

GUIDE

# JERSEY COMPANIES LAW: A GUIDE

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**mourant**

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## Contents

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Formation	2
Types of Company	2
Company name	3
Public and private companies	3
Subsidiary and holding companies	3
Corporate capacity	3
Pre-incorporation transactions	3
Prospectuses	4
Shareholders	4
Shares and share capital	4
Administration	5
Directors and secretary	5
Meetings	6
Special resolutions	7
Accounts and audit	7
Distributions	8
Takeover offers	8
Compromises and arrangements	8
Mergers	8
Investigations	8
Unfair prejudice	9
Winding up of companies	9
Corporate Administration	9
Striking off	9
Jersey taxation	10
Contacts	10

The Companies (Jersey) Law 1991 (the Companies Law) came into effect on 30 March 1992. This guide outlines the principal features of the Companies Law.

## **FORMATION**

To form a Jersey company, it is necessary to obtain a consent under the Control of Borrowing (Jersey) Order 1958 (COBO Consent) from the Jersey Financial Services Commission (JFSC), which will require certain information to be provided to the JFSC on a confidential basis regarding the proposed company, its activities and beneficial ownership and control, including:

- the full names, residential addresses and occupations of the beneficial owners and controllers of the company; and
- confirmation that the beneficial owners have never been bankrupt or associated with a bankrupt company.

A company's constitutional documents, being its Memorandum of Association (Memorandum) and Articles of Association (Articles), must be prepared and submitted to the Jersey authorities. Although we have standard forms of these documents, they can also be tailored to suit specific requirements.

Application for incorporation is by at least one person as a subscriber to the Memorandum and Articles. Incorporation is an administrative act undertaken by the Registrar of Companies (the Registrar). Where the public interest is involved, however, the Royal Court is given the right to refuse to authorise the incorporation of a company.

The company's Memorandum must include its name, whether it is public or private, the type of company it is (ie whether it is a par value, no par value or guarantee company) and whether the liability of its members is unlimited or limited by shares or guarantee. An 'objects' clause is not required. There is no requirement for a company to state a maximum authorised share capital in its Memorandum. The Memorandum of a par value and a no par value company can provide that the company is authorised to issue an unlimited number of shares.

A set of standard Articles of Association (the Standard Table) has been prescribed by the Companies (Standard Table) (Jersey) Order 1992. Where a par value company with no unlimited or guarantor members does not register Articles, or its Articles do not expressly modify or exclude the Standard Table, the Standard Table applies and is deemed to constitute the company's Articles. A company may instead adopt bespoke Articles (which should specifically exclude the Standard Table) or Articles adopting the Standard Table with any desired amendments.

The Memorandum and Articles bind the members as between themselves and the company.

The Memorandum and Articles of a company may be altered by special resolution.

Upon incorporation, the Registrar will issue a certificate of incorporation, which constitutes conclusive evidence of incorporation. A new certificate is issued on a change of company name.

Incorporation is normally completed within one to five working days of an application being made to the Registrar and upon payment of the required fees to the JFSC, including a name reservation fee of £77 and an incorporation fee of between £205 to £543. However, incorporation may be completed within 2 hours upon payment to the JFSC of a fee of £856.

The Registrar maintains the companies registry where documents filed in respect of all companies may be inspected. The current location of the registry is PO Box 267, 14-18 Castle Street, St Helier, Jersey JE4 8TP.

## **TYPES OF COMPANY**

The Companies Law provides for the creation of the following types of company:

- guarantee companies: private and public companies with members whose liability is limited to the amounts they guarantee;
- no par value companies: private and public companies with shares that are not expressed as having a par value (ie a nominal value);
- par value companies: private and public companies with shares that are expressed as having a par value and which may be issued at par or at any level of premium; and

- unlimited liability companies: private and public companies with unlimited shares, in other words on the winding up of such a company the liability of the holder of the shares is unlimited.

A company is not permitted to have both par value shares and no par value shares. However, a limited company can combine members having limited liability, unlimited liability or liability that is limited by guarantee. An unlimited company can only have members having unlimited liability.

