

A BILL

entitled

SEGREGATED ACCOUNTS COMPANIES AMENDMENT ACT 2021

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WHEREAS it is expedient to amend the Segregated Accounts Companies Act 2000 to enable limited liability companies to be brought within the scope of that Act, to strengthen

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the provisions relating to the appointment of a segregated account representative and to make related amendments;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Segregated Accounts Companies Act 2000 (the "principal Act"), may be cited as the Segregated Accounts Companies Amendment Act 2021.

Amends section 2

2 In section 2 of the principal Act—

(a) insert in the appropriate alphabetical order the following definitions—

“company” means—

- (a) a company as defined in section 2 of the Companies Act 1981;
- (b) a limited liability company; or
- (c) both a company as defined in section 2 of the Companies Act 1981 and a limited liability company, as the case may be;

“general interest holder” means any holder of an LLC interest of a segregated accounts company that is a limited liability company not being the holder of an LLC interest linked to a segregated account;

“limited liability company” means a limited liability company registered as such under the Limited Liability Company Act 2016;

“LLC agreement” has the meaning given in section 2 of the Limited Liability Company Act 2016;

“LLC interest” has the meaning given in section 2 of the Limited Liability Company Act 2016;

“LLC manager” means “manager” as defined in section 2 of the Limited Liability Company Act 2016;

“member” means—

- (a) in relation to a company to which the Companies Act 1981 applies, a member as defined in section 2 of the Companies Act 1981;
- (b) in relation to a limited liability company, a member as defined in section 2 of the Limited Liability Company Act 2016;

“prescribed fee” means such fee as may be prescribed pursuant to section 31, or by regulations made under the Government Fees Act 1965, as the case may be;

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“regulated person” has the meaning given in section 10;

“segregated account representative” means a person appointed in accordance with section 10;

“supervisory authority” has the meaning given in section 10; ”;

- (b) in the definition of “account owner” in paragraph (a), delete “of shares which are” and substitute “of shares or any LLC interests which are”;
- (c) in the definition of “general shareholder”, insert after “company” the words “that is a company to which the Companies Act 1981 applies”;
- (d) in the definition of “governing instrument”—
 - (i) insert after “written agreements” the words “(including LLC agreements)”; and
 - (ii) insert after “directors” the words “or managers of a limited liability company”;
- (e) in the definition of “officer”, insert after “director” the words “, LLC manager”; and
- (f) in the definition of “security”—
 - (i) insert after “share,” the words “LLC interest,”;
 - (ii) insert after “shares”, the words “, LLC interests”.

Amends section 3

3 In section 3(1) of the principal Act, delete “to which the Companies Act 1981 applies”.

Amends section 5

4 In section 5 of the principal Act—

- (a) in subsection (1)—
 - (i) repeal paragraph (d) and substitute—
 - “(d) the name and address of the segregated account representative of the company and where a segregated account representative is a regulated person—
 - (i) the supervisory authority in respect of that regulated person; and
 - (ii) such other particulars respecting those persons as the Registrar may reasonably require;”;
 - (ii) in paragraph (f), insert after “incorporation” the words “or formation”;

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- (b) in subsection (2)(a), delete “at least two directors” and substitute the words “, in the case of a company to which the Companies Act 1981 applies, at least one director, and in the case of a limited liability company, at least one LLC manager.”.
- (c) repeal subsections (4) to (7).

Amends section 6

5 In section 6 of the principal Act—

- (a) in subsection (2), delete “such fee as may be prescribed under the Government Fees Act 1965” and substitute the words “the prescribed fee”;
- (b) in subsection (4), insert after “company” the words “, and after giving the company the opportunity to be heard”;
- (c) after subsection (8), insert—

“(9) A segregated accounts company aggrieved by a decision of the Registrar under subsection (4) to revoke or vary any condition or requirement may appeal to the court within 21 days (or such longer period as the court may allow after receipt of notification of any condition or requirement) and the court shall hear the matter and make such order as it thinks fit.”.

Inserts section 6A

6 After section 6 of the principal Act insert—

“Objection to registration as a segregated accounts company

6A (1) Subject to subsection (2), an account owner or creditor who objects to the registration of a company as a segregated accounts company may apply to the court for the annulment of the registration of the company.

