



Incorporated Cell Companies

Guernsey was the pioneer of cell company legislation. In 1997 the island's government passed The Protected Cell Companies Ordinance thus introducing the concept of the Protected Cell Company (PCC) to the world. This legislation was further enhanced in 2006 by introducing the Incorporated Cell Company (ICC) and, at the same time, the regulatory requirements were relaxed to allow cell benefits to be available to the fiduciary sector for the first time (previously the use of cell companies had been strictly restricted to licensed fund and insurance activity). Although many jurisdictions have recognised the benefits of the cell concept, Guernsey remains at the forefront of cell company expertise, development and administration.

Features of an Incorporated Cell Company

An ICC is a single incorporated entity which consists of a core and one or more separately incorporated cells created for the purpose of segregating and protecting cellular assets. Unlike the cell of a PCC, each incorporated cell is a single legal entity, separate and distinct from its ICC with the ability to contract in its own name.

Each incorporated cell has a Board of Directors and its own memorandum. Each director of an incorporated cell company is also required to be a director of each of its incorporated cells, and no person may be a director of an incorporated cell unless he is also a director of its incorporated cell company.

The Board of Directors act for a specific incorporated cell to which a particular transaction relates. It is the identified cell to which any resulting liabilities are limited.

Cellular assets are therefore only available to the creditors of a specific cell.

Cellular assets are absolutely protected from creditors who are not creditors of the cell in which the assets are held. Creditors have no recourse to any cell to which they are not a creditor.

The directors of an ICC have a duty to keep cellular and non-cellular assets separate and separately identifiable.

Other Information

An incorporated cell is not a subsidiary of its incorporated cell company.

An incorporated cell may be a member of any other incorporated cell of its ICC.

An incorporated cell is not required to hold annual general meetings.

An ICC may prepare consolidated accounts for itself and all or any of its incorporated cells as if it were a holding company and its incorporated cells were its subsidiaries.

The directors may permit assets of the ICC or any of its incorporated cells to be collectively invested, or collectively managed by an investment manager, provided that the assets in question remain separately identifiable.

ICC legislation is now incorporated into The Companies (Guernsey) Law, 2008.

Advantages

- Cost savings can be achieved from economies of scale by using a common framework and central administrative company facility
- Assets/liabilities can be segregated according to class and risk

Ardel Trust Company (Guernsey) Limited

PO Box 175, Frances House, Sir William Place, St Peter Port, Guernsey GY1 4HQ
T +44 (0)1481 723573 F +44 (0)1481 732121

The information contained within these notes is necessarily limited in scope and statements made are consequently general in effect. Although every effort has been made to ensure the accuracy of the information on the product sheet, Ardel Trust Company (Guernsey) Limited cannot accept responsibility for any loss suffered as a result of persons relying thereon. The company advises all clients to consult their own professional advisor on all legal, tax and fiscal matters as necessary. Regulated by the Guernsey Financial Services Commission in accordance with The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended 2008. Company registration number: 5487.



- Assets/liabilities can also be segregated according to beneficial interests. This may have a number of applications, for example, the management of family wealth in succession planning
- The ICC offers an alternative to traditional group holding structures for property and other investments
- Enabling legislation allows individual incorporated cells to be sold, transferred and separated from the ICC
- Assets may be consolidated or segregated to assist in financial reporting or financing
- Intellectual Property (such as sports and celebrity image rights) together with associated income and royalties can be separated but held under a common umbrella. Guernsey has a progressive registration facility to complement Intellectual Property held in this manner
- The incorporated status of cells provides an extra layer of protection for overseas investors concerned with the standing of a PCC in foreign courts.
- Taxation and planning opportunities

For further information contact

Ian Rouget on +44 (0)1481 731204
ian.rouget@ardeltrust.com

Ardel Trust Company (Guernsey) Limited

PO Box 175, Frances House, Sir William Place, St Peter Port, Guernsey GY1 4HQ
T +44 (0)1481 723573 F +44 (0)1481 732121

The information contained within these notes is necessarily limited in scope and statements made are consequently general in effect. Although every effort has been made to ensure the accuracy of the information on the product sheet, Ardel Trust Company (Guernsey) Limited cannot accept responsibility for any loss suffered as a result of persons relying thereon. The company advises all clients to consult their own professional advisor on all legal, tax and fiscal matters as necessary. Regulated by the Guernsey Financial Services Commission in accordance with The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended 2008. Company registration number: 5487.