



## Cell companies/segregated portfolio companies – a comparison

This matrix has been prepared to provide a comparison of the laws of, and practice in, the British Virgin Islands (BVI), the Cayman Islands, Guernsey and Jersey as at its date of publication. It is for general information only and is not intended to, and does not, constitute legal, financial or other advice upon which you may act or rely and does not constitute an offer to provide such advice

	BVI	Cayman	Guernsey	Jersey
Principal legislation	The BVI Business Companies Act, 2004 (BCA)	The Companies Act (2021 Revision) (as amended)	The Companies (Guernsey) Law, 2008, as amended (CGL)	The Companies (Jersey) Law 1991
Name of entity	Segregated portfolio company (SPC)		Cell company	
Types of cell company/SPC available	SPC		Protected cell company (PCC) Incorporated cell company (ICC)	
How quickly can they be incorporated?	Dependent upon the proposed use of the SPC (see below)  Written approval must be obtained from the BVI Financial Services Commission (the FSC) in order to incorporate or register an SPC	Within 24 hours provided all relevant KYC/AML documents are provided	Dependent upon the proposed use of the cell company (see below)  Written approval must be obtained from the Guernsey Financial Services Commission (Commission) in order to incorporate, register or convert into a cell company	On a same day basis provided all relevant KYC/AML documents are provided
How are cells/segregated portfolios (SPs) created?	Resolution of the directors of the SPC and amendment to the memorandum of association  An SPC that is a public fund and, in certain cases, SPCs which are recognised as professional or private funds, must obtain the prior written consent of the FSC to create a new SP and other SPCs must notify the FSC following the creation of a new SP	Resolution of the directors of the SPC	PCC - Resolution of the directors of the cell company  ICC - Special resolution of the cell company	Special resolution of the cell company
Minimum/maximum number of cells/SPs permitted	No minimum No maximum			

	BVI	Cayman	Guernsey	Jersey
Does a cell/SP have separate legal personality?	No		PCC – No ICC - Yes	
Name of a cell company/SPC	The name of an SPC must include the designation 'Segregated Portfolio Company' or 'SPC' immediately prior to the required ending (or abbreviation thereof) of the company's name	An SPC must include the letters 'SPC' or the words 'Segregated Portfolio Company' in its name	PCC – the name of a PCC must include the expression 'Protected Cell Company' or PCC immediately prior to the required ending (or abbreviation thereof) of the cell company's name  ICC – the name of an ICC must include the expression 'Incorporated Cell Company' or 'ICC' immediately prior to the required ending (or abbreviation thereof) of the cell company's name	PCC – the name of a PCC must end with 'Protected Cell Company' or 'PCC'  ICC – the name of an ICC must end with 'Incorporated Cell Company' or 'ICC'
Name of a cell/SP	Each SP needs to be separately identified or designated and is required to include, in such identification or designation, the words 'Segregated Portfolio	Each SP must be separately identified or designated, which identification or designation must include the words 'Segregated Portfolio' or the letters 'SP' or 'S.P.'	PCC – each protected cell must have its own distinct name or designation  ICC – the name of each incorporated cell must include the expression 'Incorporated Cell' or 'IC'	PCC – the name of a protected cell must end with 'Protected Cell' or 'PC'  ICC – the name of an incorporated cell must end with 'Incorporated Cell' or 'IC'
Does a cell/SP have its own constitutional documents distinct from those of the cell company/SPC?	No		PCC – No, a protected cell does not have its own memorandum and articles of incorporation or certificate of incorporation  ICC – Yes, an incorporated cell will have its own memorandum and articles of incorporation and a certificate of incorporation issued on its date of registration	Yes  A cell will have its own memorandum and articles of association  A protected cell will have a certificate of recognition issued on its date of creation  An incorporated cell will have a certificate of incorporation issued on its date of creation
Can shares be issued in respect of each cell/SP?	Yes			
Can a cell company/SPC own shares in its cells?	No		PCC – No (other than treasury shares) ICC - Yes	Yes
Can cells/SPs own shares in other cells/SPs?	No		PCC – No ICC – Yes (unless the articles of incorporation provide otherwise)	Yes (unless the articles of association provide otherwise)
Can cells/SPs own shares in their cell company/SPC?	No			