(2) An application under subsection (1) may only be made by—

- (a) not less than 20% in number of such persons who would, on the registration of the company, be account owners;
- (b) not less than 20% in number of such persons who would, on the registration of the company, be creditors; or
- (c) not less than 20% in number of such persons as are mentioned in paragraphs (a) and (b) combined who would be account owners or creditors on registration,

provided that an application shall not be made by any person who has voted in favour of the registration or has given to the company a statement in writing duly signed that he, having had notice, consents to the registration.

(3) An application under subsection (1) shall be made within 28 days from the date of registration, and may be made on behalf of the persons entitled to make

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the application by one or more of their number as they may appoint in writing for the purpose.

- (4) On an application under subsection (1) the court may—
- (a) make an order annulling or confirming the registration, either wholly or in part, and on such terms and conditions as it thinks fit;
 - (b) if it thinks fit, adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court for the purchase or other disposition of the interests of dissentient persons; and
 - (c) give such directions and make such orders as it may think expedient for facilitating or carrying into effect any such arrangement,

provided that no part of the capital of the company or of any segregated account shall be expended in the purchase or other disposition of the interests of dissentient persons.”.

Amends section 7

7 In section 7 of the principal Act—

- (a) repeal subsection (2) and substitute—

“(2) A request under subsection (1) shall be in such form as the Registrar may determine, but shall include a statutory declaration made by—

- (a) in the case of a company to which the Companies Act 1981 applies, a majority of the directors of the segregated accounts company; and
- (b) in the case of a limited liability company, a majority of the LLC managers of the segregated accounts company,

to the effect that no creditor of the company will be prejudiced by, or the known creditors have consented in writing to, the removal of the company from the register.

(2A) There shall be attached to the statutory declaration referred to in subsection (2), a true and accurate statement of—

- (a) the assets and liabilities of the company as at a date within the three months prior to the date of the request;
- (b) a description of any transaction or event which, as of the date of the request, is expected to occur between the date of the statement of assets and liabilities prepared pursuant to paragraph (a) and the date of the removal of the company as a segregated accounts company which, if it had occurred before the date of the statement

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of assets and liabilities, would have caused significant changes to the assets and liabilities disclosed therein; and

- (c) the segregated accounts which the company has operated and the assets and liabilities which were linked to each of those segregated accounts.”;
- (b) in subsection (3), delete “(2)” and substitute “(2A)”;
- (c) in subsection (4), insert after “and to all”, the word “known”;
- (d) repeal subsection (8) and substitute—

“(8) Without prejudice to the provisions of Part VIII of the Companies Act 1981 or sections 19 and 27 of the Limited Liability Company Act 2016 (which relate to the powers of the Minister to investigate the affairs and require information of a company), the Registrar may, whether on his own initiative or on application by an account owner or a counterparty, remove a segregated accounts company from the register where the company has materially breached—

- (a) the provisions of this Act or a condition or requirement imposed under section 6(3); or
- (b) the terms of any direction given pursuant to section 26 or regulations made under section 27.

(8A) The rights and obligations of any account owner and of any creditor shall be unaffected by the removal of a segregated accounts company from the register, and the powers of the company shall continue in respect of such accrued rights and obligations but solely for the discharge thereof.”.

Amends section 10

8 In section 10 of the principal Act—

- (a) repeal subsections (1) and (2) and substitute—

“(1) A segregated accounts company shall appoint and maintain a segregated account representative in Bermuda who shall be—

- (a) in the case of a segregated accounts company referred to in subsection (1A), a regulated person or a person approved by the Minister as a segregated account representative of the company;
- (b) in all other cases, a regulated person.