Par value companies may convert all their shares into no par value shares and no par value companies may convert all their shares into par value shares, in each case by following the procedure set out in the Companies Law.

### **COMPANY NAME**

The name of a limited company must end with 'Limited' or the abbreviation 'Ltd'. However, the name of a limited company which is public may (but is not required to) end with 'public limited company', 'PLC' or 'plc'.

A company may change its name by special resolution or by any other method permitted under its Articles, and any change must be notified to the Registrar.

Under the Companies Law, proposed company names and changes of name may be refused by the Registrar where the intended name is misleading or undesirable. The Registrar may require a company to change its name in certain circumstances subject to a right of appeal to the Royal Court.

A company that has an interest in immovable property in Jersey must register name changes in the Public Registry of Contracts.

### **PUBLIC AND PRIVATE COMPANIES**

A company will be a public company if it states in its Memorandum that it is a public company.

A private company may retain its status regardless of the number of its members.

A public company may convert to a private company by amending its Memorandum, unless it :

- has circulated a prospectus (except where the relevant securities have been redeemed, cancelled or otherwise dealt with, or the JFSC consents),
- is a 'market traded company' being a company with transferable securities admitted to trading on a regulated market in the UK, EU or EFTA; or
- is an 'equivalently regulated company' being a company with transferable securities admitted to trading on a regulated market in Australia, Canada, Japan or the US.

A private company is treated as a public company while any of the conditions in the previous paragraph apply and ceases to be so treated once they no longer apply.

### **SUBSIDIARY AND HOLDING COMPANIES**

The Companies Law determines which companies will be holding and subsidiary companies. A subsidiary is prohibited from owning shares in its holding company.

### **CORPORATE CAPACITY**

The Companies Law abolished the doctrine of ultra vires in its application to a company and the capacity of a company is not limited by anything in its Memorandum and Articles.

Persons acting under express or implied authority of a company may make contracts and sign instruments on its behalf.

### **PRE-INCORPORATION TRANSACTIONS**

Transactions entered into prior to incorporation may be adopted by a company once it has been incorporated. Transactions not so adopted will remain the personal obligations of the person who purported to act on behalf of the company.

## PROSPECTUSES

The Companies Law and the Companies (General Provisions) (Jersey) Order 2002 together control the circulation of prospectuses in Jersey and also the circulation of prospectuses by a Jersey company whether in Jersey or elsewhere and include requirements as to the content and filing of certain prospectuses. The Companies Law also includes provisions placing on particular persons responsibility to pay compensation and creating criminal liability in respect of untrue or misleading statements in, or material omissions from, prospectuses.

## SHAREHOLDERS

A public or private company may have a single shareholder.

## SHARES AND SHARE CAPITAL

Jersey companies can be incorporated with a share capital denominated in any currency.

The following points should be noted:

- different amounts may be paid up on shares;
- partly paid shares may be forfeited;
- different voting rights may be attached to different classes of shares;
- the payment of commissions is not prohibited;
- par value shares may be issued at a discount to par value;
- the issue of fractions of shares is permitted if authorised by a company's Articles;
- non-voting shares may be issued;
- the issue of bearer shares is not permitted and the Companies Law includes provisions as to the keeping of a share register; and
- minors and interdicts may not hold shares except following transmission on death of a member.

Shares may be transferred by a written instrument or by any other method permitted by a company's Articles. An instrument of transfer is not required where a company purchases its own shares other than on a securities exchange (an off-market buyback) or for the transfer of uncertificated shares, the latter being governed by the Companies (Uncertificated Securities) (Jersey) Order 1999 or the Companies (Transfer of Shares – Exemptions) (Jersey) Order 2014.

The share register is required to be available for inspection and copies of the register may be obtained subject to certain conditions including (in the case of public companies) the making of a declaration under oath as to the purpose for which the copy is obtained. The Royal Court can order the rectification of the register of members of a company. Directors may also correct manifest errors or omissions in a company's register of members without court application, provided all adversely affected parties consent and, where the error or omission corrected appears in the company's filings with the Registrar, the rectification must be notified to the Registrar.

