is the sum of its authorised share capital and the share premium account. Contributed Surplus (i.e. payments to the Company such as

17. Accounting/Auditing

Under the Companies Act 1981 of Bermuda (the "Act") certain obligations are imposed upon the Company and its directors in relation to the maintenance of accounting and financial information and in regards to audit.

Firstly, pursuant to Section 83 of the Act, the Company must keep proper records of account with respect to (1) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; (2) all sales and purchases of goods by the Company; and (3) the assets and liabilities of the Company. These records may be kept at either:

- (a) The registered office of the Company or at such other place in Bermuda as the Directors think fit, or,
- (b) Some place outside Bermuda. However, in this case, such accounting records must be made available to the Directors in Bermuda so that they can ascertain, with reasonable accuracy, the financial position of the Company at the end of each three month period. In other words, quarterly management accounts or sufficient quarterly financial information should be sent to the Directors in Bermuda.

Secondly, under Section 84 of the Act, the Directors are required to present to the members (i.e. shareholders) of the Company in general meeting in each year financial statements for the relevant financial period, prepared in accordance with generally accepted accounting principles, together with an auditor's report thereon. Audited accounts may be waived provided that all members and directors of the Company so agree. However, an audit should only be waived in justifiable circumstances, such as in the case of a dormant company or a single asset holding company (please discuss this with your attorney).

Please provide below the name and address of person or firm who will keep the day-to-day books of account of the Company (e.g. Accountant) and of the person or firm who will be appointed as Auditor.

Accountant's Name
And Address

Auditor's Name
and Address

Please indicate the date of the
Company's financial year-end:

Please indicate when the first
Accounting period (i.e. for which
Audited financial statements
Will be prepared) will end:

18. Bye-Laws

It is recommended that the Company adopt MJM's standard Bye-Laws which have been developed over the years for the special needs of Bermuda companies. A specimen copy of our Bye-Laws will be forwarded to you on request. Should you wish any special

provisions, requirements or matters to be incorporated into the Bye-Laws, please provide details below:

19. Instructions for Incorporation

Please provide below the details of the person to whom MJM should look to for instructions in relation to the incorporation of the Company.

Name:

Position:

Address:

Telephone:

Fax:

20. Instructions for Corporate Administrative Services

MJM's associated service company, Quorum, may be engaged for the purposes of providing corporate administrative services (including registered office, maintaining corporate records, and providing Bermuda resident directors) to the Company. If you wish to appoint Quorum as the Company's corporate administrator, please indicate below details concerning the individual from whom instructions for the administration of the Company may be obtained on a continuing basis.

Name:

Position:

Address:

Telephone:

Fax:

21. Billings

Please provide details below in respect of the party responsible for payment of our statement of account for the incorporation and organization of the Company:

Name:

Position:

Address:

Telephone:

Fax:

If Quorum is to provide corporate administration services for the Company, please indicate to whom statements for these services (billed bi-annually to the Company) and requests for the Annual Government Fee(s) should be sent:

Name:

Position:

Address:

Telephone:

Fax:

If the Company has MJM directors who have signing authority on the local bank account, please indicate below whether they have your authority to pay from that account the Quorum annual fee for corporate administrative services and the Annual Government Fee:

Authority to pay corporate
Administration fee and
Annual Government Fee:

_____ Yes _____ No

Signed: _____

Dated: _____

7 Appendix IV
PERSONAL DECLARATION

Name of Entity in connection with which this declaration is being completed:			
Surname:			
Complete forename(s):			
Known by other name(s):			
Any previous name(s):			
Name of Spouse:			
Residential Address: (P.O. Box <u>not</u> acceptable)			
Country of Citizenship		Passport No:	
Passport Details	Date & Place of issue:		
Date of Birth:	Day:	Month:	Year: Gender:
Place of Birth:	City:	Country:	
Occupation:			
Present Employer:			

1. A separate declaration must be completed and signed by each individual proposing to have a beneficial interest in a company to be registered. In respect of partnerships, a declaration is to be completed by the general partner(s), where the general partner is an individual.
2. Questions 1 - 6 must be completed by each individual proposing to have a beneficial interest in a company to be registered. In respect of partnerships, a declaration is to be completed by the general partner(s), where the general partner is an individual.
3. Questions 7 - 10 must be completed where the entity proposed to be registered or formed is to carry on investment business or is a collective investment scheme.

