

A BILL

entitled

**COMPANIES (PROHIBITION OF BEARER SHARES AND NOMINEE
DIRECTORS) AMENDMENT ACT 2025**

WHEREAS it is expedient to amend the Companies Act 1981 and the Limited Liability Company Act 2016 so as to require, among other things, that existing bearer shares be converted to registered shares in companies and limited liability companies and to require that exempted companies and exempted LLCs discontinuing to another jurisdiction appoint a local agent to retain the company's and limited liability company's beneficial ownership register and records of account for a minimum of five years; and that the Companies Act 1981 be further amended to prohibit the appointment of nominee directors and to require additional particulars to be disclosed with respect to alternate directors;

Be it enacted by The King'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 may be cited as the Companies (Prohibition of Bearer Shares and
Nominee Directors) Amendment Act 2025.

Amends Companies Act 1981

- 2 (1) The Companies Act 1981 (the "principal Act") is amended in section 2—
- (a) in subsection (1), by repealing the definition of "director" and substituting the following—
- “director”, except as provided under subsection (1A), includes—
- (a) any person duly elected or appointed as a director of a company;
- (b) an alternate director; and
- (c) any person occupying the position of director by whatever name called;”;
- (b) by inserting after subsection (1) the following new subsection—

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“(1A) No person shall, in any circumstance, be appointed to be a nominee director of the company.”.

(2) The principal Act is amended by inserting, after section 53, the following new section—

“Issue and transfer of bearer shares prohibited

53A (1) Notwithstanding any provision in this Act, a company incorporated under this Act shall, no later than 90 days after the coming into operation of this section, cause any bearer shares issued by the company to be converted to registered shares.

(2) A company incorporated under this Act before the coming into operation of this section shall notify the beneficial owner of a bearer share of the requirements of subsection (1).

(3) A company notifying a beneficial owner pursuant to subsection (2) shall obtain confirmation from the beneficial owner of a name in which a share converted pursuant to subsection (1) is to be registered.

(4) A company shall, no later than 90 days after the coming into operation of this section, enter the name provided under subsection (3) into the register of members as the registered shareholder.

(5) In relation to a company which has been struck off the companies register, subsections (1) to (4) apply to that company if the company is reinstated.

(6) No order of the Court shall permit a company which has been struck off the companies register to be reinstated with bearer shares in issue.

(7) A company for which shares were converted pursuant to subsection (1) shall, no later than 90 days after the coming into operation of this section, file a declaration in the manner designated by the Registrar with the Registrar confirming that any bearers shares issued by that company have been registered in the form required by this section.

(8) Bearer shares which have not been converted pursuant to subsection (1) shall be null and void and be without effect for all purposes of this Act.”.

(3) The principal Act is amended in section 92A(6) by deleting “and” at the end of paragraph (a), deleting the period at the end of paragraph (b) and substituting “; and”, and by inserting after paragraph (b) the following new paragraph—

“(c) whether the director holds the position as an alternate and, if so, the particulars of the existing director for whom such alternate director is appointed.”.

(4) The principal Act is amended in section 92B(2) by deleting “and” at the end of paragraph (a), deleting the period at the end of paragraph (b) and substituting “; and”, and by inserting after paragraph (b) the following new paragraph—

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“(c) whether the director holds the position as an alternate and, if so, the particulars of the existing director for whom such alternate director is appointed.”.

(5) The principal Act is amended in section 132G(2) by inserting, after paragraph (c), the following new paragraph—

“(ca) an irrevocable deed poll is executed by such company and its directors pursuant to which the company appoints a person within Bermuda as an agent who shall retain such company’s beneficial ownership register and records of account as they stood immediately before the discontinuance, for a period of not less than five years from the effective date of discontinuance;”.

(6) The principal Act is amended in section 132H(1) by deleting “and” at the end of paragraph (d), deleting the period at the end of paragraph (e) and substituting “; and”, and by inserting after paragraph (e) the following new paragraph—

“(f) a copy of the irrevocable deed poll required pursuant to section 132G(2)(ca).”.

