For immediate release

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<u>Successful formation of first "Protected Cell Companies" in the Turks and Caicos Islands</u>

The Financial Services Commission has announced today the successful formation of two Protected Cell Companies (PCCs). This is the first time since the Protected Cell Companies Ordinance (PCCO) came into effect on the 1st November 2006 that PCCs are formed and registered in the TCI.

By definition Protected Cell Companies are limited liability companies structured in such a way that the company is separated into legally distinct portions or cells. The revenue streams, assets and liabilities of each cell are kept separate from all other cells. Each cell has its own separate portion of the PCC's overall share capital, allowing shareholders to maintain sole ownership of an entire cell while owning only a small proportion of the PCC as a whole. A Protected Cell Company is seen legally as a single entity but differs from an ordinary company as it allows greater protection of assets.

In the Turks and Caicos Islands Section 7 of the PCCO limits the use of PPCs to insurance business. The Ordinance gives the Governor the power to increase the type of business PCCs may be able to engage in, however such change would require adoption of Regulations and/or an amendment of its related Ordinance.

Noting that the use of Protected Cell Companies has been a significant development in the world of finance for many years, FSC Managing Director Kevin Higgins said: *" It is encouraging to see that the Turks and Caicos continues to be a competitive choice for establishing a wide variety of international insurance entities"*

He further commented: *"TCI regulatory regime continues to support and facilitate the development of the financial services industry and the willingness of these two newly formed protected cell companies to operate from our jurisdiction is for the Commission a clear indicator of growth in the sector."*

The structure of cell companies has been hugely successful as an alternative vehicle for financial services solutions worldwide. The Cayman Islands, Bermuda, Isle of Man, Guernsey, Jersey, Anguilla, Barbados, and Malta boast a large number of PCCs registered in their jurisdiction.

Background:

How is a PCC formed?

PCCs are formed and registered by virtue of the Protected Cell Companies Ordinance (PCCO). The PCCO governs the PCC's establishment, type of business in which it can engage, management of the PCC, the establishment and management of cell of the PCC among other things

A new company may be incorporated as a PCC or an existing company me be converted to a PCC by the filing of the relevant documents with the Registrar of Companies. All PCC must have as part of its name the words 'Protected Cell Company' or 'PCC'

How is it different from an Ordinary Company?

A PCC is seen legally as a single entity however it differs from an ordinary company as it allows greater Protection of Assets. Cells of a PCC enter into their own contracts for business and the liability of the cell is limited only to the assets of the cell. Therefore the assets of the Core and other cells cannot in ordinary circumstances be used to settle the liability of an individual cell.

What Type of Business are they used for?

A PCC can be used and is used in other jurisdictions to provide a flexible platform for a broad range of financial transactions including the provision and cost effective platform securitisation and other transformer activities as well as a divers range if more conventional insurance and other financial applications.

Further information can be found on http://www.tcifsc.tc