

BELIZE:

BELIZE COMPANIES (DEMERGER) REGULATIONS, 2022

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BELIZE:**STATUTORY INSTRUMENT****No. 153 of 2022**

REGULATIONS made by the Financial Services Commission with the approval of the Minister, in exercise of the powers conferred upon it by section 306 of the Belize Companies Act, Act No.11 of 2022, and all other powers thereunto it enabling.

(Gazetted 26th November, 2022)

1. These Regulations may be cited as the

Citation.

**BELIZE COMPANIES (DEMERGER)
REGULATIONS, 2022.**

2.–(1) In these Regulations, unless the context otherwise indicates–

Interpretation.

“Act” means the Belize Companies Act;

Act No. 11 of
2022.

“completion date”, in relation to a demerger, shall be construed in accordance with regulation 13(2);

“Director General” means the person appointed pursuant to section 4 of the Tax Administration and Procedure Act;

CAP. 51.

“demerged company” means a relevant Belize company resulting from a demerger under these Regulations;

“demerger instrument” shall be construed in accordance with regulation 4;

“demerging company” means a relevant Belize company that demerges into 2 or more relevant Belize companies under these Regulations;

“dollar” or “\$” means dollar in the currency of the United States of America;

CAP. 55. “employee” has the meaning specified in section 94 of the Income and Business Tax Act;

CAP. 55. “employer” has the meaning specified in section 94 of the Income and Business Tax Act;

“new company” means a relevant Belize company incorporated as a result of a demerger;

“relevant Belize company” means a company that is not a cell company or a cell and does not have unlimited shares or guarantor members;

“solvency statement” shall be construed in accordance with regulation 5(2); and

“survivor company” means a demerging company which, on completion of a demerger, continues as a demerged company.

(2) Nothing in these Regulations is to be read as preventing–

- (a) more than one person from signing the same certificate under these Regulations; or
- (b) more than one certificate signed under these Regulations from being included in the same document,

and references to a certificate are to be construed accordingly.

Companies eligible and not eligible to demerge and be demerged.

3.–(1) Subject to sub-regulations (2), (3) and (4) and to the requirements of these Regulations, a relevant Belize company may demerge into 2 or more relevant Belize companies–

- (a) one of which is a survivor company; or

(b) all of which are new companies.

(2) A company that is licenced or registered, as the case may be, under—

(a) the Domestic Banks and Financial Institutions Act; CAP. 263.

(b) the International Banking Act; or CAP. 267.

(c) the Credit Unions Act. CAP. 314.

shall not be eligible to demerge or to become a demerged company, without the prior consent of the Central Bank of Belize.

(3) A company that is licenced or registered, as the case may be, under—

(a) the Financial Services Commission Act; or CAP. 272.

(b) the Securities Industry Act, Act No. 46 of 2021.

shall not be eligible to demerge or to become a demerged company, without the prior consent of the Commission.

(4) A company that is conducting business—

(a) within the meaning of Insurance Act; CAP. 251.

(b) as an international insurer within the meaning of the International Insurance Act; CAP. 269.

shall not be eligible to demerge or to become a demerged company, without the prior consent of the Supervisor of Insurance.

(5) The following companies shall not be eligible to demerge or to become a demerged company—

- (a) a financial institution within the meaning given in section 2 of the Domestic Banks and Financial Institutions Act;
- CAP. 263. (b) a financial institution withing the meaning given in section 2 of the International Banking Act;
- CAP. 267. (c) a public utility provider within the meaning given in section 2 of the Public Utilities Commission Act;
- CAP. 223. (d) a large corporate retailer.

(6) A large corporate retailer, as referred to in sub-regulation 5(d) means a company which–

- (a) is regarded as resident in Belize or which has a permanent establishment in Belize;
- (b) meets the gross amount retail turnover test; and
- (c) meets the percentage retail turnover test.

(7) Gross amount retail turnover test, as referred to in sub-regulation (6)(b) means a company which has a retail turnover that is not less than \$2 million for a relevant financial period.