Unless the company's Articles or the terms of allotment of shares provide otherwise, the Companies Law requires that share certificates be issued by a company within two months of allotment or transfer save in certain limited circumstances including where shares are uncertificated. This requirement may also be waived by a member in writing.

A public company is required to deliver to the Registrar particulars of the rights attaching to each and every class of its shares that are not otherwise stated in its Memorandum and Articles. The Companies Law sets out conditions, procedures and protections in relation to the variation of class rights in the absence of contrary provision in a company's Memorandum and Articles. A company's Articles may specify what is, or is not to be, regarded as a variation of the rights of any class of members of the company for these purposes.

The Companies Law permits the issue of redeemable shares provided that at least one share, other than a treasury share, remains in issue following a redemption so that a company continues to have at least one member. A company may fund a redemption from any source. A company, other than an open-ended investment company, may redeem its redeemable limited shares, whether fully paid or not, only if the directors authorising the redemption have first made a solvency statement, except where a company is purchasing its own fully paid shares for nil consideration. Where a solvency

statement was not made at the time of redemption, the directors may ratify the redemption without a court order by making a solvency statement confirming that the company:

- was solvent immediately after the redemption;
- is solvent when the statement is made; and,
- where the redemption occurred within the previous 12 months, will remain solvent for 12 months from the redemption date.

A company may also purchase its own shares, subject to:

- member approval by ordinary resolution except where the purchase is by a wholly owned subsidiary or the shares are acquired for nil consideration;
- the directors making the required solvency statement except where the company is purchasing its own fully paid shares for nil consideration; and
- certain other safeguards.

When purchasing or redeeming shares, a company may, if not prohibited by its Articles, hold such shares as treasury shares and then may cancel such shares, transfer them for or without consideration or hold them in treasury.

A company may reduce its share capital by special resolution, where the reduction is in respect of limited shares, subject to the directors authorising the reductions making a prior solvency statement.

There is no prohibition in Jersey against a company giving financial assistance for the acquisition of its own shares, although if such assistance amounts to a distribution of assets by the company it may need to be sanctioned as such.

## **ADMINISTRATION**

A company must:

- have a registered office in Jersey, the address of which must be given on business stationery;
- display its full corporate name on all relevant papers;
- file an annual confirmation statement with the JFSC before the end of February in each year after the year of its incorporation giving certain details as to its share capital, beneficial owners and other significant persons (for example, the company secretary and directors);
- in compliance with its COBO Consent, subject to certain exceptions (including being administered by a regulated trust company), obtain the prior approval of the JFSC for changes in beneficial ownership or control of the company;
- in compliance with its COBO Consent, subject to certain limited exceptions, notify the JFSC of any changes in beneficial ownership or control within 21 days;
- keep a share register, either at its registered office or at an address in Jersey notified to the Registrar;
- public companies may also maintain branch registers overseas; and
- keep minutes of directors' and shareholders' meetings.

Records may be kept in any form so long as information can be reproduced in intelligible form within a reasonable time and steps are taken to safeguard information.

## **DIRECTORS AND SECRETARY**

A public company must have at least two directors. A private company must have at least one director. Minors and interdicts are not permitted to act as directors. A body corporate may be a director if it is registered to provide such service under the Financial Services (Jersey) Law 1998 and it does not itself have any corporate directors.

The directors of a Jersey company are not required to be resident in Jersey (subject to certain exceptions in the case of companies undertaking certain regulated activities). Directors do not need to hold shares, unless so required by the company's Articles. Directors' meetings may be held in Jersey although there is no requirement that they must be held here. It is permissible to hold meetings by telephone or other electronic means and to pass resolutions in writing.

The Companies Law requires directors to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is required to disclose conflicts of interest to the company and may be subject to an order requiring the director to account to the company for any profit or gain if the director fails to do so.

Limits are placed on the extent to which a company can indemnify directors. The Companies Law does not prevent companies from purchasing and maintaining insurance for officers against liabilities which attach to them as such officers.