(1A) Subsection (1)(a) shall apply to—

- (a) a segregated accounts company that is engaged in insurance business;
- (b) a segregated accounts company that is an AML/ATF regulated financial institution or is otherwise required to comply with the AML/ATF Regulations; and

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- (c) such other category of segregated accounts company as the Minister may determine by order subject to the negative resolution procedure.
- (2) The particulars of the segregated account representative of a segregated accounts company shall be included—
- (a) in the case of a company to which the Companies Act 1981 applies, in the register of directors and officers of the company maintained pursuant to section 92A of the Companies Act 1981; and
- (b) in the case of a limited liability company, in the register of managers of a company maintained pursuant to section 59 of the Limited Liability Company Act 2016.”;
- (b) after subsection (3) insert—
- “(4) For the avoidance of doubt, in a case to which subsection (1A) applies it shall be for the segregated accounts company referred to therein to decide whether to appoint a regulated person or a person approved by the Minister to be the segregated account representative of that company.
- (5) Nothing in this section shall require the disclosure or production by a person of information or documents which he would be entitled to refuse to disclose or produce on the grounds of legal professional privilege in proceedings in Bermuda.
- (6) In this section—
- “AML/ATF Regulations” has the meaning given in section 2 of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008;
- “AML/ATF regulated financial institution” has the meaning given in section 42A(1) of the Proceeds of Crime Act 1997;
- “regulated person” means a person in respect of whom a supervisory authority has regulatory authority;
- “supervisory authority” in relation to a regulated person, has the meaning given in section 3(1)(a) and (b) of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008.”.

Amends section 11

9 In section 11(2)(b) of the principal Act, insert after “in the discretion of the directors” the words “or LLC managers, as the case may be,”.

Amends section 12

10 In section 12 of the principal Act, repeal subsection (1) and substitute—

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“(1) Notwithstanding any other provision of this Act but subject to subsection (1A), a segregated accounts company may apportion an asset or liability among two or more segregated accounts and the general account.

(1A) Subsection (1) shall not apply to a segregated accounts company that is a mutual fund unless the relevant contract or governing instrument contains a specific reference to sections 11(4) and 17(5).”.

Amends section 14

11 In section 14(3) of the principal Act—

- (a) insert after “shares”, the words “, LLC interests”;
- (b) insert after “general shareholders”, the words “and general interest holders”;
- (c) insert after “general shareholder”, the words “or general interest holder”.

Amends section 15

12 In section 15 of the principal Act—

- (a) in subsection (2)—
 - (i) insert after “shares”, the words “, LLC interests”;
 - (ii) in paragraph (b), delete “and its issued share capital and share premium accounts”;
- (b) in subsection (4), delete “Companies Act 1981 does”, and substitute the words “Companies Act 1981 and section 80 of the Limited Liability Company Act 2016 do”;
- (c) in subsection (5)—
 - (i) insert after “Companies Act 1981”, the words “, or section 82(8) of the Limited Liability Company Act 2016”;
 - (ii) insert after “the shares”, the words “, LLC interests”.

Amends section 16

13 In section 16 of the principal Act—

- (a) repeal subsection (1)(a) and substitute—
 - “(a) maintain records in accordance with generally accepted accounting principles used in the preparation of the financial statements of the company;”;
- (b) after subsection (1) insert—

“(1A) The records referred to in subsection (1)(a) shall be prepared in accordance with section 84 of the Companies Act 1981 (in the case of a company

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to which the Companies Act 1981 applies) and section 51 of the Limited Liability Company Act 2016 (in the case of a limited liability company) or other accounting principles so that the records shall, to the best of the knowledge, information and belief of the directors or managers (as the case may be) and officers of the company, clearly show the share capital or LLC interests (as the case may be), proceeds of rights issues, securities, reserves, assets, liabilities, income and expenses, dividends and distributions that are linked to each segregated account.”;

- (c) in subsection (2), delete “subsection (1)(a)” and substitute the words “subsection (1A)”;
- (d) in subsection (3), insert after “Companies Act 1981” the words “or section 50 of the Limited Liability Company Act 2016 (as the case may be)”;
- (e) repeal subsection (5) and substitute—

“(5) Subject to subsection (5A), a segregated accounts company shall prepare or cause to be prepared financial statements in respect of each segregated account, and the provisions of sections 84, 88 and 90 of the Companies Act 1981 or sections 51 and 52 of the Limited Liability Company Act 2016 (as the case may be) shall apply, with the necessary modifications, to the preparation of financial statements under this section and any reference in those provisions to “member” shall be construed as a reference to the account owner of the segregated account.