(8) Where the relevant financial period referred to in sub-regulation (5)(a) for a company is greater or less than 12 months, for the sum of \$2 million in sub-regulation (1), there is substituted the sum calculated as follows – $(A/365) \times \$2$ million, where “A” is the number of days in the relevant financial period.

(9) A company meets the percentage retail turnover test if its retail turnover is 60% or more of the total amount

it derives during a relevant financial period from any trade carried on in Belize.

- (10) Subject to an order of the court, a company that—
- (a) is under investigation in relation to an offence; or
 - (b) has been charged with an offence and against which there is a criminal prosecution pending,

shall not be eligible to demerge or to become a demerged company until the conclusion of the investigation without a criminal prosecution; or the criminal prosecution, as the case may be.

4.—(1) A relevant Belize company proposing to demerge shall execute a demerger instrument in accordance with this Regulation.

**Demerger
instrument.**

(2) A demerger instrument shall state the terms and means of effecting the demerger and, in particular, the following information—

- (a) details of the proposed demerging company, including—
 - (i) whether or not it is to be a survivor company; and
 - (ii) the names and addresses of the persons who are the directors of the demerging company;
- (b) details of any arrangements necessary to complete the demerger;

- (c) details of any payment, other than of a kind described in sub-regulation (3)(b), proposed to be made to a member or director of the demerging company; and
 - (d) in relation to any securities of a demerging company, the information specified in regulation 3.
- (3) The information referred to in sub-regulation (2) (d) is–
 - (a) if the securities are to be converted into securities of a demerged company, the manner in which that conversion is to be done; or
 - (b) otherwise, the kind of the payment that the holders of any securities in the demerging company are to receive instead of the securities of a demerged company and the manner in which and the time at which they are to receive it.
- (4) If a demerged company is to be a new company, the demerger instrument shall, in addition to the information required under sub-regulation (2)–
 - (a) set out–
 - (i) the proposed memorandum and articles of the demerged company; and
 - (ii) the name and address of any person who will become a director of the demerged company; and
 - (b) have attached to it a draft of any other document or information that would be

required under the Act to be delivered to the Registrar if the demerged company was being incorporated under the Act otherwise than by demerger.

(5) If a demerging company is to be a survivor company, the demerger instrument shall, in addition to the information required under sub-regulation (2) state—

- (a) whether any amendments to the memorandum and articles of the demerging company are proposed to take effect on the demerger and, if so, details of those amendments; and
- (b) whether it is proposed that, on the demerger, any person will become, or cease to be a director of the survivor company and, if so, the name and address of each such person.

(6) A demerger instrument may provide that, at any time before the completion date of the demerger, the demerger instrument may be revoked by the demerging company.

(7) If a demerger instrument is revoked under a provision included in it under sub-regulation (6), nothing in these Regulations requires or authorizes any further steps to be taken to complete the demerger.

(8) A demerger instrument must identify the undertaking, property, rights and liabilities of the demerging company and must state, in respect of each demerged company, which part of the undertaking, property, rights and liabilities of the demerging company is to become the undertaking, property, rights and liabilities of each demerged company, except that a liability attached to any property of a demerging company must not be separated from that property.

Resolutions and
certificates.

5.-(1) Before notice is given of a meeting of a demerging company to approve a demerger instrument under Regulation 4, the directors of the demerging company shall pass a resolution that, in the opinion of the directors voting for the resolution, the demerger is in the best interests of the demerging company.

(2) For the purposes of this Regulation, a solvency statement is a statement that, having made full inquiry into the affairs of the demerging company, the person making the statement reasonably believes that the demerging company is, and will remain until the demerger is completed, able to discharge its liabilities as they fall due.

(3) If the directors voting for the resolution are satisfied on reasonable grounds that they can properly make a solvency statement in respect of the demerging company, the resolution shall in addition state that they are so satisfied.

