

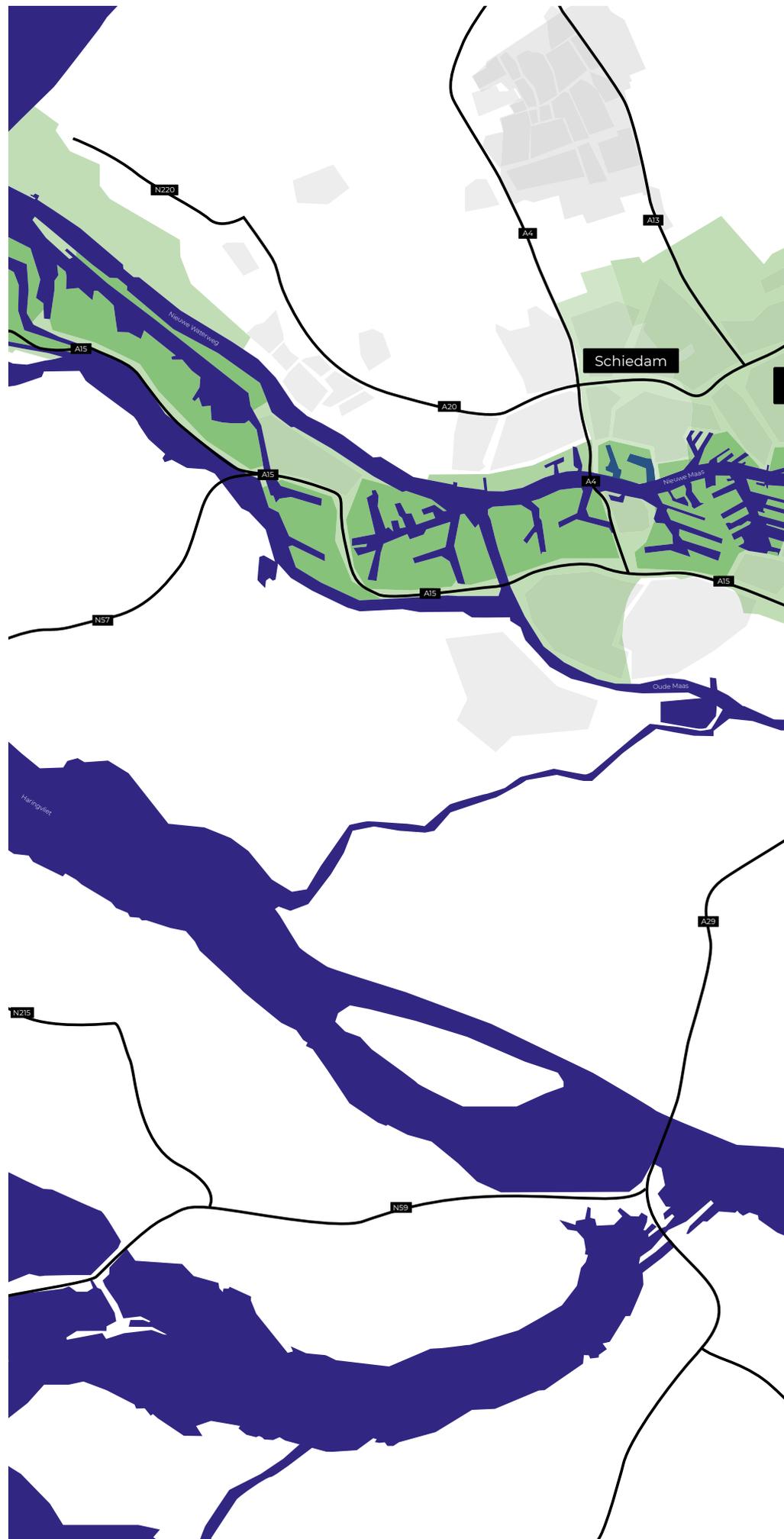
Setting up your business in the Drecht Cities

