DEVELOPMENTS IN GUERNSEY CORPORATE INSOLVENCY LAW

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This article considers recent changes to the Companies (Guernsey) Law 2008, which represent the most significant development of Guernsey's insolvency law in almost thirty years.

Introduction

1 Recent amendments to the Companies (Guernsey) Law, 2008 ("the 2008 Law") represent the most significant development to corporate insolvency law in Guernsey for almost 30 years. Introduced by the Companies (Guernsey) Law, 2008 (Insolvency) (Amendment) Ordinance, 2020 ("the Ordinance"), which came into effect on 1 January 2023, the changes look to address what were seen as shortcomings in Guernsey's insolvency regime.

2 Apart from the creation of an administration regime in 2005, little had changed to Guernsey insolvency law since the enactment of the Companies (Guernsey) Law, 1994 ("the 1994 Law"). Indeed, the 2008 Law had updated the 1994 Law to take account of the different approach in the 2008 Law, but had done little else. This arguably represented a lost opportunity. The global financial crisis of 2008–2009, the increased focus on insolvency law, and perceived deficiencies led various stakeholders in industry and the professions to attempt to deal with this unfinished business.

Proposals for reform

3 The 2008 Law created the Companies Registrar and removed the requirement to seek HM Procureur's consent to the incorporation of a company,[1] and abandoned the complex capital maintenance rules in favour of a more efficient "solvency" requirement when making distributions to members. Missing, however, were any substantial changes to the insolvency regime applying to companies.

4 That is not to say that Guernsey's insolvency regime in 2008 was outdated or hopelessly deficient. It shared similar concepts found in

[1] See N van Leuven, "Guernsey company formation—the Procureur's Visa", (2009) 13 *Jersey & Guernsey Law Review* 162.

English insolvency law, but usually in a simplified form. Procedures were (and continue to be) generally straightforward. It features the use of voluntary and compulsory liquidation for the winding up of companies, as well as the availability of administration orders to facilitate the rescue of companies as a going concern.

5 But this simplicity comes at a cost. There are areas where the 2008 Law is simply silent or fails to specify how a particular issue should be dealt with. While the court may use the directions' power, this has limitations[2] but also adds expense that might be avoided completely if certain rules or powers were available under the statute. It also leads to a lack of clarity and certainty as to how any individual issues might be resolved.

6 In its 2014 consultation paper, Guernsey's Commence and Employment Department (now known as the Committee for Economic Development and referred to as "the Committee" in this article) stated that "effective, equitable and transparent insolvency laws are an essential ingredient in modern economies."[3] The consultation paper noted that prior to the global financial crisis, insolvency law did not feature as a major factor in the decisions on legal domicile by investors and businesses. In a long period of stable and consistent growth, businesses were focused on establishment issues rather than about end of corporate life and exit strategies. However, the focus on financial failure meant that for business and investors these exit strategies became a more important consideration when choosing a domicile. As the Committee said, "a clear and effective insolvency regime can bring substantial competitive advantages to a jurisdiction."[4]

7 The starting point adopted by the Committee was that Guernsey's insolvency regime should remain "broadly consistent" with the approach taken in the UK which was consistent with the "creditor friendly" approach that had featured previously in both jurisdictions.[5] Any changes were thus never likely to be revolutionary. The Committee noted that many of the necessary elements for an effective insolvency

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[2] See, for example, *In re Kingston Management (Guernsey) Ltd.*, 2011–12 GLR 670 where McMahon, Deputy Bailiff, (as he then was) held that the section was not apt to permit a liquidator to apply for an order, in effect declaring that the liquidation had been completed, discharging him from his office and granting him his release.

[3] Commerce and Employment Department, *Options for Reforming Guernsey's Insolvency Regime*, October 2014, para 1.3.

[4] *Ibid*, para 1.3.2.

[5] *Ibid*, para 3.1.1.

regime were already in existence in Guernsey though some might "require modernisation and amendment to maximise effectiveness."[6]

8 To assist with its task, the Committee formed a working group of lawyers and insolvency professionals to advise on reform. The Consultation led to the identification of several key proposals. They included:

(a) the creation of Insolvency Rules and the establishment of an Insolvency Rules Committee to advise on those rules;

(b) a requirement on office holders to report any misconduct on the part of directors or officers of the company;

(c) the introduction of creditors' committees for the administration process;

(d) an ability to exit administration into a dissolution without the need for a separate winding up;

(e) increased rights of creditors in a voluntary winding up, including the requirement for independent liquidators where a company is in insolvency along with notice and creditor meeting requirements;

(f) the creation of a formal "proof of debt" procedure;

(g) increased powers of liquidators and administrators to seek the production of information about the affairs of the company, including the use of a compulsive examination process;

(h) the introduction of an undervalue transaction action similar to s 238 of the UK Insolvency Act 1986; and

(i) provisions dealing with extortionate credit transactions and onerous property.