A person may be disqualified from acting as a director of a company by the Royal Court (for up to 15 years) or by becoming subject to director disqualification sanctions in the UK. The Companies Law provides for personal liability for a company's debts to attach to a director if the director acts whilst disqualified.

A company must appoint a secretary. The secretary of a company which is a public company must be appropriately qualified (as set out in the Companies Law), for example as a chartered accountant, advocate or solicitor of the Royal Court.

A company must keep a register of the particulars of its directors and secretary and it must be open to inspection by members and directors of the company and by the Registrar without charge. The register of a public company must be open to public inspection upon payment of a charge.

## MEETINGS

Provision is made in the Companies Law for members to participate in meetings and vote by telephone, electronic or other means, unless restricted by a company's Articles.

Provision is also made to allow resolutions (including special resolutions, but not a resolution removing an auditor) to be passed in writing by all members or by:

- a two thirds majority for special resolutions;
- a simple majority for ordinary resolutions; or
- any higher majority specified in a company's Articles.

A private company is not required to hold annual general meetings unless specifically required to do so by its Articles. A public company may dispense with the requirement to hold annual general meetings if all shareholders agree. The holders of at least one tenth of the voting shares can requisition the calling of a meeting by the directors.

At least 14 clear days' notice of any general meeting is required. An annual general meeting may, however, be held at short notice provided that all the members entitled to attend and vote thereat agree. Any other meeting may be held at short notice if a majority of members together holding at least ninety per cent of shares giving a right to attend and vote at such a meeting so agree.

The Companies Law gives members the statutory right to vote by proxy, inspect minute books of shareholders' meetings, and provides for representation at meetings, voting and polls. Proxies have the same rights to speak as members, and a member's attendance does not revoke a proxy's voting authority unless notice of revocation is given before the meeting.

Companies may also allow direct voting at general or class meetings, enabling members to vote electronically, by post or in a manner approved by the directors without attending in person or appointing a proxy. A valid direct vote counts as participation in the meeting and is counted as a vote cast on resolutions put to the meeting. A direct vote cast after a proxy is appointed revokes the proxy's authority, while a proxy appointed after a direct vote cancels the direct vote. Attendance at the meeting does not cancel a direct vote, but the member may not vote in person unless notice of cancellation is given to the chairperson before the meeting begins.

To ensure that voting outcomes accurately reflect members' intentions, the chairperson of a meeting must call for a poll on a resolution if the chairperson believes that, having regard to the direct votes cast or proxies received, the result may differ from that obtained on a show of hands.

The Royal Court is also empowered in certain circumstances to call a meeting of a company.

There is no requirement for shareholders' meetings to be held in Jersey.

## **SPECIAL RESOLUTIONS**

A special resolution must be passed by a majority of not less than two thirds (or such greater majority as a company's Articles may prescribe) of votes cast in person or by proxy at a meeting called by at least 14 days' notice (unless called on short notice) specifying the intention to propose a special resolution.

Resolutions that the Companies Law expressly requires to be passed as special resolutions must be filed with the Registrar within 21 days. Therefore, if the Articles of a company require a matter to be approved by special resolution but this is not a requirement of the Companies Law, such a resolution does not have to be filed. Likewise, an agreement between all members of a company, such as a shareholders' agreement, does not need to be filed provided it includes a term stating that, in the event of a conflict with the company's Articles, the agreement will prevail and the Articles will be amended accordingly.

A special resolution is required for the following:

- alteration of Memorandum and Articles;
- change of company name unless the company's Articles provide for another method;
- change of status (public or private company);
- alteration of share capital;
- variation of class rights (by resolution of the class) unless the Articles provide otherwise;
- reduction of share capital;
- relief of directors failing to disclose interests, save where the transaction is ratified by a majority of the disinterested directors;
- for winding up (other than by order of the Royal Court);
- appointment of liquidator in a (solvent) summary winding up;
- termination of liquidator's office (in a summary winding up);
- disposal of records of a company after a summary winding up;
- merger of two or more companies; and
- to continue as a company incorporated overseas.

## **ACCOUNTS AND AUDIT**

Companies are required to keep adequate accounting records, which may be held in any location, although in the case of public companies certain information must be available in Jersey.