(4) If sub-regulation (3) does not apply, the resolution shall instead state that the directors voting for it are satisfied on reasonable grounds that there is a reasonable prospect of obtaining the permission of the court under Regulation 10 for the demerger.

(5) After a resolution is passed under sub-regulation (1), but before notice is given as mentioned in that sub-regulation, each director who voted in favour of it shall sign a certificate—

(a) containing—

(i) if sub-regulation (3) applies, a solvency statement; or

(ii) if sub-regulation (3) does not apply, a statement that the director is satisfied on reasonable grounds that there is a

reasonable prospect of obtaining the permission of the court under regulation 10; and

- (b) setting out the grounds for making the solvency statement under paragraph (a)(i) or statement under paragraph (a)(ii).

(6) If sub-regulation (3) applies, before notice is given as mentioned in sub-regulation (1), each person who will become a director of a demerged company as set out in the demerger instrument under regulation 4(4)(a)(ii) shall sign a certificate stating—

- (a) that, in that person's opinion, the demerged company of which the person will be a director is able to carry on business and discharge its liabilities as they fall due for the 12 months immediately following the demerger; and
- (b) the grounds for that opinion, having regard to—
 - (i) the prospects of the demerged company;
 - (ii) the proposals in the demerger instrument with respect to the management of the businesses of the demerged company; and
 - (iii) the amount and character of the financial resources that will, in the view of the person signing, be available to the demerged company.

(7) If none of the persons referred to in sub-regulation (6) are directors of the demerging company, the certificate

under sub-regulation (6) must also be signed by a director referred to in sub-regulation (5).

Approval of
demerger –
instrument.

6.–(1) The directors of a demerging company shall submit the demerger instrument for approval by a special resolution of that demerging company and, where there is more than one class of members, for approval by a special resolution of a separate meeting of each class.

(2) Notice of each meeting referred to in sub-regulation (1), shall be given and–

(a) shall be accompanied by–

- (i) a copy or summary of the demerger instrument;
- (ii) a copy of the proposed memorandum and articles of association for each demerged company, or a summary of the principal provisions of the memorandum and articles;
- (iii) if a summary is supplied under paragraph (a)(i) or (ii), information as to how a copy of the document summarized may, from the date that the notice is given, be inspected free of charge by members either electronically (at all times) or at the demerging company's registered office during normal office hours in accordance with sub-regulation (3);
- (iv) a copy of the certificates signed under sub-regulation 5(5) and (6) in respect of that demerging company,

- (v) a statement of the material interests in the demerger of the directors of the demerging company and of the persons who will become directors of the demerged companies, and
 - (vi) such further information as a member would reasonably require to reach an informed decision on the demerger; and
- (b) shall contain sufficient information to alert members to their right to apply to the court under regulation 7.

(3) A demerging company shall, from the date that notice of a meeting is given under sub-regulation (2), make the demerger instrument and copies of the proposed memorandum and articles of each demerged company available for inspection free of charge by its members either electronically at any time or at its registered office during normal office hours.

(4) A demerger is approved under this Regulation when all the special resolutions required under sub-regulation (1) have been passed in respect of the demerging company.

(5) A demerger shall not be completed unless it is approved under this Regulation.

7.-(1) A member of a demerging company may-

- (a) within 21 days after the date on which the demerger is approved under sub-regulation 6(4), serve notice on the demerging company of the member's objection to the demerger; and
- (b) within 21 days after the date on which the member of the demerging company served

Objection by member.

notice of his or her objection under paragraph (a), apply to the court for an order on the ground that the demerger would unfairly prejudice the interests of the member.

(2) An objection or application under sub-regulation (1) may not be made by a member who voted in favour of the demerger under regulation 6.

(3) If the court is satisfied that an application under sub-regulation (1)(b) is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.