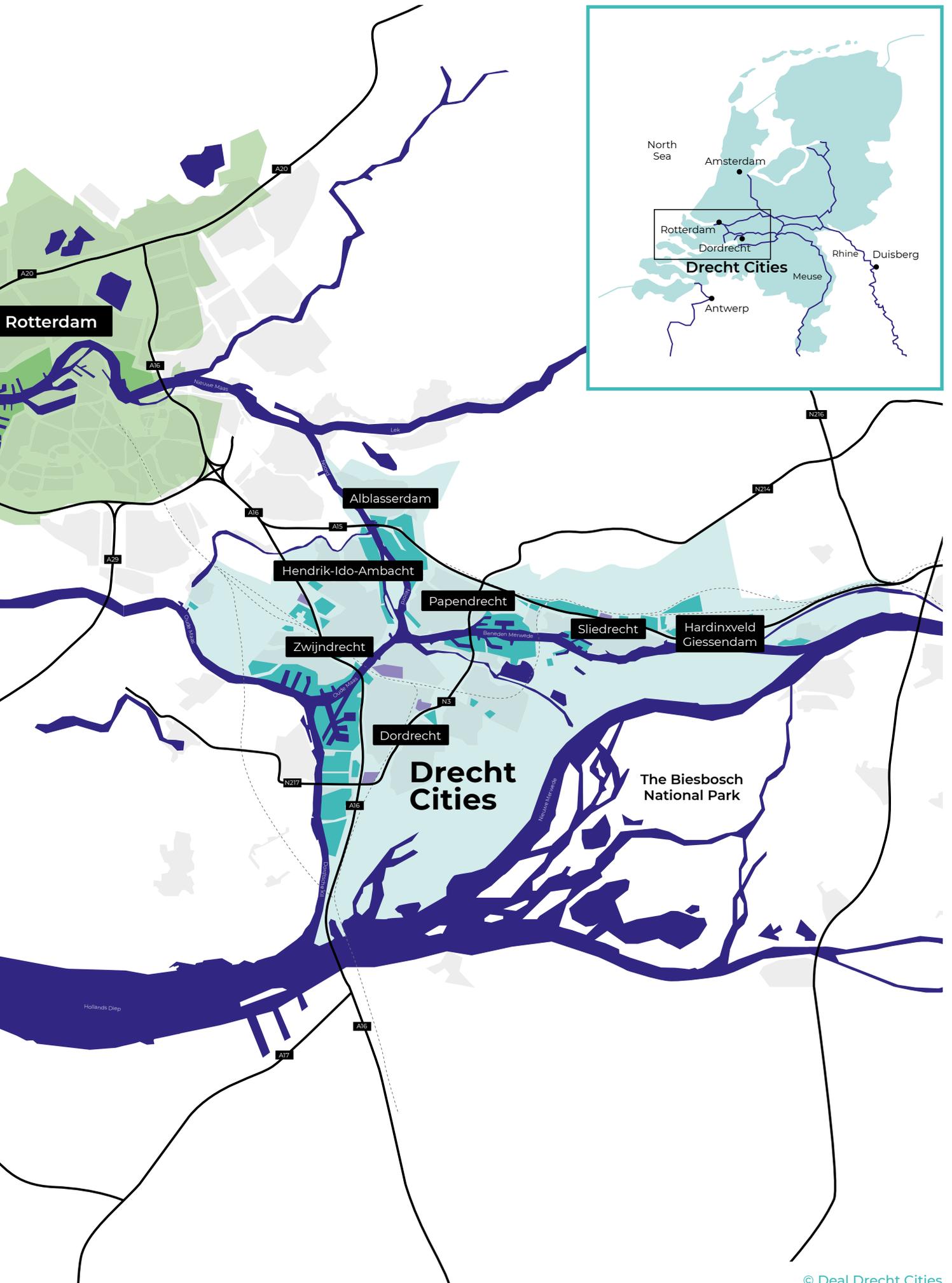
dealdrechtcities.nl



Drecht Cities & Greater Rotterdam Area

Our region is known as the smartest maritime industrial pearl of the Netherlands, an area where a culture of pragmatism and cooperation is highly valued and at the core of our nature.





