

A BILL

entitled

**BERMUDA ECONOMIC DEVELOPMENT CORPORATION
AMENDMENT ACT 2019**

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WHEREAS it is expedient to amend the Bermuda Economic Development Corporation Act 1980 to provide for the Corporation to enter into formal corporate arrangements, in association with other persons, for the purpose of providing assistance to those persons in the development of a new business or a new undertaking,

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 Bermuda Economic Development Corporation Act 1980 (the "principal Act"), may be cited as the Bermuda Economic Development Corporation Amendment Act 2019.

Amends section 2

2 Section 2 of the principal Act is amended—

(a) by inserting the following definitions in their proper alphabetical order—

"local company" has the meaning given in section 2 of the Companies Act 1981;

"local LLC" has the meaning given in section 2 of the Limited Liability Company Act 2016;

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“undertaking” has the meaning given in section 1 of the Economic Development Act 1968.”;

- (b) in the definition of “small business” by deleting the full-stop and inserting a semi-colon.

Amends section 4

3 Section 4(1) of the principal Act is amended by inserting the following after paragraph (a)—

“(aa) to assist persons in the development of a new business or a new undertaking by means of formal corporate arrangements;”.

Amends section 5

4 Section 5(2) of the principal Act is amended by inserting the following after paragraph (b)—

“(ba) to enter into formal corporate arrangements in association with other persons, subject to section 13A;”.

Inserts section 13A

5 The principal Act is amended by inserting the following after section 13—

“Power with respect to companies and LLCs

13A (1) The power conferred on the Corporation to enter into formal corporate arrangements in association with other persons for the specific purpose of assisting those persons in the development of a new business or a new undertaking, shall be exercisable in accordance with this section.

(2) The Corporation shall, in the exercise of its functions, have power out of its funds and resources to—

- (a) purchase shares in a local company that is registered under the Companies Act 1981;
- (b) be admitted as a member of a local LLC that is licensed under the Limited Liability Company Act 2016;
- (c) incorporate a local company under the Companies Act 1981;
- (d) form a local LLC under the Limited Liability Company Act 2016,

on such terms as the Corporation deems fit.

(3) Where the Corporation—

- (a) purchases shares in a local company under subsection (2)(a) or incorporates a company under subsection 2(c), it shall also be appointed a director and the chief executive of the company;

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(b) is admitted as a member of a local LLC under subsection (2)(b) or forms a local LLC under subsection (2)(d), it shall also be appointed the manager of the LLC.

(4) The Corporation shall divest itself of all of its shares in a local company, or resign its membership in a local LLC—

(a) where the Corporation deems that it has fulfilled its purpose under subsection (1); or

(b) at any other time for any reason as the Corporation deems fit.

(5) The Corporation shall not proceed under subsection (2) or (4), except with the Minister's prior written approval, which may be either general or limited to a particular local company or local LLC, and unconditional or subject to conditions.”.

Amends section 22

6 Section 22(1) of the principal Act is amended by inserting the following after paragraph (b)—

“(ba) fraudulently or dishonestly enters into formal corporate arrangements with the Corporation;”.

Commencement

7 This Act comes into operation on such day as the Minister may appoint by notice published in the Gazette.

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CORPORATION AMENDMENT BILL 2019**

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Bermuda Economic Development Corporation Act 1980 (the "principal Act") to provide for the Corporation to enter into formal corporate arrangements, in association with other persons, for the purpose of providing assistance to those persons in the development of a new business or a new undertaking.

Clause 1 is self-explanatory.

Clause 2 amends section 2 (Interpretation) by inserting definitions for local company, local LLC, and undertaking.

Clause 3 amends section 4 (Functions of the Corporation) by amending the list of functions to include assisting persons in the development of a new business or a new undertaking by entering into formal corporate arrangements in association with those persons.

Clause 4 amends section 5 (Powers of the Corporation) by amending the list of powers to include the power to enter into formal corporate arrangements in association with other persons.

Clause 5 inserts section 13A (Power with respect to companies and LLCs) which sets out the manner in which the Corporation is to exercise its powers when entering into formal corporate arrangements in association with other persons, and for bringing its involvement in those arrangements to an end.

Clause 6 amends section 22 (Offences) to provide for it to be an offence for a person to enter into a formal corporate arrangement with the Corporation fraudulently or dishonestly.

Clause 7 provide for this Act to come into operation by notice published in the Gazette.