(4) Without prejudice to the generality of sub-regulation (3), the court's order may—

- (a) regulate the conduct of the demerging company's affairs in the future;
- (b) require the demerging company to refrain from doing or continuing an act complained of by the member or to do an act which the member has complained it has omitted to do;
- (c) authorize civil proceedings to be brought in the name and on behalf of the demerging company by such person or persons and on such terms as the court may direct; and
- (d) provide for the purchase of the rights of any members of the demerging company by other members or by the demerging company itself and, in the case of a purchase by the demerging company itself, the reduction of the demerging company's capital accounts accordingly.

(5) If an order under this Regulation requires the demerging company not to make any, or any specified, alterations in its memorandum or articles, the demerging company shall not then without leave of the court make such alterations in breach of that requirement.

(6) An alteration in the demerging company's memorandum or articles made by virtue of an order under this Regulation is of the same effect as if duly made by resolution of the demerging company, and the provisions of the Act apply to the memorandum or articles as so altered accordingly.

(7) The demerging company shall, within 14 days after an order is made under this Regulation or such longer period as the court may allow, deliver to the Registrar a copy of the order under this Regulation—

(a) if the order is altering, or giving leave to alter, a demerging company's memorandum or articles; or

(b) if the court otherwise sees fit.

(8) If the demerging company fails to comply with sub-regulation (7), the demerging company shall be liable to to an administrative fine imposed by the Commission.

Notice to
creditors.

8. —(1) During the period beginning with the date on which the first notice is given under regulation 6(2) in relation to a demerger and ending 21 days after the demerger is approved under regulation 6(4), the demerging company shall send written notice to each of its creditors who, after its directors have made reasonable enquiries, is known to the directors to have a claim against the demerging company exceeding \$5,000.

(2) The notice sent under sub-regulation (1) shall state—

- (a) that the demerging company intends to demerge, in accordance with these Regulations, into 2 or more relevant Belize companies specified in the notice; and
- (b) that the demerger instrument is available to creditors from the demerging company, on request, free of charge.

(3) If regulation 10 applies to the demerger, the notice sent under sub-regulation (1) shall, in addition to the requirements in sub-regulation (2)–

- (a) state that a demerging company has applied or will apply for the permission of the court under that regulation;
- (b) state that any creditor of the demerging company may require the demerging company making the application to send a copy of the application to the creditor; and
- (c) set out information as to–
 - (i) the means by which a creditor may contact the demerging company making the application, or a person representing the demerging company in that application; and
 - (ii) sub-regulation 10(4), including the date of the hearing of the application if known at the time of the notice.

(4) If regulation 9 does not apply to the demerger, in addition to the requirements in sub-regulation (2), the notice sent under sub-regulation (1) shall state that any creditor of the demerging company may–

- (a) object to the demerger under regulation 11(2)(a) and apply to the court for an order restraining the demerger or modifying the demerger instrument under regulation 11(2)(b); or
- (b) require the demerging company to notify the creditor if any other creditor of the demerging company applies to the court under regulation 11(2)(b).

(5) Where an application is made for a court order under sub-regulation (4)(a), the creditor shall serve a copy of the application on the demerging company.

(6) The demerging company shall, within the time limit set out in sub-regulation (7), publish the contents of the notice sent under sub-regulation (1)–

- (a) once in a newspaper circulating in Belize; or
- (b) in any other manner–
 - (i) approved by the Registrar, and
 - (ii) published by the Commission.

(7) The time limit referred to in sub-regulation (6) is whichever is the earlier of–

- (a) 21 days after the demerger is approved under regulation 6(4); or
- (b) as soon as practicable after the demerging company sends the last of any notices under sub-regulation (1).

(8) Subject to sub-regulation (9), a demerging company shall, from the date that notice of a meeting is given under sub-regulation (1), make the demerger instrument and a copy of the proposed memorandum and articles of each demerged company available for inspection free of charge by its creditors either electronically at any time or at its registered office during normal office hours.

(9) A demerging company may redact commercially sensitive information from the demerger instrument or copy of the proposed memorandum and articles of each demerged company prior to making it available for inspection under sub-regulation (8).