The form and content of company accounts are not specified in the Companies Law. However, accounts must be prepared in accordance with the generally accepted accounting principles adopted by the company.

There is no requirement that the accounts of a private company be audited. An audit is, however, required if the company is a public company, or if required by a company's Articles or if a resolution of members so requires. An audit must be carried out by qualified persons as specified in the Companies Law. An auditor is given certain powers and has certain duties to fulfil. It is an offence to make false statements to auditors. Where a public company becomes private, is being wound up or is in administration (or where a private company is treated as public under the Companies Law), the requirement to appoint an auditor and file an auditor's report falls away. Depending on the circumstances, the company must also file limited accounts for the relevant period and, in some cases, a verified statement of affairs or a statement of assets and liabilities.

A public company's accounts are required to be available to the public and filed with the Registrar. For private companies it is sufficient that accounts are available to shareholders.

Additional requirements apply to companies listed on a UK or EU/EFTA regulated market.

As an exception to the Jersey accounts and audit regime, a Jersey company listed on certain overseas exchanges regulated by the United States Securities and Exchange Commission, the Australian Securities and Investments Commission, the Canadian Investment Regulatory Organisation or the Japanese Securities and Exchange Surveillance Commission may rely solely on its overseas audited accounts, provided they meet the standards of the relevant foreign regulator. In

these circumstances, the company is exempt from the Jersey account and audit requirements, provided it files its overseas audited accounts with the Registrar or notifies the Registrar if it is late in filing its accounts with the relevant foreign regulator.

## **DISTRIBUTIONS**

Distributions may be made from profits or any other accounts of the company (other than capital redemption reserve or nominal capital) provided that the company is able to meet its liabilities as they fall due for a period of 12 months (or until dissolution, if earlier) after the distribution. Distributions made without a prior solvency statement may be ratified by the directors making a subsequent solvency statement, without the need for a court order. This ratification mechanism is limited to correcting technical breaches or administrative oversights and does not permit the retrospective reclassification of payments, including loans, as distributions.

An open-ended investment company (as defined in the Companies Law) may make distributions subject only to a cash flow solvency test.

A person who receives an unlawful distribution and who, at the time, knows or has reasonable grounds for believing it is unlawful is liable to repay it.

## **TAKEOVER OFFERS**

If the holders of ninety per cent of the shares in a company, or of any class of its shares, have accepted an offer to acquire their shares, the offeror is entitled to compel the sale of the remainder of the relevant shares on the same terms. A shareholder who has not accepted the offer is entitled, within a specified period, to require the offeror to acquire the shareholder's shares on the same terms. There are provisions allowing applications to the Royal Court about the detail of these matters.

The UK City Code on Takeovers and Mergers applies to Jersey companies.

## **COMPROMISES AND ARRANGEMENTS**

The Royal Court has the power to make binding compromises or arrangements between a company and its creditors or members.

## **MERGERS**

Two or more Jersey companies may merge (without any sanction of the Royal Court provided that all the merging Jersey companies are solvent) if a merger agreement is approved by a special resolution of each company. The Companies Law also permits the merger of Jersey companies with non-Jersey companies, irrespective of whether the resulting company is a Jersey company or not. Such cross-border mergers require the consent of the JFSC.

## **INVESTIGATIONS**

The Minister for External Relations (the Minister) and the JFSC have power under the Companies Law to appoint inspectors on the application of the Registrar, the company or a member, director, liquidator or creditor of the company if they are satisfied that there is good reason to do so. Inspectors also have powers to investigate the affairs of other closely related companies and to inform the Attorney General of matters tending to show that an offence has been committed. They have powers to require the production of records and information and, on the authority of a warrant from the Bailiff, to search specified premises.

The Minister and JFSC may send the report of the inspectors to the registered office of the company or to specified persons or cause it to be printed and published. The Minister and the JFSC also have power to bring civil proceedings in the name of a company.

The usual legal professional privilege is maintained, as is a banker's duty of confidentiality regarding its customers' affairs (other than the affairs of the company under investigation).