Index

About Deal	07
Why the Drecht Cities	07
Top 10 reasons to go Drecht Cities	08
Forming a Dutch entity	10
Legal business form	10
Permit requirements	12
Trade name	12
Internet domain name registration	12
Personnel matters	13
Civil law notary	13
The Chamber of Commerce	13
Forming a BV	16
Name	17
Costs of incorporation	17
Articles of association	17
Opening a bank account in the Netherlands	18
Procedures to identify the customer	18
Procedures to identify directors and representatives	18
Procedures to identify Ultimate Beneficial Owners	19
Procedures to establish whether a customer or a Beneficial Owner qualifies as PEP	19
Decision	19





Welcome to the Drecht Cities

Our region is known as the smartest maritime industrial pearl of the Netherlands, an area where a culture of pragmatism and cooperation is highly valued and at the core of our nature.

As Director of Deal Drecht Cities, I would like to thank you for showing interest in this region. Whether you are a growing start-up or a firmly established company, we are here to support you every step of the way.

Our team has been actively promoting this region for more than five years as the ideal relocation opportunity for companies in a broad number of sectors. We work closely with a strong local partner network of experts in government, real estate, law and banking, all of whom are ready to advise you on every aspect of doing business in the Drecht Cities.

From practical guidance to finding a well-priced office or location, this guide gives you a head start in doing business the Drecht Cities way. We look forward to welcoming you to our productive and inspiring region.

Martin Bloem
Director
Deal Drecht Cities

Your journey
has only
just begun.



About Deal

Deal Drecht Cities – Deal for short – is the official promotion & acquisition agency for our region. We are experts in helping companies do good business in the Drecht Cities and assisting foreign and domestic firms to set up and expand in our region.

Our team offers free and independent advice to potential investors. We will guide you through the Drecht Cities region and show how this area can help grow your business. Deal works with a network of local, provincial and federal partners to support you with:

- Finding the right location for your business
- Access to industry experts, legal and accountancy advice through our network of commercial partners
- Advice on relocation
- Assistance with recruitment matters
- A smooth gateway to our public partners
- Organising factfinding trips

Please contact us for more information via info@dealdrechtcities.nl

Why the Drecht Cities

New innovations and technologies come to light every day and the constant increase in globalisation plays a key role in this process. All these changes are generating an ever-more competitive environment, making it difficult to stay ahead of and be well-informed about the latest developments.

The Drecht Cities region has a leading position within the Netherlands in terms of building practical innovations and technical solutions. World-leading companies form their own unique collaborations and bring human capital together to create pioneering solutions. You don't just settle in the Drecht Cities, you become part of a team that is continuously striving for impact and excellence.

Strategically located between the Port of Rotterdam and Antwerp with multiple river connections, the region is easily accessible by water. Our region is also directly connected by the A16 (North – South) and A15 (Rotterdam – hinterland) motorways. There are three airports within an hour's drive.

The Drecht Cities offer an open business environment with facilities that can be shared. There is also easy access to networks and local government authorities are open to new initiatives. In addition to these local assets, foreign companies benefit from the Dutch tax system and an efficient customs authority. This is why so many companies have already established import and or export businesses in the Netherlands.

The Drecht Cities dare to be different and invite potential investors to invest in this thriving region.



The Drecht Cities are one of the most dynamic areas of the Netherlands and home to a unique cluster of innovative maritime and logistic companies. Here are 10 reasons why the region should be top of mind when considering an expansion of your business.



Top 10 reasons to go Drecht Cities

01 World-class maritime cluster

The maritime delta in the Drecht Cities is one of the strongest maritime clusters in the world. From ship design to logistics, the complete supply chain is represented, making it easy to do business.

02 Big-name companies

Van Oord, Damen Shipyards, Boskalis, Fokker and Oceanco. These are just a few of the big-name companies that have their HQ in the region.

03 Port of Rotterdam is our backyard

The largest port of Europe is just a 20-minute car drive away and ideal for export and import purposes.

The port of Rotterdam

- Spans over 12,500 hectares
- Caters annually for 465 million tonnes of cargo and 7.3 million containers
- Welcomes 30,000 seagoing and 110,000 inland vessels a year

04 Strategic location

The Drecht Cities are strategically located between the Port of Rotterdam and Antwerp, with direct water connections and motorway links to the hinterland.