**Declaration
to Director
General of Tax
Administration.**

9.-(1) Subject to sub-regulation (2), a demerging company shall make a declaration to the Director General after the first notice is given under regulation 6(2) but no later than 21 days after the demerger is approved under regulation 6(4).

(2) The declaration made under sub-regulation (1) shall state that the demerging company is eligible to demerge in accordance with regulation 3(1) as none of the conditions as set out in regulation 3(3) apply to the demerging company.

(3) If a demerging company makes a declaration under sub-regulation (1), the Director General shall issue a tax certificate, showing a lodgement number, to the demerging company.

(4) If the Director General discovers that the demerging company is not eligible to demerge, the Director General shall advise the Registrar of that discovery.

**Company to
apply to court
if solvency
statement not
made.**

10.-(1) This regulation applies to a demerger if any certificate signed by a director of the demerging company under regulation 5(5) does not contain a solvency statement.

(2) A demerger to which this Regulation applies shall not be completed unless an order of the court has been

obtained permitting the demerger on the ground that the demerger would not be unfairly prejudicial to the interests of any creditor or member of the demerging company.

(3) A demerging company in respect of which a certificate referred to in sub-regulation (1) has been signed shall, as soon as is practicable after the demerger is approved under regulation 6(4)–

- (a) apply to the court for an order permitting the demerger under sub-regulation (2); and
- (b) send a copy of the application referred to in paragraph (a)–
 - (i) to any creditor who, after the directors have made reasonable enquiries, is known to the directors to have a claim against the demerging company exceeding \$5,000;
 - (ii) to any other creditor of the demerging company who requests a copy from the demerging company,
 - (iii) to any member of the demerging company who requests a copy of the application, and
 - (iv) to the Registrar.

(4) The court shall not hear an application made under sub-regulation (3) until at least 28 days after it is made to the court unless the creditors and members mentioned in sub-regulation (3)(b) consent to a shorter period.

(5) On the hearing by the court of an application under this Regulation, a person mentioned in sub-regulation (3)(b) shall have a right to be heard.

Objection
by creditor
if solvency
statement
made.

11.-(1) This Regulation applies to a demerger to which regulation 10 does not apply.

(2) A creditor of a demerging company who has a claim against the demerging company exceeding \$5,000 and who objects to the demerger may—

(a) within 21 days after the date of the publication of the contents of the notice under regulation 8(6), serve notice of the creditor's objection to the demerging company; and

(b) within 21 days after the date on which the notice of the creditor's objection was given under paragraph (a), if the creditor's claim against the demerging company has not been discharged, apply to the court for an order restraining the demerger or modifying the demerger instrument and serve a copy of the application on the demerging company.

(3) If a creditor makes an application under sub-regulation (2)(b), the demerging company shall, as soon as is practicable after being served with a copy of the application under sub-regulation (2)(b), give a copy of it to each other creditor—

(a) to whom a notice was given under regulation 8(1);

(b) who has required notification under regulation 8(4)(b);

(c) who has given notice of objection under sub-regulation (2)(a); or

(d) to whom the court orders that a copy should be sent.

(4) If on an application under sub-regulation (2)(b) the court is satisfied that the demerger would unfairly prejudice the interests of the applicant, or of any other creditor of the demerging company, the court may make such order as it thinks fit in relation to the demerger, including an order—

- (a) restraining the demerger; or
- (b) modifying the demerger instrument in such manner as may be specified in the order.

(5) The court shall not make an order under sub-regulation (4)(b) to modify a demerger instrument that does not contain a provision in accordance with regulation 4(6) allowing the demerging company to revoke the demerger instrument following the modification unless—

- (a) the order also inserts such a provision in the demerger instrument; and
- (b) the court is satisfied that the demerging company will have an adequate opportunity to reconsider whether to proceed with the demerger following the modification.

12.—(1) The demerging company shall apply, in the published form and manner, to the Registrar to complete the demerger.

Pre-registration steps.

