



ANGUILLA FINANCIAL SERVICES COMMISSION

Annual Meeting with Financial Services Industry



PROTECTED CELL COMPANIES

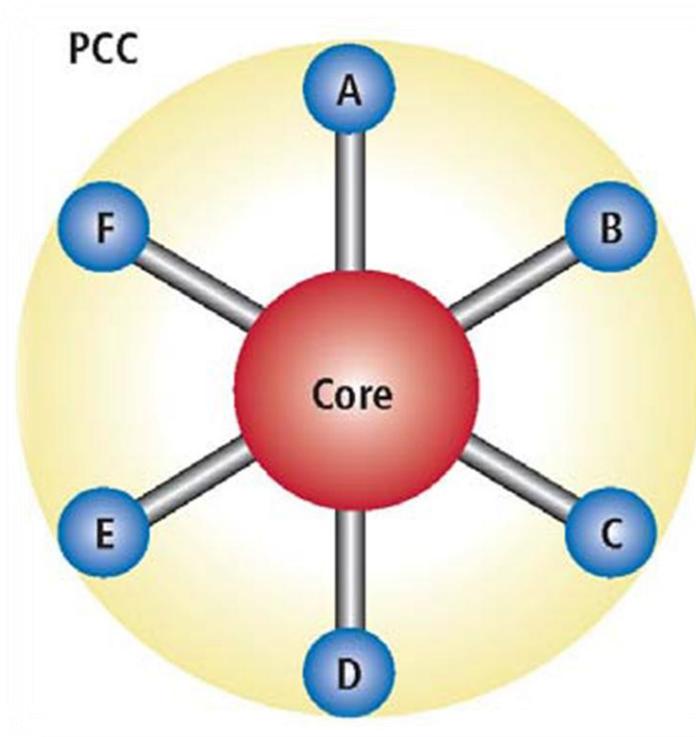
- *Protected Cell Companies Act*
- *Companies Act* companies may apply to register to operate protected cell accounts
- Insurance business or, with Commission approval, other business



PROTECTED CELL COMPANIES

- originated in Guernsey in 1997
- umbrella mutual funds
- alternative to ``rent-a-captive`` schemes

PROTECTED CELL COMPANIES



PROTECTED CELL COMPANIES

○ Insurers

- Commission approvals
 - consent to register as a PCC
 - grant licence to the PCC as an insurer
 - authorise PCC to form protected cell accounts
 - approve PCC to issue shares of the PCC to the account owners in relation to each of the protected cell accounts
 - approve an individual to act as a protected cell account representative of the PCC

PROTECTED CELL COMPANIES

- Mutual funds
 - Commission approvals
 - consent to register as a PCC
 - recognise or register PCC as a fund
 - authorise PCC to form protected cell accounts
 - non-object/approve PCC to issue shares of the PCC to the account owners in relation to each of the protected cell accounts
 - approve an individual to act as a protected cell account representative of the PCC



PROTECTED CELL COMPANIES

- Legal uncertainty
 - legal status has not been tested in court
 - Disclaimer (prospectus)

PROTECTED CELL COMPANIES

○ Accounts and audit

- two presentations may be utilised– namely:
 - separate set of financial statements for each cell, and a set of financial statements to show the aggregate results of all cells in the PCC, or
 - columnar set of financial statements, with a column for each cell and an aggregated total column
- statement as to the structure of the company and the attribution between cellular and non-cellular assets should also be made in the notes to the accounts

PROTECTED CELL COMPANIES

- Fees

- Commission fee structure provides an incentive for funds to be organised under a PCC structure

PROTECTED CELL COMPANIES

- Going forward
 - Should *Limited Liability Company Act* be amended to permit formation of cell companies (Series LLC)?