(5A) The account owner of a segregated account may, for the purposes section 88(1) of the Companies Act 1981 or section 52 of the Limited Liability Company Act 2016 (as the case may be), agree in writing to waive his right to have laid before a general meeting or prepared financial statements or the auditor’s report thereon for an indefinite period but such waiver shall be expressed to be revocable at the option of such account owner.”;

- (f) in subsection (6), delete “subsection (5)” and substitute “subsections (5) and (5A)”;
- (g) in subsection (8), insert after “Companies Act 1981” the words “or section 55 of the Limited Liability Company Act 2016 (as the case may be).”.

Amends section 17

14 In section 17 of the principal Act—

- (a) repeal subsection (2) and substitute—

“(2) Notwithstanding any enactment or rule of law to the contrary, but subject to this Act, any liability linked to a segregated account shall be a liability only of that account and not the liability of any other account and the rights of creditors in respect of such liabilities shall be rights only in respect of the relevant account and not of any other account.

(2A) For the purposes of subsection (2) and for the avoidance of doubt, any asset which is linked by a segregated accounts company to a segregated account—

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- (a) shall be held by the segregated accounts company as a separate fund which is—
 - (i) not part of the general account and shall be held exclusively for the benefit of the account owners of the segregated account and any counterparty to a transaction linked to that segregated account; and
 - (ii) available only to meet liabilities to the account owners and creditors of that segregated account; and
- (b) shall not be available or used to meet liabilities to, and shall be absolutely and for all purposes protected from, the general shareholders or general interest holders and from the creditors of the company who are not creditors with claims linked to segregated accounts.”;
- (b) in subsection (3), insert after “Companies Act 1981” the words “, the Limited Liability Company Act 2016”;
- (c) repeal subsection (4) and substitute—

“(4) No assets of the general account may be transferred from the general account to a segregated account unless, on the date from which the transfer is to be effective, and taking into account that transfer—

- (a) the general account is solvent; or
- (b) all the shareholders or LLC interest holders (as the case may be) and creditors of the general account on that date have expressed in writing their concurrence to the transfer.

(4A) For the purposes of subsection (4), in the event a transfer is made to a segregated account in breach of that subsection, on an application by an affected party, the court may declare that the transfer is void, without prejudice to the rights of *bona fide* purchasers for value without notice.”.

Amends section 17A

15 In section 17A(3)(a) of the principal Act, delete “or directors” and substitute the words “, directors or LLC managers”.

Amends section 18

16 In section 18 of the principal Act—

- (a) in subsection (5), insert after “Companies Act 1981” the words “and by members of limited liability companies under section 105(c) of the Limited Liability Company Act 2016”;
- (b) in subsection (9), insert after “Companies Act 1981” the words “or section 26(4) of the Limited Liability Company Act 2016 (as the case may be)”.

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Amends section 20

17 In section 20(1)(b) of the principal Act insert after “directors”, the words “or LLC managers (as the case may be)”.

Amends section 24

18 In section 24 of the principal Act—

- (a) in subsection (1), delete “and any other Act which applies” and substitute “or the Limited Liability Company Act 2016 (as the case may be) and any other Act or rules which apply”;
- (b) in subsection (1A)(a), insert after “Companies Act 1981” the words “or section 109 of the Limited Liability Company Act 2016 (as the case may be)”;
- (c) in subsection (2)—
 - (i) in paragraph (a), insert after “Companies Act 1981” the words “or Part 13 of the Limited Liability Company Act 2016”, and delete “relates” and substitute the word “relate”;
 - (ii) in the continuing words, delete “of that Act” and substitute the words “of the Companies Act 1981 or section 108(a),(b) or (d) of the Limited Liability Company Act 2016 (as the case may be)”.

Inserts Part IVA

19 After section 25 of the principal Act insert—

“PART IVA

GENERAL APPLICATION OF COMPANIES ACT 1981, LIMITED LIABILITY COMPANY ACT 2016, ETC.

General application of Companies Act 1981

25A (1) Subject to this Act and any other enactment, the Companies Act 1981 applies with respect to a segregated accounts company that is a company within the meaning of section 2 of the Companies Act 1981, and such segregated accounts company shall comply with the provisions of that Act.

(2) To the extent possible, where they relate to a segregated accounts company that is a company to which the Companies Act 1981 applies, the provisions of this Act shall be construed consistently with the relevant provisions of the Companies Act 1981.

(3) In the event of an irreconcilable conflict between this Act and the Companies Act 1981, the provisions of this Act shall prevail.