(2) Except where all the members of the demerging company and all of its creditors, who, after its directors have made reasonable enquiries, are known to the directors to have a claim against the demerging company exceeding [\$5,000], otherwise agree in writing, the application under sub-regulation (1) shall not be made until after whichever is the latest of the following dates—

- (a) if any application was made to the court under regulation 7, the last date on which

such an application is disposed of otherwise than by an order restraining the demerger;

- (b) if regulation 10 applies to the demerger, the date of the order permitting the demerger;
- (c) if regulation 10 does not apply to the demerger—
 - (i) 21 days after the last date on which a notice was published under regulation 8(6), if by then no creditor has given notice of objection under regulation 11(2)(a);
 - (ii) 21 days after the date on which the last notice of objection by a creditor was given under regulation 11(2)(a), if by then no creditor has applied to the court under regulation 11(2)(b); or
 - (iii) if any application was made to the court under regulation 11(2)(b), the last date on which such an application is disposed of otherwise than by an order restraining the demerger.

(3) An application under sub-regulation (1) shall be accompanied by—

- (a) a copy of the demerger instrument;
- (b) a copy of—
 - (i) if a demerged company is to be a new company, its memorandum and articles and any other document re-

- quired for the incorporation of a new company under the Act; or
- (ii) if a demerged company is to be a survivor company, any amendment to its memorandum or articles provided for under regulation 4(5)(a);
- (c) a copy, in respect of the demerging company, of—
- (i) the resolution passed under sub-regulation 5(1), together with, if that information is not contained in the resolution, a list identifying the directors who voted in favour of that resolution; and
 - (ii) the certificates signed under regulation 5(5) and (6);
- (d) a further certificate, signed by each director who signed a certificate under regulation 5(5), stating—
- (i) that the director, and the demerging company of which he is a director, have complied with the requirements of these Regulations in respect of the demerger; and
 - (ii) if regulation 10 does not apply to the demerger, that in the director's opinion there has been no material change to the position stated in the solvency statement;
- (e) the special resolution passed under regulation 6(1);

- (f) a copy of any order of the court under regulation 7, 10 or 11;
- (g) proof that a declaration has been made by the demerging company under regulation 9 in the form of a tax certificate issued by the Director General to the demerging company under regulation 9(3); and
- (h) any other document or information required by the Registrar, including documents or information which may be required by the Registrar to establish that the requirements of sub-regulation (2) have been met.

(4) The Registrar shall register notices as to the demerger in accordance with regulation 12 if the Registrar is satisfied—

- (a) that the application complies with sub-regulations (1) and (2) and is accompanied by the documents and information required under sub-regulation (3) and that the documents provided under sub-regulation (3) comply with that sub-regulation and with the provisions mentioned in it; and
- (b) if the demerger instrument provides for a demerged company to be a new company, that he would have registered the articles and by-laws of the company under Part II of the Act if it had been incorporated otherwise than by demerger.

Registration
of notices as to
demerger.

13.-(1) This Regulation applies where the Registrar is to register notices as to a demerger under regulation 12.

(2) The completion date of a demerger is the date the last entry on the register is made under this regulation in relation to the demerger.

(3) The Registrar shall enter in the register, in respect of a demerging company that is not a survivor company, a notice that states that the company has ceased to be incorporated as a separate company because it has demerged into the demerged companies specified in the notice.

(4) If a demerged company is a survivor company, the Registrar shall enter in the register, in respect of that company, a notice that states that the company has demerged, and has been continued as a survivor company together with the new company or companies specified in the notice.

(5) If a demerged company is a new company, the Registrar shall, if he would have registered the new company under the Act if it had been incorporated otherwise than as the result of a demerger, incorporate the new company by—

- (a) registering the articles and by-laws of the new company under Part II of the Act, and issuing a certificate of its incorporation under Part II of the Act, as if the Registrar had received an application for the incorporation of the new company under the Part II of the Act with the articles and by-laws provided for in the demerger instrument; and
- (b) entering in the register, in respect of that new company, a notice that states that the new company is the result of a completed demerger of the demerging company specified in the notice,

and the fee payable under the Act in respect of the incorporation of a company shall be payable in respect of the registration of the new company.