05 Connectivity

With direct access to three waterways, two motorways (A16 & A15) and only 20 minutes away from Rotterdam Airport, the region is easily accessible by land, water and air. Public transport is readily available by train and boat.

06 Time zone

The Drecht Cities office hours overlap with countries generating 99% of global GDP.

07 Highly skilled people and talent pool

The people in the Drecht Cities have an excellent work ethic and there is a continuous supply of talented young professionals.

08 Superb education and research

- Erasmus University Rotterdam (*academic*)
- Rotterdam University (*applied sciences*)
- STC Netherlands Maritime University (*vocational*)
- DaVinci college (*vocational*)
- HBO Drecht Cities (*applied sciences*)
- Delft University - just 35 km away (*academic*)

09 Quality of life

The Drecht Cities is one of the most diverse regions in which to live, both urban and rural. It has a strong trading character with a longstanding tradition of welcoming international business and visitors.

10 Network

Expanding in the Drecht Cities means expanding your network. Local governments and maritime networks provide facilities that help grow your business.

Forming a Dutch entity

Companies are presented with a number of choices when preparing to do business in the Netherlands. The most important decision is to select which entity the company will take on.

Legal business form

Compared to other EU countries, the Netherlands has a flexible and liberal legal framework for the organisation of enterprises by non-resident companies or individuals. There are no special restrictions on foreign-owned companies that wish to start a business in the Netherlands. Business operations can be set up as having a legal personality or not. If a legal entity has legal personality, the entrepreneur cannot be held liable for more than the sum contributed to the company's capital. A private limited liability company (BV) and a public limited liability company (NV) are examples of limited liability companies with legal personality.

Most foreign investors in the Netherlands conduct their business activities in the form of a private company with limited liability (BV). The BV is commonly used for all types of business ventures. However, a public limited liability company (NV) is the usual form of business enterprise adopted when capital is to be acquired through public offerings. A BV or an NV is incorporated by a notarial deed of incorporation executed before a Dutch civil law notary, to which notarial deed the foreign investor is a party. The new requirement is that the share capital exists of at least one share. The nominal value of a share can be as little as one euro cent. The nominal value of the shares in a BV may also be denominated in another currency than euros. The minimum amount required upon incorporation of an NV is € 45,000. The deed of incorporation must also contain the articles of association of the company. To complete the incorporation procedure, the incorporators have to register the new company with the Trade Register.

A branch might be a better option for foreign investors who prefer not to set up a legal entity in the Netherlands. These are easier and less expensive to establish than a subsidiary. A branch is not a separate legal entity, however, so its foreign parent is fully liable for all obligations.



The most important decision is to select which entity the company will take on.

Private limited liability company (BV)

Public limited liability company (NV)

Most foreign investors in the Netherlands conduct their business activities in the form of a private company with limited liability.



Permit requirements

An establishment permit is not usually required to register a new business in the Trade Register. Permits are required for more complex businesses that place extra demands on the entrepreneur, including those in the construction, automotive and food sectors. Dutch law requires an environmental permit for all new (industrial) plants in the Netherlands and applications have to be filed with the competent authority, usually local or provincial government.

A regular building permit is required for the construction of new businesses or industrial premises. A building permit application has to be filed with the local government, which must decide on the application within 12 weeks of receipt. However, should a company require both a building and an environmental permit, the former will not be issued before the application for the latter has been approved.