9 Many of these proposed areas for reform have survived the legislative process and now form the basis of the recent amendments to the 2008 Law.

Changes introduced by the Ordinance

Introduction of insolvency rules

10 The Consultation identified that, unlike in other jurisdictions such as the UK,[7] there was no set of procedural rules for corporate insolvency

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[6] *Ibid*, para 3.2.

[7] Most aspects of the corporate insolvency regime under the Insolvency Act 1986 apply to England & Wales and Scotland, albeit with some differences, notably in respect of receivership which does not exist in Scotland. The

in Guernsey. This was despite Guernsey's regime being based on early UK legislation. The Consultation revealed support for the introduction of a set of rules to clarify the processes that should be adopted as well as allowing procedures to be changed and adapted without the need for primary legislation.

11 The Ordinance provides the Committee with the power to make rules for the purpose of carrying into effect those parts of the 2008 Law dealing with dissolution, winding up, liquidation or administration. The rule making power is very broad, and expressly covers (though without limitation) rules on the submission of proof of debt, the procedure for proving the debt and the power of a liquidator to accept or reject a proof of debt. It also permits the Committee to introduce any rule "corresponding to that made in England and Wales by the Insolvency (England and Wales) Rules 2016". It is accordingly possible for the Committee to deal with a very wide range of issues.

12 Draft insolvency rules dealing with operational aspects of the new provisions were finalised and came into force on 1 January 2023, at the same time as the Ordinance and the Amendment Ordinance.[8] Areas covered by the rules include the functioning of creditor meetings and contain prescribed form documents for certain stages of an insolvency process. To allow the rules to be amended swiftly when required and kept up to date, there is a standing rules committee. As discussed below, it is expected that further rules will be introduced.

Administration

Meeting of creditors

13 While in practice Guernsey administrations were recognised as being effective, there were several perceived gaps in the statutory provisions. For example, administrators in Guernsey were under no obligation to call a meeting of creditors during an administration. Indeed, there was little in the way of formal requirements on administrators to consult with creditors on the conduct of an administration. As the Consultation identified, such meetings enable the administrator to explain how it is intend to carry out the administration as well as to ensure that creditors are appraised of developments during the administration.

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majority of the 1986 Act does not apply Northern Ireland, but its insolvency law is similar.

[8] The insolvency rules are contained in the Companies (Guernsey) (Insolvency Rules) Regulations, 2022 ("the Insolvency Rules").

14 Subject to limited exceptions, administrators are now required to call a meeting of the company's known creditors within a set period after appointment and provide an explanation of the aims of and the likely process of the administration.[9] The new insolvency rules make provision for the functioning of these creditor meetings including the notice period, notice content, location, quorum, chair, voting, suspension and adjournment, minutes, and electronic communications.

Distributions to creditors

15 An administrator has a reasonably comprehensive range of powers set out in Schedule 1 to the 2008 Law broadly in line with the powers afforded an administrator under the Insolvency Act 1986.[10] However, they did not include a power to make distributions of the companies' assets to creditors. Administrators now have the express power to make distributions where they think it likely to assist the achievement of any purpose for which the administration order was made.[11] However, permission of the court will be necessary unless the payment is made to a secured creditor or a creditor with a preferred debt under the Preferred Debts (Guernsey) Law, 1983.

Exit from administration

16 Another area for reform was how an administration is brought to an end. An administrator must apply to be discharged once the purpose of the administration is achieved or could no longer be achieved. The company would normally either fall back to the control of its directors or be placed into winding up. Very often, the assets of the company had already been realised and there was nothing for the liquidator to do except make distributions. In the Consultation, the Committee expressed the view that there was merit in allowing an insolvent company in administration to have a power to distribute its assets and move straight to dissolution, rather than requiring a winding up order to be made.

17 This proposal has been implemented but is only available where it appears to the Royal Court that a company has no assets that might permit a distribution to creditors.[12] This procedural safeguard is aimed at protecting the interests of creditors whilst reducing time and cost where appropriate.