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General application of Limited Liability Company Act 2016

25B (1) Subject to this Act and any other enactment, the Limited Liability Company Act 2016 applies with respect to a segregated accounts company that is a limited liability company and such segregated accounts company shall comply with the provisions of that Act.

(2) To the extent possible, the provisions of this Act, where they relate to a segregated accounts company that is a limited liability company, shall be construed consistently with the provisions of the Limited Liability Company Act 2016.

(3) In the event of an irreconcilable conflict between this Act and the Limited Liability Company Act 2016, the provisions of this Act shall prevail.

Application of Economic Substance Act 2018

25C The provisions of the Economic Substance Act 2018 and the Regulations made thereunder shall apply to a segregated accounts company as they apply in relation to entities under that Act.

Application of Registrar of Companies (Compliance Measures) Act 2017

25D The Registrar of Companies (Compliance Measures) Act 2017 applies for the purposes of this Act.”.

Amends section 26

20 In section 26 of the principal Act, repeal subsection (4) and substitute—

“(4) An application for a direction under this section shall be supported by a statutory declaration made by—

- (a) in the case of a company to which the Companies Act 1981 applies, at least one director; and
- (b) in the case of a limited liability company, at least one LLC manager,

to the effect that no creditor of the company or of any segregated account thereof shall be prejudiced by the effect of the direction, if given, or that each creditor has consented in writing to the giving of such direction.”.

Inserts section 26A

21 After section 26 of the principal Act insert—

“Rules

26A (1) The Minister may make rules for the purposes of this Act.

(2) Rules made under this section shall be subject to the negative resolution procedure.”.

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Amends section 28

22 In section 28(2) of the principal Act, delete “(which relates to winding up)” and substitute the words “or Part 13 of the Limited Liability Company Act 2016 (which relate to winding up)”.

Inserts sections 30A and 30B

23 After section 30 of the principal Act, insert—

“Offences by bodies corporate

30A (1) Where an offence under this Act is committed by a body corporate and it is proved that an officer of the body authorised, permitted, participated in, or failed to take all reasonable steps to prevent the commission of the offence, the officer, as well as the body corporate, commits the offence.

(2) In this section “officer” includes—

- (a) a director or LLC manager (as the case may be) or the secretary;
- (b) a person purporting to act as a director or LLC manager (as the case may be) or the secretary;
- (c) if the affairs of the body corporate are managed by its members, the members.

Application for directions

30B (1) A director or an LLC manager, as the case may be, of a segregated accounts company may apply to the court for directions as to how the director or LLC manager should or might act in any of the affairs of the segregated accounts company, and upon such an application the Court may make such order as it thinks fit.

(2) An application under subsection (1) may be made ex parte.

(3) The court hearing an application under this section may direct that the whole or any part of the application be heard in camera, and an application for a direction under this section is to be heard in camera unless the court directs otherwise.”.

Repeals and replaces section 31

24 Repeal section 31 of the principal Act and substitute—

“Fees

31 (1) The prescribed fees shall be payable in respect of matters as provided under this Act.

(2) A registered segregated accounts company—

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- (a) that is a company to which the Companies Act 1981 applies, shall pay the fee payable in respect of that company according to Part II of the Fifth Schedule to the Companies Act 1981;
 - (b) that is a limited liability company shall, in addition to the annual fee or tax otherwise payable under the Limited Liability Company Act 2016, pay an annual fee of \$295 in respect of each segregated account operated by the company, subject to a maximum annual fee of \$1,180 in the aggregate.
- (3) The fee referred to in subsection (2) shall be paid to the Registrar—
- (a) at the time of filing of the notice for registration; and
 - (b) thereafter on or before 31 January in each year.
- (4) Where no fee is prescribed under the Government Fees Regulations 1976 for a function performed by the Registrar under this Act, the fee to be imposed by the Registrar shall be the applicable fee prescribed for that function under the Government Fees Regulations 1976 in relation to the Companies Act 1981 or the Limited Liability Company Act 2016, as the case may be.”.

Inserts sections 31A, 31B and 31C

25 After section 31 of the principal Act insert—

“Confidentiality

31A (1) Except in so far as may be necessary for the due performance of his functions under this Act or any other Act, the Registrar and any officers or other persons who are acting as an officer, a servant, an agent or an adviser of the Registrar shall preserve and aid in preserving confidentiality with regard to all matters relating to information or documents that may come to his knowledge in the course of the performance of his duties under this Act.