	BVI	Cayman	Guernsey	Jersey
Can a cell/SP contract with the cell company/SPC or other cells/SPs?	An SP may enter into a contract with another SP in the same SPC An SP can also contract with an SP of another SPC, with another SPC or with any other entity that an SP may properly enter into a contract with	There are no explicit provisions in the Companies Act However, on general contract law principles, it is doubtful that an SP may contract with the SPC or with another SP of the SPC	PCC – No, although it is possible via a subsidiary of the cell company. A PCC may also effect an 'arrangement' as between any cell and the cell company or as between any of the cells. ICC - Yes	Yes
Is a cell/SP a subsidiary of a cell company/SPC?	No			
Are cell/SP assets and liabilities legally segregated from the assets and liabilities of other cells/SPs and/or the cell company/SPC?	Yes		Yes, subject to any recourse agreement and provided that contracts are properly entered into by the cell	Yes
Are cell company/SPC assets and liabilities legally segregated from the assets and liabilities of the cells/SPs?	A creditor in respect of an SP may have recourse to the general assets of the SPC where the assets of the particular SP are insufficient to satisfy the liability	Unless specifically prohibited by the articles of association of the SPC, a creditor in respect of an SP may have recourse to the general assets of the SPC where the assets of the particular SP are insufficient to satisfy the liability	Yes, subject to any recourse agreement and provided that contracts are properly entered into by the cell	Yes
Does a cell/SP have its own directors?	No		PCC – No, there is a single board of directors ICC – Yes, provided that at least one of the directors of each cell is also a director of the cell company	Yes, though they can be the same directors as those of the cell company and/or any other cell
Must a cell/SP prepare its own accounts, separate from those of the cell company/SPC?	The financial statements of an SPC must take into account the segregated nature of the company and include an explanation of: <ul style="list-style-type: none"> <li>the nature of the company</li> <li>how the segregation of the assets and liabilities of the company impacts upon members of the company and persons with whom the company transacts, and</li> <li>the effect that any existing deficit in the assets of one or more SPs of the</li> </ul>	Separate accounts are usually prepared for each SP in practice as part of the procedures required by statute to segregate SP assets from those of other SPs and from the general assets of the SPC (see Duties of directors of a cell company below)	A PCC and an ICC may prepare either consolidated accounts for the cell company and its cells as a whole or separate accounts in respect of each cell and the cell company	Yes

	BVI	Cayman	Guernsey	Jersey
Must a cell/SP prepare its own accounts, separate from those of the cell company/SPC? <i>continued</i>	<p>company has on the general assets of the company</p> <p>In practice, this will mean that separate financial statements are prepared for each SP</p>			
Are there regulatory restrictions on the uses of cell companies/SPCs	<p>Currently, only a company which is or, on incorporation, will be:</p> <ul style="list-style-type: none"> <li>licensed as an insurance company under the Insurance Act, 1994</li> <li>recognised as a professional fund or private fund under the Securities and Investment Business Act, 2010 (as amended) (<b>SIBA</b>)</li> <li>registered as a public fund under SIBA, or</li> <li>a company that is not otherwise licensed in the BVI for undertaking certain regulated business</li> </ul> <p>may be incorporated or registered as an SPC</p>	No, other than those which apply to companies generally	<p>Currently, only the following may be incorporated or registered as (or converted into) a PCC:</p> <ul style="list-style-type: none"> <li>an authorised or registered collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (<b>POI Law</b>)</li> <li>a closed-ended investment company within the meaning of the CGL</li> <li>a company licensed to carry on 'controlled investment business' under the POI Law</li> <li>an insurer licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended (<b>Insurance Business Law</b>) or</li> <li>a company administered by a licensee with a place of business in Guernsey, provided that the cell company itself is not a Guernsey licensed bank, insurance manager, insurance intermediary or fiduciary</li> </ul> <p>Currently, a company of any class or description may be incorporated or registered as (or converted into) an ICC, including:</p> <ul style="list-style-type: none"> <li>an authorised or registered collective investment scheme under the POI Law</li> <li>a closed-ended investment company within the meaning of the CGL</li> <li>a company licensed to carry on</li> </ul>	No, other than those which apply to companies generally