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[9] 2008 Law, s 386A. See also r 1.1 and r 1.2 of the Insolvency Rules.
[10] Schedule B1.
[11] 2008 Law, s 380A(1).
[12] *Supra*, s 382A(1).

Liquidation

Independence of liquidator

18 There is generally no limitation in the 2008 Law as to who could be appointed a liquidator or administrator of a Guernsey company. While the suitability of those appointed as administrators or liquidators in a compulsory winding up are subject to the scrutiny of the court, there is no similar oversight with voluntary liquidations.

19 One area of focus was the absence of any requirement for an insolvency practitioner to be independent, thereby permitting directors or shareholders could wind up their own companies. This increased the potential risk of creditors being disadvantaged due to conflicts of interest, particularly in insolvent liquidations.

20 This is dealt with in the new provisions by the introduction of a requirement that, in an insolvent winding up, the liquidators must be independent[13] and—unless in the opinion of the liquidator there are no assets available for distribution to the creditors—must call a meeting of creditors within one month of being appointed.[14] The mechanism through which this is achieved is to make a distinction between solvent and insolvent voluntary liquidations. Directors are now given the option to make a declaration of solvency, in the prescribed form contained in the Insolvency Rules, which is a declaration stating that, in the opinion of the board, the company satisfies the solvency test.[15] If no declaration is made, the requirements for liquidator independence and an initial meeting of creditors apply.[16] A director or former director, company secretary or administrator of the company would be ineligible to be the liquidator.[17] There continues to be no restriction on who may wind up a solvent company in a voluntary winding up.

21 The 2008 Law also makes provision for what happens in the situation where, following a declaration of solvency being made, it becomes apparent to the liquidator that the company is in fact insolvent.[18] These include the calling of a meeting of creditors to ratify the liquidator's appointment or appoint an alternative liquidator, or otherwise an application to court for the sanction of the liquidator's appointment.

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[13] *Supra*, s 395(1A).
[14] *Supra*, s 398B(1).
[15] *Supra*, s 391A(1).
[16] *Supra*, s 391A(3).
[17] Certain others are also ineligible, see s 395(1A) of the 2008 Law.
[18] *Supra*, s 398A.

Exemption from audit

22 In the interests of minimising unnecessary expenditure, companies in liquidation are now exempt from the requirement to prepare audited accounts.[19]

Investigative powers

23 While liquidators have always been entitled to receipt of the books and records of the company, as comprising property of the company, liquidators lacked some of the express investigative powers to go further and compel the production of information about the company's affairs. Such powers are often vital in assisting the office holder to find out the financial state of the company, particularly when it is suspected that company assets may have been inappropriately diminished prior to the winding up. The amendments make changes in three categories: (i) production of a statement of affairs; (ii) production of documents and information; and (iii) examination of company officers.

(i) *Statement of affairs*

24 The Consultation identified that most insolvency regimes required the directors and officers of a company to submit a statement of affairs which set out the salient points of the company's finances, allowing the administrator or liquidator rapidly to assess the state of a company. Whilst under Guernsey law administrators had the statutory power to require such a document to be provided, liquidators did not. To deal with this in practice, on granting an application for a winding up order, the Royal Court would make an order requiring the directors and officers to provide a statement of affairs to the liquidator.

25 Under the new provisions, the administrator's statutory power to demand a statement of affairs has been extended to a liquidator.[20] Accordingly, they may require the following persons to provide a statement of affairs:

(a) officers or former officers of the company;

(b) those who in the last 12 months:

(i) are or have been employed by the company;

(ii) have taken part in the company's formation;

(iii) are or have been officers of or employed by a company which is or was within the last 12 months an officer of the

[19] *Supra*, s 256A.
[20] *Supra*, s 419A(1).

company (for example, an employee of a corporate director of the company in liquidation); or

(iv) with the leave of the Royal Court, any other person.[21]

(ii) *Production of documents and information*

26 The new provisions also give liquidators (but not administrators) an express power to apply to the Royal Court for an order compelling the persons listed above to produce documents and information relating to the company. The liquidator is entitled to documents and information "reasonably required" for the purposes of the performance of their functions in respect of the winding up of the company.[22] The "reasonably required" test is similar, but not identical, to UK provisions under s 235 of the Insolvency Act 1986. It is therefore likely that Guernsey would adopt a similar approach to the question of what is "reasonably required." The legislation does not expand upon what this means, but it is generally accepted that the role of the liquidator is to investigate the affairs of the company, including the cause of company's failure, so it is anticipated that the liquidator could obtain any information pertaining to this. In *R v Brady*,[23] the English Court of Appeal indicated that the purpose includes the identification of potential criminal or other misconduct. It is therefore expected that the test would be construed widely.