(2) Compliance by a person with any requirement under this Act to disclose or provide information is an absolute defence to any claim brought against that person in respect of any act done or any omission made by him in good faith in compliance with this Part.

(3) Nothing in this section shall preclude the disclosure of information for the purpose of enabling the Minister to exercise any functions conferred upon him by this Act or any other Act.

Application of Public Access to Information Act 2010

31B (1) Notwithstanding any provision of the Public Access to Information Act 2010, this section shall have effect.

(2) For the purposes of this Part, no person who—

- (a) obtains information relating to any application, registration or other matter under this Act;

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- (b) obtains information pursuant to this Act; or
- (c) receives a request under the Public Access to Information Act 2010 relating to information,

shall disclose the request or such information so requested.

Application of Personal Information Protection Act 2016

31C Nothing in this Act authorises a disclosure in contravention of any provision of the Personal Information Protection Act 2016 of personal information (as defined by that Act).”.

Amends the Government Fees Regulations 1976

26 In the Government Fees Regulations 1976, insert after Head 36A (Incorporated Segregated Accounts Companies Act 2019) and the provisions thereunder—

Head 36B		
Segregated Accounts Companies Act 2000		
(1)	Applying to register a segregated accounts company under section 6	\$295.00

Transitional provisions

27 (1) Any segregated account representative duly appointed under section 10(1) of the principal Act and whose appointment satisfies the amendments made to that section by section 8 of this Act shall be deemed, upon the coming into operation of section 8, to have been appointed in accordance with section 10 of the principal Act as amended by this Act.

(2) For the avoidance of doubt, nothing in this Act shall affect the validity of any functions of a segregated account representative duly appointed under section 10 of the principal Act and performed in accordance with that Act prior to the coming into operation of section 8 of this Act.

Commencement

28 (1) Subject to subsection (2), this Act shall come into operation on such day as the Minister appoints by notice published in the Gazette.

(2) Sections 4(a)(i), 8 and 27 of this Act shall come into operation on 31 December 2021.

SEGREGATED ACCOUNTS COMPANIES AMENDMENT BILL 2021

EXPLANATORY MEMORANDUM

This Bill amends the Segregated Accounts Companies Act 2000 (“the principal Act”) to enable limited liability companies to be brought within the scope of the principal Act, to strengthen the provisions relating to the appointment of a segregated account representative and to make related amendments.

Clause 1 provides the citation for the Bill.

Clause 2 amends section 2 of the principal Act by inserting a number of new definitions and revising others to enable limited liability companies to be brought within the scope of the principal Act.

Clause 3 amends section 3 of the principal Act to include a limited liability company as a company that may apply to be a registered segregated accounts company.

Clause 4 amends section 5 of the principal Act to require that, where a segregated account representative is a regulated person, the supervisory authority in respect of that regulated person must be included in the list of information to be filed when making an application for a company to be a registered segregated accounts company. This clause also revises and recasts some of the provisions for streamlining purposes and to account for, generally, the notices and documents to be filed by a company to which the Companies Act 1981 applies and by a limited liability company.

Clause 5 amends section 6 of the principal Act to require the Registrar of Companies, before revoking or varying a condition or requirement that was imposed on a company (at the time of registration), to give to that company an opportunity to be heard. This clause also provides that where a segregated accounts company is aggrieved by a decision of the Registrar to vary or revoke such conditions or requirements, the company may appeal to the Supreme Court within the requisite number of days.

Clause 6 inserts new section 6A into the principal Act. Section 6A consists of existing provisions which enable an account owner or creditor who objects to the registration of a company as a segregated accounts company to apply to the Supreme Court for an annulment of the registration of the company. These provisions were formerly set out in section 5 but have been recast for readability and streamlining purposes.

Clause 7 amends section 7 of the principal Act to enable that provision to apply to a segregated accounts company that is a limited liability company as it would to a company to which the Companies Act 1981 applies. This clause also recasts various other provisions under section 7 for readability and streamlining purposes.