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS YES PLEASE PROVIDE DETAILS IN WRITING IN RESPECT OF THAT ANSWER.

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Do you have any interest in any company or partnership registered or formed in Bermuda? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have you ever been refused consent to register a company or form a partnership in Bermuda? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are you or have you ever been an undischarged bankrupt? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have you ever been convicted of a criminal offence involving fraud or dishonesty? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has fraud or dishonesty been proven against you in any civil proceedings? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Have you ever been the subject of a judicial or other official enquiry? | <input type="checkbox"/> | <input type="checkbox"/> |

Questions 7 - 10 must be completed where the entity proposed to be registered or formed is to carry on investment business or is a collective investment scheme.

- | | Yes | No |
|---|--------------------------|--------------------------|
| 7. Have you or any entity that you have been associated with, ever been refused or had revoked a licence, permit or other authorisation to provide investment business to the public in any jurisdiction? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are you a member in good standing of a self regulatory organization? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8a. If yes, name the organization(s): | | |
| 9. Have you ever been the subject of investigation, proceeding or other enquiry by a self regulatory organization of which you are or were a member? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Have you or any entity that you have been associated with, ever been refused or had revoked a licence, permit or other authorisation to conduct investment business in any jurisdiction? | <input type="checkbox"/> | <input type="checkbox"/> |

I hereby certify that the information in this Declaration is true to the best of my information, knowledge and belief.

Signed: _____

Dated: _____

Appendix V

SAMPLE BANK REFERENCE # 1

[DATE]

Quorum International Limited
Thistle House
4 Burnaby Street
Hamilton HM11
Bermuda

Dear Sirs,

Re: [CLIENT'S NAME]

We have been advised by our above-mentioned client that (he/she) is in the process of applying to incorporate a Limited Liability Company in Bermuda. In this connection, we are pleased to provide the following Banker's reference.

[CLIENT'S NAME] has maintained accounts with ourselves for over [number - must be 3 or more] years, having conducted [his/her] accounts to our satisfaction.

It is our opinion, based on our experience with this client, that [he/she] may be considered good for normal business engagements and suitable to incorporate a Limited Liability Company in Bermuda.

Yours faithfully,

[BANK OFFICIAL]

**SAMPLE BANK REFERENCE # 2
(FOR BANK'S USE ONLY)**

[DATE]

[NAME & ADDRESS OF BERMUDA BANK]

Dear Sirs,

Re: [CLIENT'S NAME]

We have been advised by our above-mentioned client that (he/she) is in the process of applying to incorporate a Limited Liability Company in Bermuda. In this connection, we are pleased to provide the following Banker's reference.

[CLIENT'S NAME] has maintained accounts with ourselves for over [number - must be 5 or more] years, having conducted [his/her] accounts to our satisfaction.

It is our opinion, based on our experience with this client, that [he/she] may be considered good for normal business engagements and suitable to incorporate a Limited Liability Company in Bermuda.

Yours faithfully,

[BANK OFFICIAL]

APPENDIX VI

Quorum International Ltd.

US\$ Wire Transfer Instructions Bank of Bermuda

Instructions accompanying the wire transfer must be detailed and accurate. Please request the remitting bank to clearly state the following information on their fund transfer instructions:

- The sender's name
- The Client number and matter to which payment relates
- The Quorum International Ltd. invoice number

Correspondent Bank	HSBC Bank USA 452 Fifth Avenue New York, New York 10018 U.S.A. SWIFT CODE: MRMD US33 Fedwire ABA: 021001088 CHIPS ABA: 0108
Beneficiary Bank	The Bank of Bermuda 6 Front Street Hamilton Bermuda SWIFT CODE: BBDABMHM CHIPS UID: 005584
Beneficiary	Quorum International U.S. Client Trust Account Account No. 010-439669-502 Attn: Suzana Ming Ref: [client name and number]

**** Please ensure that the wired amount is net of transfer costs**

Please send a copy of your payment details or any questions regarding payments to: accounts@mjm.bm or by fax to (441) 296-2695