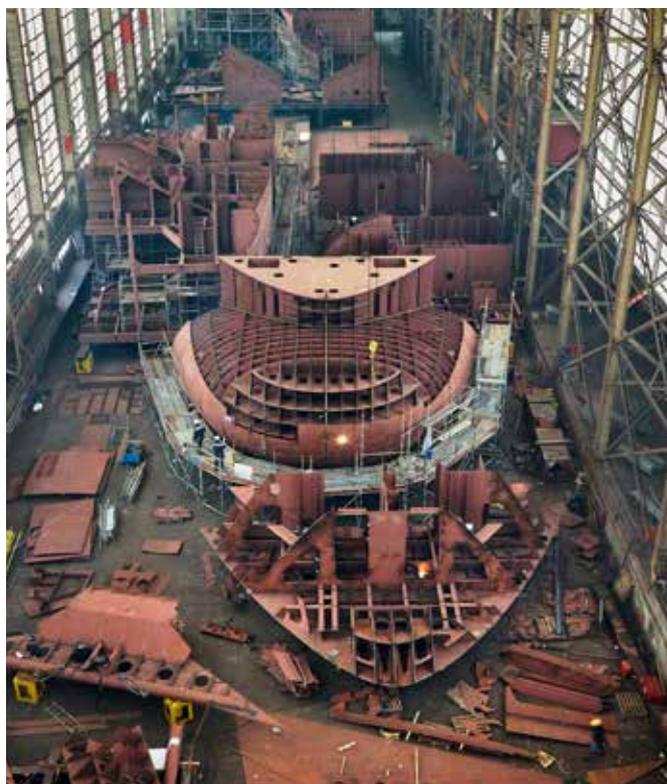
In principle, every employer planning to employ a citizen of a country from outside the European Economic Area must apply for a permit for this purpose. Application for such a work permit is made at the UWV in the municipality where the company is or will be located, and this must be done before the applicant moves to the Netherlands.

Trade name

In the preliminary stages of forming a company, the incorporators must check that the proposed name is not identical to or too closely resembling that of an existing company. This is normally done by the civil law notary who assists with the incorporation of the company. A general search will be carried out to determine if there is already a business with the same or similar name registered in the Trade Register, taking into account the nature of the company, its place of business and whether it is likely that the public may confuse one company with the other. For a BV or NV, the name must begin or end with the initials BV or NV, or the equivalent of the words spelled out.

Internet domain name registration

The Foundation Internet Domain Registration the Netherlands (SIDN) is responsible for the registration of domain names ending in '.nl'. Apart from the technical requirements, SIDN's only criterion is whether the name is unique and it does not concern itself with content. Nor is a potential domain name holder prevented from registering multiple names. In fact, there is no limitation on the number of domain names registered. While there is no requirement for the applicant to be based in the Netherlands for a '.nl' domain name, applicants based outside the Netherlands must provide an address in the Netherlands to which formal correspondence can be sent.



Personnel matters

Before employing personnel and drafting the conditions of employment, employers have to verify whether a Collective Labour Agreement (in Dutch: CAO) is applicable in the field of operation of the company. Companies employing personnel for the first time must register as an employer with the Dutch Tax and Customs Administration. They will then receive the necessary forms to meet their payroll tax obligations. The employer should also register the employee with an applicable pension fund. Employees are free to choose their own pension plan, unless the company for which they work is covered by an industry-wide pension fund in which membership has been made obligatory by the Minister of Social Affairs and Employment.

Civil law notary

A civil law notary in the Netherlands is a public official appointed by Royal Decree. They have certain statutory obligations to perform services such as drawing up and executing deeds of incorporation for BVs and NVs, deeds for the transfer of shares, deeds to amend the articles of association, and so on. Civil law notaries also provide services with regard to real estate and family law, deeds for the transfer of real property and mortgages, and prenuptial agreements and final wills. As fully qualified legal professionals, civil law notaries are entirely distinct from the profession of notary public in the United States and other common law countries. Every civil law notary has to be a member of The Royal Netherlands Notarial Organisation (KNB).

The Chamber of Commerce

Every business vested in the Netherlands is obliged to be registered in the trade register at the Chamber of Commerce. These records contain a range of key information for third parties such as who has representative authority and to what extent, whether the company is still active or has discontinued its business, and details if the business filed for bankruptcy.



More information on pension fund. The Dutch Association of Industry-wide Pension Funds (Vereniging van Bedrijfstakpensioenfondsen, VB) provides an overview of all industry-wide pension funds at www.vwb.nl

More information on civil law notaries in the Netherlands is available at www.knb.nl/english

For more information about the Chamber of Commerce and the trade register, see www.kvk.nl/englishwebsite

**The
Drecht Cities
dare to be
different and
invite potential
investors
to invest in
this thriving
region.**



Forming a BV

A BV is established by one or more individuals or companies that sign the deed of incorporation before a Dutch civil law notary.