Clause 8 amends section 10 of the principal Act to provide that a segregated account representative, appointed and maintained by a segregated accounts company must, subject to this section, be either a regulated person or a person approved by the Minister. This clause provides that where a segregated accounts company is engaged in insurance business, is an AML/ATF regulated financial institution or is otherwise required to comply

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with AML/ATF Regulations, it has the option to elect which type of segregated account representative to appoint. This clause also enables the Minister to provide, by order subject to the negative resolution procedure, for other categories of segregated accounts companies to have such option. In all other cases, the company must appoint a regulated person. A “regulated person” is defined, for the purposes of this clause, as a person in respect of whom a supervisory authority (within the meaning of section 3(1)(a) and (b) of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008), has regulatory authority. Finally, this clause enables section 10 to apply to a segregated accounts company that is a limited liability company as it would to a company to which the Companies Act 1981 applies.

Clause 9 amends section 11 of the principal Act to enable that provision to apply to a limited liability company as it would to a company to which the Companies Act 1981 applies.

Clause 10 amends section 12 of the principal Act to recast some of the existing provisions for readability and streamlining purposes.

Clauses 11 and 12 amend sections 14 and 15 of the principal Act to enable those provisions to apply to a limited liability company as they would to a company to which the Companies Act 1981 applies.

Clause 13 amends section 16 of the principal Act to enable that provision to apply to a limited liability company as it would to a company to which the Companies Act 1981 applies and to recast some of the existing provisions for readability and streamlining purposes.

Clauses 14 and 15 amend sections 17 and 17A of the principal Act to enable those provisions to apply to a limited liability company as they would to a company to which the Companies Act 1981 applies and to recast some of the existing provisions for readability and streamlining purposes.

Clauses 16 to 18 amend sections 18, 20 and 24 of the principal Act to enable those provisions to apply to a limited liability company as they would to a company to which the Companies Act 1981 applies.

Clause 19 inserts new Part IVA into the principal Act. Part IVA provides for the general application of the Companies Act 1981 and the Limited Liability Company Act 2016 to a segregated accounts company that is, respectively, a company to which the Companies Act 1981 applies and to a limited liability company and requires such a company to comply, respectively, with that Act. This Part also provides that the Economic Substance Act 2018 and the regulations made thereunder apply to a segregated accounts company as it does to an entity under that Act. Finally this Part provides for the application of the Registrar of Companies (Compliance Measures) Act 2017 for the purposes of the principal Act.

Clause 20 amends section 26 of the principal Act to enable that provision to apply to a limited liability company as it would to a company to which the Companies Act 1981 applies.

Clause 21 inserts new section 26A into the principal Act to enable the Minister to make rules and for such rules to be subject to the negative resolution procedure.

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Clause 22 amends section 28 of the principal Act to enable that provision to apply to a limited liability company as it would to a company to which the Companies Act 1981 applies.

Clause 23 inserts new sections 30A and 30B into the principal Act. Section 30A provides for circumstances where an offence is committed by a body corporate. Section 30B enables a director or an LLC manager of a segregated accounts company to apply to the Supreme Court for directions.

Clause 24 repeals and replaces section 31 of the principal Act to enable that provision to apply to a limited liability company as it would to a company to which the Companies Act 1981 applies and to make provision for prescribed fees and the manner in which prescribed fees are to be paid.

Clause 25 inserts new sections 31A, 31B and 31C into the principal Act. Section 31A requires the Registrar of Companies and his officers and agents to preserve and aid in preserving confidentiality. Sections 31B and 31C make provision regarding the application of the Public Access to Information Act 2010 and the Personal Information Protection Act 2016, respectively.

Clause 26 amends the Government Fees Regulations 1976 to provide under those regulations for the fees payable in relation to the principal Act and to provide, in particular, for a fee of \$295 in relation to the application for registration of a segregated accounts company under section 6 of the principal Act.

Clause 27 makes transitional provisions in relation to the appointment of a segregated account representative and provides, for the avoidance of doubt, that nothing in this Bill affects the validity of any functions carried out by a segregated account representative duly appointed under the principal Act prior to clause 8 of this Bill coming into force.

Clause 28 provides for the commencement of this Bill which shall be by notice published in the Gazette, except for those provisions dealing with changes in relation to the segregated account representative which shall come into operation on 31 December 2021.