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LEGAL OPINION

Bearer shares in offshore corporations

More and more jurisdictions are abolishing the concept of bearer shares in their corporations, adapting to the general global tendency for transparency and control of the capital movements. On the other hand, there are still enough jurisdictions that offer registered shares as an option in their companies.

Bearer shares are incorporated in certificates, and often one is issued, incorporating all of them, even if there is more than one shareholder. This can be due to various reasons, from an exaggerated necessity for anonymity to mere lack of proper organisation between the partners. Often, such certificates are deposited with a bank within the frame of control exercised by the bank in case clients do not convert their shares to being registered.

Rights in such certificates are distinguished through various methods, not necessarily crystal clear

legal-wise. A document recording distinct rights to shares incorporated in a shares' certificate is occasionally drawn.

Sound practice to be followed is to issue as many shares certificates as the shareholders. Again, when the need for that appears, it can be too late. Proper management would suggest that distinct shareholding is reflected from the very first moment.

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