(6) Each entry on the register under this Regulation—

- (a) shall in addition include a note specifying the completion date of the demerger to which it relates; and
- (b) may in addition include a note of any further information that the Registrar considers useful in relation to the demerger.

Effect of completion of demerger generally.

14.-(1) On the completion date of a demerger—

- (a) if the demerging company is a survivor company it continues as a demerged company together with one or more demerged companies that are new companies; or
- (b) if the demerging company is not a survivor company it ceases to be incorporated as a separate company and continues as 2 or more demerged companies that are new companies.

(2) Subject to sub-regulation (3), when a demerger is completed—

- (a) all property and rights to which the demerging company was entitled immediately before the demerger was completed become the property and rights of the demerged companies in the parts stated in the demerger instrument under sub-regulation 4(8) or jointly in common in equal parts if not stated in the demerger instrument;
- (b) subject to an order of the court, the demerged companies become jointly and severally subject to all financial penalties which the demerging company was subject to immediately before the demerger was completed;

- (c) the demerged companies become subject to all civil liabilities and all contracts, debts and other obligations which the demerging company was subject to immediately before the demerger was completed in the parts stated in the demerger instrument under regulation 4(8) or jointly and severally if not stated in the demerger instrument; and
- (d) subject to an order of the court, all actions and other legal proceedings which, immediately before the demerger was completed, were pending by or against the demerging company may be continued by or against all or any of the demerged companies.

(3) Any licence held by a demerging company shall not be transferred to a demerged company on completion of the demerger unless with the permission of the authority that granted such licence.

(4) Entries made on the register under regulation 13 are conclusive evidence of the following matters to which they refer—

- (a) that on the completion date of the demerger specified in the entry, the demerging company demerged and was continued as the demerged companies; and
- (b) that the requirements of these Regulations and the Act have been complied with in respect of—
 - (i) the demerger of the demerging company under these Regulations, and
 - (ii) all matters precedent to and incidental to the demerger.

(5) The operation of this Regulation shall not be regarded—

- (a) as a breach of contract or confidence or otherwise as a civil wrong;
- (b) as a breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of rights or liabilities; or
- (c) as giving rise to any remedy by a party to a contract or other instrument, as an event of default under any contract or other instrument, or as causing or permitting the termination of any contract or other instrument, or of any obligation or relationship.

(6) In this regulation “licence” includes an authorization, a certificate, a consent, a permit, a registration or any other permission.

Effect of
demerger on
employment.

15.—(1) During the period beginning with the date on which the first notice is given under regulation 6(2) in relation to a demerger and ending 21 days after the demerger is approved under regulation 6(4), the demerging company shall send written notice to each of its employees.

(2) The notice sent under sub-regulation (1) shall state—

- (a) that the demerging company intends to demerge, in accordance with these Regulations, into 2 or more relevant Belize companies specified in the notice; and
- (b) that the demerger instrument is available to employees from the demerging company, on request, free of charge.

(3) A demerging company shall in accordance with sub-regulation (2)(b) make the demerger instrument available to employees free of charge and may redact commercially sensitive information from the demerger instrument prior to making it available to employees.

(4) Where any duty, right or liability transferred from a demerging company to a demerged company under a demerger is a duty, right or liability under a contract of employment—

(a) the contract—

(i) shall not be terminated by the demerger, unless express provision is made to that effect, or unless sub-regulation (5) applies, and

(ii) shall have effect from the completion date of the demerger as if between the employee and the demerged company;

(b) any act done or omitted to be done before the completion date of the demerger by or in relation to the demerging company in respect of the contract of employment or employee is to be treated from that date as having been done or omitted to be done, as the case may be, by or in relation to the demerged company;

(c) a period of employment with the demerging company is to be treated as a period of employment with the demerged company, and the demerger is not to be treated as interrupting the continuity of that period.