	BVI	Cayman	Guernsey	Jersey
Are there regulatory restrictions on the uses of cell companies/SPCs <i>continued</i>			'controlled investment business' under the POI Law <ul style="list-style-type: none"> <li>an insurer licensed under the Insurance Business Law or</li> <li>a company administered by a licensee with a place of business in Guernsey, provided that the cell company itself is not a Guernsey licensed bank, insurance manager, insurance intermediary or fiduciary</li> </ul> A cell of an ICC cannot itself be a cell company	
Duties of directors of a cell company	In addition to the usual duties, a director of an SPC has additional duties to establish and maintain (or cause to be established and maintained) procedures: <ul style="list-style-type: none"> <li>to segregate, and keep segregated, SP assets separate and separately identifiable from general assets of the SPC</li> <li>to segregate, and keep segregated, segregated portfolio assets of each SP separate and separately identifiable from segregated portfolio assets of any other SP, and</li> <li>where relevant, to apportion or transfer assets and liabilities between SPs, or between SPs and general assets of the company</li> </ul> Directors of an SPC must also ensure that any act, matter, deed, agreement, contract, instrument under seal or other instrument or arrangement which is to be binding on or enure to the benefit of an SP or SPs shall be executed by the SPC on behalf of such SP or SPs, which shall be identified or specified	In addition to the usual duties, a director of an SPC has additional duties to establish and maintain (or cause to be established and maintained) procedures: <ul style="list-style-type: none"> <li>to segregate, and keep segregated, SP assets separate and separately identifiable from general assets of the SPC</li> <li>to segregate, and keep segregated, portfolio assets of each SP separate and separately identifiable from segregated portfolio assets of any other SP, and</li> <li>to ensure that assets and liabilities are not transferred between SPs or between an SP and the general assets of the SPC otherwise than at full value</li> </ul> Directors of an SPC must also ensure that any act, matter, deed, agreement, contract, instrument under seal or other instrument or arrangement which is to be binding on or enure to the benefit of an SP shall be executed by the SPC on behalf of such SP, which shall be identified or specified Execution of such a document or instrument must specify that it is in the	In addition to the usual duties, a director of a cell company and, in the case of an ICC, each cell has additional duties to: <ul style="list-style-type: none"> <li>keep the assets and liabilities of the cell company separate and separately identifiable from assets and liabilities of its cells</li> <li>keep the assets and liabilities of each cell separate and separately identifiable from the assets and liabilities of the other cells of the cell company, and</li> <li>inform any person with whom it transacts that it is a cell company or, the case of an ICC, a cell (as applicable) and for the purposes of that transaction, identify or specify the cell in respect of which that person is transacting, unless that transaction is not a transaction in respect of a particular cell, in which case it shall specify that the transaction is in respect of the cell company</li> </ul>	In addition to the usual duties, a director of a PCC has additional duties to: <ul style="list-style-type: none"> <li>keep assets of a cell separate and separately identifiable from assets of the cell company or other cells</li> <li>ensure that those entering into an agreement with a cell know or ought reasonably to know that the cell company is acting in respect of that particular cell, and</li> <li>ensure that the minutes record that the cell company is entering into an agreement in respect of that cell and that the obligation in 2 above was or will be complied with</li> </ul>

	BVI	Cayman	Guernsey	Jersey
Duties of directors of a cell company <i>continued</i>	Execution of such a document or instrument must specify that it is in the name of, or by, or for the account of, such SP or SPs  Certain actions must be undertaken if the directors of the SPC become aware of a breach of this requirement	name of, or by, or for the account of, such SP  Certain actions must be undertaken if the directors of the SPC become aware of a breach of this requirement		
Taxation	There is no corporation tax applicable to BVI companies  Income tax is zero-rated for BVI companies	There is currently no taxation on companies incorporated in the Cayman Islands	Cell companies and cells are taxed in the same manner as other companies  Subject to the activities of the cell company or, in the case of an ICC, the cell, it may be tax exempt (if eligible), or subject to tax at the standard rate of zero per cent (if it is tax resident in Guernsey) or subject to tax at the company intermediate rate of 10 per cent (if it is a licensee)	Cell companies and cells are taxed in the same manner as other companies  Subject to the activities of the cell company or cell, it is likely to be either subject to tax at zero per cent (if it is tax resident in Jersey) or not subject to tax in Jersey (if it is not tax resident in Jersey)
Can a standalone company be converted into a cell company/SPC?	Yes			
Can a standalone company be 'converted' into a cell/SP of a cell company/SPC?	No		PCC – No ICC – Yes	Yes
Can a cell/SP be 'converted' into a standalone company?	No		Yes	
Can a cell/SP be transferred to another cell company/SPC?	No		PCC – No ICC – Yes	Yes
Can a cell company/SPC be 'converted' into a standalone company?	No		Yes (and a PCC can be converted into an ICC)	Yes (and a PCC can be converted into an ICC, and vice-versa)

	BVI	Cayman	Guernsey	Jersey
Can a cell/SP be subject to a solvent winding up without impacting on other cells/SPs?	No An SPC may terminate an SP where that SP has no segregated portfolio assets of liabilities of the SPC attributable to it	No An SP with no segregated portfolio assets or liabilities attributable to it may be terminated by director resolution (or such other authority as may be provided for in, and subject to the provisions of, the articles of association of the SPC)	PCC – No (but there are mechanisms for termination of a cell) ICC – Yes	Yes

## Contacts

To find out more, please get in touch with your usual Mourant contact, or alternatively, a full list of contacts can be found [here](#)

This matrix is only intended to give a summary and general overview of the subject matter. It is not intended to be comprehensive and does not constitute, and should not be taken to be, legal advice. If you would like legal advice or further information on any issue raised by this matrix, please get in touch with one of your usual contacts. You can find out more about us, and access our legal and regulatory notices at [mourant.com](https://www.mourant.com). © 2021 MOURANT OZANNES ALL RIGHTS RESERVED

MOURANT/73024188/5