Amends Limited Liability Company Act 2016

3 (1) The Limited Liability Company Act 2016 (the “principal Act”) is amended by inserting after section 85 the following new section—

“Issue and transfer of bearer shares prohibited

85A (1) A limited liability company incorporated under this Act shall—

- (a) not issue shares in bearer form after the coming into operation of this section; and
- (b) cause any bearer shares issued by the limited liability company to be converted to registered shares no later than 90 days after the coming into operation of this section.

(2) A limited liability company incorporated under this Act before the coming into operation of this section shall notify the beneficial owner of a bearer share of the requirements of subsection (1).

(3) A limited liability company notifying a beneficial owner pursuant to subsection (2) shall obtain confirmation from the beneficial owner of a name in which a share converted pursuant to subsection (1) is to be registered.

(4) A limited liability company shall, no later than 90 days after the coming into operation of this section, enter the name provided under subsection (3) into the register of members as the registered shareholder.

(5) In relation to a limited liability company which has been struck off the register, subsections (1) to (4) apply to that limited liability company if the limited liability company is reinstated.

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(6) No order of the Court shall permit a limited liability company which has been struck off the limited liability companies register to be reinstated with bearer shares in issue.

(7) A limited liability company for which shares were converted pursuant to subsection (1) shall, no later than 90 days after the coming into operation of this section, file a declaration in the manner designated by the Registrar with the Registrar confirming that any bearers shares issued by that limited liability company have been registered in the form required by this section.

(8) Bearer shares which have not been converted pursuant to subsection (1) shall be null and void and be without effect for all purposes of this Act.”.

(2) The principal Act is amended in section 97(2) by inserting, after paragraph (c), the following new paragraph—

“(ca) an irrevocable deed poll is executed by such exempted LLC and each manager (if any) pursuant to which the exempted LLC appoints a person within Bermuda as an agent who shall retain such exempted LLC’s beneficial ownership register and records of account as they stood immediately before the discontinuance, for a period of not less than five years from the effective date of discontinuance; ”.

(3) The principal Act is amended in section 98(1) by deleting “and” at the end of paragraph (d), deleting the period at the end of paragraph (e) and substituting “; and”, and by inserting after paragraph (e) the following new paragraph—

“(f) a copy of the irrevocable deed poll required pursuant to section 97(2)(ca).”.

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Companies Act 1981 and the Limited Liability Company Act 2016 to require, among other things, that existing bearer shares be converted to registered shares in companies and limited liability companies and to require that exempted companies and exempted LLCs discontinuing to another jurisdiction appoint a local agent to retain the company's and limited liability company's beneficial ownership register and records of account for a minimum of five years. The Companies Act 1981 is further amended to prohibit the appointment of nominee directors and to require additional particulars to be disclosed with respect to alternate directors.

Clause 1 provides a citation for the Bill.

Clause 2 amends the Companies Act 1981 (the Act) in the section 2, by repealing and replacing the definition of "director" and inserting a new subsection (1A), to explicitly prohibit the appointment of nominee directors. The Act is amended by inserting a new section 53A that requires, among other things, that existing bearer shares be converted to registered shares within three months of the coming into operation of the section. Sections 92A and 92B of the Act are amended to require additional particulars to be disclosed with respect to alternate directors relating to whether a director holds the position as an alternate and the identity of the director for whom the alternate director is holding the position. Sections 132G and 132H of the Act are amended to require that exempted companies discontinuing to another jurisdiction appoint a local agent to retain the company's beneficial ownership register and records of account for a minimum of five years from the effective date of discontinuance and to require that such appointment and retention of the beneficial ownership register and records of account be contained in an irrevocable deed poll that is filed with the Registrar.

Clause 3 amends the Limited Liability Company Act 2016 (the Act) to insert a new section 85A to require, among other things, that existing bearer shares be converted to registered shares within three months of the coming into operation of the section. Sections 97 and 98 of the Act are amended to require that exempted LLCs discontinuing to another jurisdiction appoint a local agent to retain the exempted LLC's beneficial ownership register and records of account for a minimum of five years from the effective date of discontinuance and to require that such appointment and retention of the beneficial ownership register and records of account be contained in an irrevocable deed poll that is filed with the Registrar.

Clause 4 provides that the Act shall come into operation on such day as the Minister may by notice in the Gazette appoint.