These provisions also apply to non-Jersey companies which conduct business in Jersey or through an address in Jersey.

## **UNFAIR PREJUDICE**

Any member who can show that the affairs of a company are being, or have been, conducted in a way that is unfairly prejudicial to members has the right to apply for an order of the Royal Court giving the member relief. The Minister and the JFSC are also able to make such an application following an investigation of a company's affairs.

## **WINDING UP OF COMPANIES**

The Companies Law sets out procedures as to:

- winding up at the end of the period of a company's existence;
- (solvent) summary winding up;
- winding up on just and equitable grounds;
- (insolvent) creditors' winding up (which can be initiated by a creditor or the shareholders of an insolvent Jersey company).

The Companies Law also includes provisions of general application relating to liquidation and the liquidator, including, on a creditors' winding up, provisions enabling the Royal Court to order transactions at an undervalue or preferences to creditors that have been entered into or given within specified periods prior to the winding up to be set aside.

The Royal Court may make a director personally liable for the debts of a company incurred after the time at which such director knew that a creditors' winding up was unavoidable or was reckless as to whether such a winding up was avoidable.

Persons knowingly party to fraudulent trading on the part of an insolvent company may be required to contribute to its liabilities.

In a creditors' winding up, the Royal Court has power to set aside or vary 'extortionate' terms of credit obtained by the company in the three years prior to the winding up.

Where monies are paid on a redemption of shares without full compliance with the Companies Law within a year of a winding up commencing, the payees and directors may be required to contribute to the winding up to the extent of the monies so paid.

A company which is being wound up must state on its letters and certain other papers that it is in a summary winding up, a creditor's winding up or a just and equitable winding up, as the case may be.

## **CORPORATE ADMINISTRATION**

As part of its broader corporate insolvency and restructuring framework, the Companies Law will also introduce a court supervised administration procedure for companies in financial difficulty. Upon application by the company, a creditor with a liquidated claim of at least £3,000, a liquidator or the Minister, the Royal Court will be able to appoint an administrator where this is likely to rescue the company or achieve a better realisation of its assets than would be achieved in a winding up. An application will be required to be notified to the company, the Viscount, secured creditors and other persons as the court directs and the court may convene other parties to the hearing of the application.

Once appointed, the administrator will assume control of the company's affairs. A statutory moratorium will apply to most actions against the company, but secured creditors will retain the right to enforce their security at any time. Administration, therefore, will operate alongside existing insolvency procedures as a rescue and value preservation tool, without undermining the enforceability of Jersey security.

## **STRIKING OFF**

The Registrar has power to strike off a company (subject to certain procedures first being undertaken) which the Registrar believes not to be carrying on business or in operation. This is without prejudice to liabilities of directors and members under the Companies Law.

## JERSEY TAXATION

A Jersey company is regarded as resident in Jersey and therefore liable to Jersey income tax at zero per cent unless it undertakes, amongst other things, certain classes of financial services business (in which case the applicable income tax rate is 10 per cent) or it undertakes certain utilities business in Jersey (in which case the applicable rate is 20 per cent) or it is a large corporate retailer whose profits are more than £750,000 in a financial period (in which case the maximum applicable rate is 20 per cent) . However a company is not regarded as resident in Jersey if its business is centrally managed and controlled outside Jersey in a country or territory where the highest rate at which any company may be charged to tax on any part of its income is 10 per cent or higher, and the company is resident for tax purposes in that country or territory. A Jersey company deriving income from Jersey real estate or from the importation of hydrocarbons into Jersey or from being in the cannabis industry is subject to taxation on that income at a rate of 20 per cent. A Jersey company that is a collective investment fund or special purpose vehicle that has registered with the Comptroller of Taxes and has paid the annual fee of £500 is exempt from Jersey income tax.

If a company is managed and controlled in a jurisdiction outside Jersey, such jurisdiction may levy taxes on the company by virtue of it being tax resident there. Specific advice should be taken in any such jurisdiction.

## CONTACTS

A full list of contacts specialising in corporate law can be found [here](#).

This guide 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 guide, 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). © 2026 MOURANT ALL RIGHTS RESERVED