The deed of incorporation should include the company's articles of association, stating the company's official name, objectives and registered office, which is required to be in the Netherlands (but not necessarily the company's principal place of business). The deed of incorporation should be in the Dutch language, as should the articles of association (being a subset of the articles of incorporation). The civil law notary is fully responsible for ensuring that the articles of association comply with relevant legislation.

Incorporators can be present at the signing of the articles of incorporation or be represented by a power of attorney given to their representative or by acting through a nominee. There are no requirements for the incorporator with respect to nationality or residency. Payment of capital may be made in cash or in kind, the latter coming with a formal requirement that a description of the contribution be drawn up. It is the responsibility of the board of directors to be certain that the received payment in kind represents (reasonably) the same value as the shares issued.

The new BV comes into existence as a legal entity with full rights once the deed of incorporation is executed before the civil law notary. The incorporators then complete the incorporation process by registering the new company on the trade register at the Chamber of Commerce, at which point the total cost of incorporation must be disclosed.

The formalities required for incorporation usually take about two weeks. A company is allowed to function on a provisional basis during this period as long as it signifies its status by adding the initials i.o. (for 'in oprichting', 'formation in progress') to the initials BV after its name. During the pre-incorporation period, the BV i.o. must be registered with the trade register at the Chamber of Commerce if it intends to conduct any business prior to incorporation. The executives acting on behalf of the BV i.o. are personally liable until the formalities concerning registration and contribution of capital have been completed and the BV has, either expressly or implicitly, ratified the actions performed on its behalf during the pre-incorporation period.



The registration will have to be accompanied by specific information, including:

- A copy of the articles of association, showing the entity's name, its business objectives and address;
- A statement of issued and paid-in share capital. All changes to issued and paid-in capital must be filed including the name and address of the sole shareholder (if applicable) and the number of shares issued by the BV. Should any shares not be fully paid, the name and address of the holder has to be filed together with the amount that has been paid up;
- An overview of names, addresses and other details of all members of the supervisory board (if applicable) and the board of directors. If the company only has one shareholder, which could be either an individual or a legal entity, their name and address/office registration must be disclosed;

Name

In the preliminary stages of forming a company, the incorporators must check that the proposed name is not identical to or too closely resembling that of an existing company. This can be done by the civil law notary through the trade register online. The name must begin or end with the initials BV.

Costs of incorporation

The main expenses incurred in forming a company are: The civil law notary's fee for drawing up and executing articles of incorporation. Additional fees are charged when challenges arise that necessitate lots of correspondence, translation or discussion. If other professional advisors have been engaged, provision for their fees should not be overlooked. The notary cost of setting up a BV depends on the notary but will be in the range of € 2,500. The fee charged by the Chamber of Commerce for filing the company's documents in the trade register. Upon registration, a non-recurring (one-off) fee of € 50 must be paid.

Articles of association

These articles set out the mission and objectives of the company and its internal regulations. No separate document containing bylaws is required. Apart from the name, the registered office, company objectives and articles, the following items should be included. Some are prescribed by law while others represent good practices:

- The issued and paid-up capital, by number and nominal value of shares, and the denominated currency of the share capital, including the amount of issued share capital of each type (if there are several types of shares) for each incorporator;
- Rules regarding the stipulated restriction on the transfer of shares or the absence thereof. A BV can decide to include 'transfer restriction clauses', preventing the transfer of shares without, for example, prior approval from the Board of Directors, or the obligation to follow a certain offering system to the other shareholders. If incorporators (or at a later time shareholders) wish to have no transfer restriction on shares, this must be specifically stipulated in the articles of association. The law provides for this restriction if the articles of association do not mention a transfer restriction: shareholders are obliged to offer shares to co-shareholders and only if they do not wish to buy them is the shareholder free to sell to a third party.
- The powers of the managing director(s) and the procedures to be followed if for any reason no managing director(s) are available;
- Provisions regarding the supervisory board (only for companies with such a board);
- The date of the financial year end and rules as to the preparation of financial statements and audits, rules for general meetings of shareholders;
- Details of all pre-incorporation agreements that the new company will be required to assume (for example, those concerning the rights of the incorporators or contributions to capital other than in cash).