27 The obligation to provide the information and/or documents extends to confidential information except where it is privileged.[24]

28 A clear ability for liquidators to seek such an order from the court may lead to greater co-operation and voluntary production by parties having such information and documents.

(iii) *Examination of company officers*

29 *In re Med Vineyards Ltd (in liquidation)*,[25] ("*Med Vineyards*") held that the Royal Court's power under s 110 of the Companies (Guernsey) Law, 1994[26] to give directions to a liquidator in relation to any matter arising in relation to the winding up of the company, extended to permit the court to give directions to a former director to answer questions directed to him by the liquidator. Carey, Deputy Bailiff, (as he then was)

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[21] *Supra*, s 387(3).
[22] *Supra*, s 419B(5).
[23] [2004] 1 WLR 3240.
[24] *Supra*, s 419B(6).
[25] Royal Ct., July 25th, 1995; (1995), 20 GLJ 7.
[26] The predecessor to the 2008 Law.

indicated, *obiter*, that it would also have been open to the liquidator to have proceeded under s 106 of the 1994 Law which enabled a liquidator to apply to the Royal Court for an order where it appeared that any past or present officer of the company had appropriated or otherwise misapplied any of the company's assets. This covered not only deliberate but also inadvertent misapplications.

30 Both relevant provisions were retained, with appropriate modifications, in the modern Companies Law,[27] but the parameters of any such power and its practical operation were uncertain. For example, the Deputy Bailiff had directed that in the first instance the former director should be questioned by means of written interrogatory rather than oral examination, but it was not clear if this was a rule of general application.

31 Further, in *In re X (a bankrupt)*,[28] Marshall, Lieut-Bailiff, refused to extend *Med Vineyard*'s scope to grant an application by the trustee in bankruptcy of an English bankrupt, appointed by an English court, for an order permitting the trustee to examine any person in Guernsey involved in the bankrupt's affairs, including any person connected to certain Guernsey companies in which the bankrupt had interests. With reference to the decision in *Singularis Holdings Ltd v Pricewaterhouse-Coopers*,[29] she did not accept the submission that as a matter of general Guernsey law the court was able to "fill in" the statute by providing ancillary powers in aid. This caused McMahon, Deputy Bailiff, (as he then was) to doubt in *Batty v Bourse Trust Co Ltd*,[30] whether *Med Vineyards* would still be followed in the corporate context. He also noted that in the meantime the 2008 Law had resulted from a comprehensive review of the Companies Act 2006 and, to an extent, the Insolvency Act 1986 and so contained much more detailed provision than previous company legislation. Accordingly, omissions from Guernsey's statutory regime may have been deliberate and should not be "filled in" by the court.[31]

32 The liquidator now has the power to apply to the court to appoint an inspector to examine any person who is or has been an officer of the company.[32] While the examination will be similar to that of a witness in a civil trial, it will be conducted in private.

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[27] In ss 426 and 422 respectively of the 2008 Law.
[28] 2015 GLR 248.
[29] [2015] 2 WLR 971.
[30] 2017 GLR 54.
[31] *Ibid* at para 26.
[32] 2008 Law, s 419C(1).

33 Statements can be used as evidence in other proceedings, save criminal proceedings, where they can only be used in very limited circumstances. UK authority is likely to be followed on the limitations on obtaining such statements, so that they will either not be obtainable or will be subject to use restrictions. The power should not be used merely to provide the liquidator with an advantage in relation to separate litigation, However, when considering the limitations on use, it is expected that the Royal Court would also take account of the differences between the UK and Guernsey regimes, such as the availability in the UK of both public and private examinations, and the wider group who may be examined.

34 In Guernsey, the provisions apply to examinations of "any person who is or has been an officer of the company." It is therefore a narrower class. One notable limitation is that the legislation does not appear to make provision for the examination of directors or employees of a corporate director. Given that it is permissible and indeed common for Guernsey companies to have only corporate directors, this may cause difficulties in some insolvencies.

