



FINANCIAL SERVICES AUTHORITY

Press Release

New International Business Companies Act, 2016

Date: 27th July, 2016

On 26th July, 2016, the National Assembly of Seychelles gave its approval for the enactment of the new International Business Companies Act, 2016 ("IBC Act").

The New IBC Act provides for a strong yet attractive regulatory framework (meeting the international standard, especially the work of the FATF and OECD Global Forum on Transparency and Exchange of Information for Tax purposes), conducive to continued competitiveness and sustained growth for Seychelles as an International Financial Services Centre. Strengthening regulatory aspects of the law to meet international standards depicts our commitment and adherence to international best practices, particularly in regards to the international initiatives relating to improving transparency which will positively impact the Seychelles reputation in the eyes of the international community

Since the enactment of the International Business Companies Act, 1994 ("1994 Act"), IBCs has become a success story for Seychelles in our non-bank financial services industry. To date, Seychelles has registered over 175,000 companies under the 1994 Act and currently over 70,000 companies are still active.

Notwithstanding the success of the 1994 Act, Seychelles has recognized the need to strive to improve on the IBC features and attractiveness while ensuring a robust regulatory environment which meets international standards.

The IBC Act will only come into operation on such date as the Minister may, by notice in the Gazette appoint. The Minister will be consulting all relevant stakeholders before bringing the Act into operation to ensure that sufficient time is provided for implementation of the new provisions. The FSA will be issuing the draft new IBC Guidelines in line with the new IBC Act for industry's comments in due course.

The major policy changes, amongst other changes, under the new IBC Act are as follows:

1. The list of prohibited activities that an IBC shall not undertake has been extended to include carrying on securities business, mutual fund and gambling business as defined

under the relevant Seychelles laws unless such activities are licensed or otherwise legally able to do so under the laws of each country in which the IBC carries on such business.

2. Every IBC will be required to keep a beneficial ownership Register at its registered office in Seychelles (exemption applies for listed IBCs and subsidiaries of listed IBCs).
3. All IBCs will be required to file with the Registrar a copy of its register of directors. Every IBC shall have a period of 12 months from the Act commencement date to file a copy of its register of directors with Registrar and the filed register will be made publicly accessible after two years following the Act commencement date.
4. Clear provisions have been introduced to prohibit an IBC from issuing bearer shares.
5. New provisions have been introduced to discourage aged shelf companies. The new Act provides that the first director(s) must be appointed within 9 months of the date of the company's registration.
6. The striking-off process has been reduced from 180 days to 90 days.
7. The new Act provides for Protected Cell Companies, reserve directors, optional registration of the company's register of members and beneficial owners, optional filing of annual financial statements with the Registrar and disqualification of a director by the Court.
8. The fine under the general offence provision and the fine for making false statements to the Registrar have been increased to \$50,000. The penalty fee for failure to keep accurate Register of Members has been increased to \$500 and \$50 per day thereafter. A new provision has also been included to require the Registrar, before imposing any penalty fees under the Act, to give the person concerned an opportunity of being heard.
9. An IBC will no longer be able to hold bonds, treasury bills and other securities issued by the Government of Seychelles or the Central Bank of Seychelles and will no longer be permitted to hold a lease of property for use as an office from which to communicate with members or where books and records of the company are prepared or maintained. The new Act clarifies that an IBC may own or manage a vessel registered in Seychelles under the Merchant Shipping Act and the vessel may visit or be situated in Seychelles waters, provided that the IBC shall not carry on any business in Seychelles including, without limitation, fishing, charter or tourism business involving the vessel.
10. The IBC search fee has been reduced from \$100 to \$10.
11. A person aggrieved by a decision of the Registrar may, within 90 days of service of notice of the decision of the Registrar, appeal against the decision to the Appeals Board established under the Financial Services Authority (Appeals Board) Regulations, 2014.