Opening a bank account in the Netherlands

Dutch banks opening new accounts have to comply with anti-money laundering and banking supervision regulations.

These regulations meet the recommendations set out by the Financial Action Task Force on Money Laundering (FATF), the EU Directive on the prevention of the use of the financial system for money laundering and terrorist financing, and the Customer Due Diligence recommendations provided by the Basel Committee on Banking Supervision.

Based on these regulations, every bank has adapted Know Your Customer (KYC) standards. The details of these standards and the related procedures may vary as the regulations are principle-based, and each bank can adapt its own KYC procedures. Generally they consist of:

Procedures to identify the customer

Before a business relation can be established the bank will carry out procedures to identify the customer and verify their identity on the basis of documents, data or information obtained from a reliable and independent source.

For legal entities domiciled in the Netherlands (e.g. BVs), the documents required will usually be an extract from the Chamber of Commerce registration or documentation provided by a Public Notary in the Netherlands. For legal entities domiciled outside the Netherlands (Ltd, GmbH, etc.), similarly reliable documents will be required.

Procedures to identify directors and representatives

Directors and representatives of a customer will have to be identified and their identity verified by checking their official ID (passport, driver's license). In principle, the bank or someone acting on behalf of the bank is responsible for this verification.



These depend on the country where the customer is established, but generally include:

- An extract from the relevant foreign Commercial Register which includes at least the following information: Referring to the legal entity: the legal form, the name according to the Articles of Association or equivalent, the trading name, the full address including the postal code, and the country of the registered office under the Articles of Association or equivalent. The acting director(s): surname and given names, date of birth and identity document. The legal entity's Commercial Register registration number and the location of the Commercial Register;
- If identification and verification based on an extract from the relevant foreign Commercial Register is not feasible, then a verification form must be used, completed by an independent verifier.

The following persons may act as a verifier

- A notary located in countries that have adopted the 'Latin notary' system
- An attorney in the USA, or notary public in the United Kingdom or Australia.
- The identification/verification must be carried out by the notary/attorney in person. The identity and status of the acting notary/solicitor must be shown by validation of the verification form or attachment of an apostille. The notary needs to arrange for this validation.



Procedures to identify Ultimate Beneficial Owners

The bank should identify the ultimate beneficial owner (UBOs) for every customer. Always a natural person, the UBO is any individual who ultimately owns over 25% of the shares or voting rights in a legal entity or who otherwise exercises control. Individual banks however may apply a different percentage in this respect. The verification measures should enable the institution to obtain sufficient information to convince itself of the identity of the UBOs. Identification should be carried out by completing and signing the Statement of UBOs. The bank will also check whether the UBO is a politically exposed person.

Procedures to establish whether a customer or a Beneficial Owner qualifies as PEP

A politically exposed person (PEP) is an individual who is or has been entrusted with a prominent public function, an immediate family member or a person known to be close associates of such persons. There is always a possibility, especially in countries where corruption is widespread, that such persons might abuse their public power for their own

illicit enrichment through the receipt of bribes or other corrupt practices and that they use foreign bank accounts to launder illicit gains. In low-risk situations, banks may consult public sources (such as the Internet) or obtain information from their own branch in the country of residence of the relevant customer to determine whether a particular customer or ultimate beneficial owner is a PEP.

Decision

Based on the information obtained during this KYC process, the bank will decide whether a potential client can be accepted as a customer. For higher risk situations senior management will be involved. A bank may outsource customer due diligence to identify and verify the customer and ultimate beneficial owner and determine the purpose and envisaged nature of the business relationship. The bank will normally propose an outsourcing agreement between the bank and the third party that performs the identification. This agreement will contain the applicable procedures.



René Beute

Manager Acquisition

+31 6 155 879 36
rene@dealdrechtcities.nl



Menno Bij nagte

Manager Acquisition

+31 6 506 745 66
menno@dealdrechtcities.nl



Let's make a deal today

dealdrechtcities.nl