35 The comparable power in the UK under s 236 of the Insolvency Act 1986 is more widely drafted and applyies not only to any officer of the company but also to: (1) any person known or suspected to have in their possession any property of the company or supposed to be indebted to the company; or (2) any person whom the court thinks capable of giving information concerning the promotion, formation, business, dealings, affairs or property of the company. In *Re Highgrade Traders Ltd*,[33] Oliver LJ indicated (*obiter*) that the references to "person" above could include companies. The UK power would therefore extend, one way or another, to any natural persons "behind" the corporate director. The Guernsey provisions do not appear to extend as far and this could be an area for future legislative intervention.

Duty to report delinquent officers

36 Prior to the reforms, liquidators in a compulsory liquidation were required to report to the Royal Court at the conclusion of the proceedings, but there was no general statutory duty on administrators and liquidators to report to the relevant authorities if they found, or suspected, misconduct on the part of the directors or officers of a company. The new provisions require both types of office holders to report delinquent officers of insolvent companies to the Registrar of

[33] [1984] BCLC 151.

Companies or, in the case of supervised companies, to the Guernsey Financial Services Commission.[34]

Setting aside transactions

37 Under the previous regime, liquidators already had the statutory power to bring actions for misfeasance in office or set aside the making of unfair preferences to creditors. In addition, it was considered that liquidators[35] could use the *Paulienne* action, available under customary law, which enable a creditor to set aside an agreement between its debtor and a third-party recipient, which was made to defeat the interests of that debtor's creditors. However, it was limited in scope, in particular because of the requirements that: (1) the debtor be insolvent at the time of the transfer or rendered insolvent by the transfer; and (2) where there was consideration, the recipient also intended to defeat creditors.

38 The *Paulienne* action remains available but in addition there are now statutory powers to set aside undervalue transactions and those involving credit on extortionate terms.[36]

Transactions at undervalue

39 Liquidators and administrators may now apply to the Royal Court to set aside a transaction if:

(a) it occurred within the last six months before the liquidation/administration, or two years where the other party to the transaction is connected to the company;

(b) the company was insolvent at the date of the transaction or as a result of it; and

(c) it was not entered into in good faith for the purpose of carrying on the business of the company where there were reasonable grounds for believing that it would be of benefit to the company.

40 These new provisions align Guernsey broadly with the UK position under s 238 of the Insolvency Act 1986, but with some differences. First, the definition of a connected person in s 424(7) of the 2008 Law is less prescriptive than the definition in s 249 of the Insolvency Act 1986. Secondly, the provisions aimed at helping the

[34] *Supra*, s 387A(1).
[35] But not administrators.
[36] 2008 Law, s 426D and s 426E respectively.

court to determine whether a person was acting in good faith when entering into a transaction at undervalue are framed differently.[37]

Extortionate credit transactions

41 In addition, liquidators or administrators now can apply to the court to set aside extortionate credit transactions entered into in the last three years before the administration/liquidation.

42 A transaction would be regarded as extortionate if, having regard to the risk accepted by the person providing the credit, the terms required exorbitant payments or the transaction otherwise grossly contravened ordinary principles of fair dealing. This is the same as the test used in s 244(3) of the Insolvency Act 1986. Whether a transaction will meet this test will of course be fact-specific.

43 Where a liquidator or administration brings an application to set aside this type of transaction, there is a presumption that the transaction was extortionate.

Disclaiming onerous property

44 Many jurisdictions permit a liquidator to disclaim assets where those assets are onerous to locate and administer, or effectively valueless. The new provisions introduce the power for the liquidator to disclaim onerous property.[38] The definition of "onerous property" includes real property situated outside of the Bailiwick if it is unsaleable, not readily saleable or is such that it may give rise to a liability to pay money or perform any onerous act.[39]

45 The Insolvency Rules[40] provide more detail around the requirements for the notice and confirm that any rights relating to netting, set-off, or compensation or enforcement thereof are unaffected.

Winding up foreign companies

46 A number of foreign companies carry on business in Guernsey and/or have assets under control in the jurisdiction. Before the recent changes, there was no mechanism for these companies to be wound up in Guernsey and instead they would need to be wound up in their home

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[37] See s 426D(8) of the 2008 Law and s 241(2A) of the Insolvency Act 1986.
[38] 2008 Law, s 421A.
[39] Before the new provisions came into force, the Companies (Guernsey) Law, 2008 (Insolvency) (Amendment) Ordinance, 2021 updated the definition of "onerous property" insofar as it applied to real property.
[40] Part 4.

jurisdiction before an application could be made to recognise the proceedings in Guernsey. This was identified in the Consultation and, given that it could have implications beyond insolvency, the topic formed the subject of a supplemental consultation dated 16 August 2016.