(5) Where an employee objects to a transfer of his or her rights and liabilities under a contract of employment,

the employee must give notice of his or her objection to the demerging company in writing prior to the completion date of the demerger and where such notice is given and has not been withdrawn prior to that date—

- (a) subject to paragraph (d), the rights and liabilities of the employee under the contract of employment are not transferred by the demerger;
 - (b) subject to paragraph (d), the employee is not to be treated, for any purpose, as having been either employed by the demerged company or dismissed by the demerging company;
 - (c) the employee's contract of employment shall terminate on the completion date of the demerger and the demerging company may make a payment to the employee in lieu of notice in respect of all or part of the relevant unexpired notice period; and
 - (d) any liability of the demerging company to pay the employee upon termination of the employee's contract of employment under paragraph (c) shall be a liability of the demerged companies in the parts stated in the demerger instrument under regulation 4(8) or jointly and severally if not stated in the demerger instrument.
- (6) Any collective agreement which is—
- (a) made by the demerging company with a representative body recognized by the demerging company; and

- (b) in force in relation to an employee immediately before the completion date of the demerger,

shall continue to have effect in respect of that employee as if made by or on behalf of the demerged company to which the rights and liabilities under the collective agreement are transferred.

(7) Changes to an employee's terms and conditions of employment may, after the expiry of one year after the completion date of the demerger, be negotiated between a demerged company and an employee of that demerged company (whose contract of employment was transferred from the demerging company to the demerged company) without the risk of the changes being declared void on the basis of terms and conditions that were in effect between the demerging company and the employee before the demerger.

(8) A demerged company shall not within one year after a demerger terminate the recognition of a representative body whose recognition by the demerging company was effective immediately prior to the completion date of the demerger.

(9) A demerging company may transfer to a demerged company the following information regarding an employee of the demerging company for the purpose of employment of the employee by the demerged company—

- (a) the name and address of the employee;
- (b) the age of the employee;
- (c) educational or vocational qualification of the employee;
- (d) information regarding a collective agreement which applies to the employee;

- (e) information regarding any current disciplinary proceedings or grievances in respect of the employee;
- (f) information regarding any legal action taken by the employee against the employer in the previous 2 years;
- (g) information regarding any, annual, special, maternity, paternity or other leave due to be taken or owed to the employee; and
- (h) any other information which may reasonably be necessary.

Effect of a demerger on retirement schemes.

16. If immediately before the completion date of a demerger, the demerging company had a contractual obligation to pay a contribution to a retirement scheme on behalf of an employee, that contractual obligation shall, on the completion date of the demerger be transferred to the demerged company, if any, which is the employee's employer on the completion date of the demerger.

Offences relating to demerger.

17.– (1) A person shall not, on or in connection with an application under these Regulations, knowingly or recklessly provide to the Registrar or the Director General–

- (a) any information which is false, misleading or deceptive in a material particular; or
- (b) any document containing any information which is false, misleading or deceptive in a material particular.

(2) A person shall not sign a certificate under regulation 5 or regulation 12(3)(d) without having reasonable grounds for the opinion expressed in the certificate or for the statement made in the certificate.

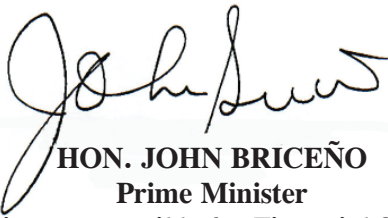
(3) A person who contravenes sub-regulation (1) or (2) shall be liable to an administrative fine imposed by the Commission.

MADE by the Financial Services Commission this 22nd day of November, 2022.



JOSEPH WAIGHT
Chairman
Financial Services Commission

APPROVED by the Minister responsible for Financial Services this 22nd day of November, 2022.



HON. JOHN BRICEÑO
Prime Minister
(Minister responsible for Financial Services)