47 The new provisions[41] provide that a non-Guernsey company may be wound up by the Royal Court where:

(a) the company is dissolved or has ceased to carry on business or is carrying on business only for the purpose of winding up its affairs;

(b) the company is unable to pay its debts within the meaning of the existing statutory test (*i.e.* it fails to comply with a statutory demand within 21 days or if it fails the solvency test); or

(c) the court is of the opinion that it is just and equitable that the company should be wound up.

48 These are narrower than the circumstances in which a Guernsey company may be wound up by the court. Although the precise parameters of the jurisdiction are yet to be tested, it is likely that Guernsey will follow the approach adopted by the courts in England & Wales that there must be a "sufficient connection" with Guernsey for the Royal Court to exercise its discretion to wind up the foreign company. This will mean that foreign companies having a place of business, a branch office or assets in the jurisdiction may be susceptible to winding up by the Guernsey Court.[42] In addition, it is likely that those seeking to wind up the foreign company will need to show that they will benefit from the winding up.

49 The changes give foreign office-holders the ability to seek winding up orders in Guernsey and obtain an appointment in this jurisdiction, ancillary to the winding up being conducted in the company's own jurisdiction. There is also the potential for creditors and shareholders to apply for a winding up of a foreign company in Guernsey unconnected with any foreign proceedings. This may be attractive way to shortcut the need to seek a winding up in the foreign jurisdiction and then recognition in Guernsey, where the business, the company's directors and managers or its assets are located in Guernsey.

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[41] 2008 Law, Part XXIIIA.

[42] See *Banque des Marchands de Moscou (Koupetschesky) v Kindersley* [1951] Ch 112 and *OJSC Oil Co v Abramovich* [2008] All ER (D) 299. Other factors may also be regarded as relevant, see Sealy and Milman, *Annotated Guide to the Insolvency Legislation*, 25th edn, 2022, vol 1, Insolvency Act 1986, Part V Winding Up of Foreign Companies, General Note on s 220.

50 Both circumstances allow the liquidator to use the full powers available under the 2008 Law, including those to investigate the affairs of the company, rather than the more limited powers available by way of foreign recognition. It can also lead to far great efficiencies where large aspects of the company's business are administered in Guernsey.

Commencement and transitional provisions

51 Under Regulation 2 of the Companies (Guernsey) Law, 2008 (Insolvency) (Amendment) Ordinance, 2020 (Commencement and Application) Regulations, 2022 and r 2 of the Insolvency Rules, the new regime only applies to insolvency proceedings where the appointment of a liquidator or administrator was made on or after the commencement date of 1 January 2023. This means that, although the new provisions are in force, they will not be available to office holders in insolvency proceedings that were already ongoing as at the commencement date. Given the doubts expressed by the court over the common law information gathering powers of liquidators, this does present a challenge for liquidators in existing insolvencies who would no doubt have welcomed clarity on the scope of their powers. One aspect that does conflict with the "prospective only" approach in the commencement Ordinance is that it appears to permit challenges to undervalue or extortionate credit transactions that were undertaken prior to 1 January 2023, provided the liquidation commenced after that date.

Future developments

52 The Consultation identified a number of areas that could be covered by insolvency rules, which have not been included in the rules that came into force on 1 January 2023.

53 One aspect likely to be developed further is the proof of debt process. At present there is no proof of debt procedure for the liquidator to establish claims against an insolvent company. At times liquidators have used the directions power to establish such proof of debt procedures, though this obviously involves additional costs and time. The Consultation sought feedback on the introduction of a proof of debts procedure for Guernsey and the form this would take and respondents were unanimously in favour of a legislative framework to submit a proof of debt and to prove that claim. The Ordinance expressly provides this as one area where the Committee may make rules and it is expected that further insolvency rules dealing with this will be issued in due course.

Conclusion

54 The developments represent important and helpful improvements to Guernsey's corporate insolvency regime, although they are far from revolutionary. They improve on the existing regime, adding clarity and functionality, while avoiding some of the unnecessary complexity that arises from the detailed statutory regimes found elsewhere. The ability to pick and choose from the England and Wales insolvency rules, without their wholesale introduction, will be particularly beneficial.

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