

## Cell Companies in Guernsey

**Briefing Summary:** Guernsey introduced legislation permitting the formation of cell companies through the Protected Cell Companies Ordinance in 1997 – the first country in the world to do so. Incorporated cell companies were introduced in Guernsey through the Incorporated Cell Companies Ordinance in 2006. Both of those ordinances were consolidated into the Companies (Guernsey) Law, 2008 (the “**Companies Law**”). This note summarises the Companies Law as it relates to cell companies in Guernsey.

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## Protected Cell Companies

A Guernsey protected cell company ("PCC") is a single legal entity. It is one company with one board of directors, one memorandum and articles of incorporation and one company registration number.

A PCC comprises a core and any number of cells. The assets and liabilities of one cell are segregated and protected from those of the other cells. Similarly, the assets and liabilities of the core are segregated and protected from those of the cells. Assets which are not comprised in a cell are deemed to be comprised in the core. No regulatory or filing processes are required to create a cell of a PCC. Cells can be created simply by a resolution of the board of directors of the PCC. However, if the PCC is regulated other considerations may apply.

The key issue which differentiates a PCC from a traditional (non-cellular) company is the segregation of its assets. A PCC is able to limit its liability in respect of a particular contract to a specified pool of assets attributable to a particular cell or the core, rather than exposing all of the assets of the PCC to liability in respect of every contract, as would be the case with a non-cellular company.

When a PCC contracts, the directors of the PCC must inform the counterparty that it is a protected cell company and identify or specify the cell (or the core) in respect of which the PCC is acting. By default, any liability not attributable to a cell of a PCC automatically attaches to the core. However, if the directors intend a transaction to be made in respect of a particular cell or the core but fail to identify that cell or the core to the counterparty then the directors can incur personal liability in respect of that transaction, although the directors have a statutory right of indemnity out of the core assets in certain circumstances. Unless excluded in writing, it is an implied term of every transaction to which a PCC is a party that no party shall make or attempt to make liable any "protected assets".

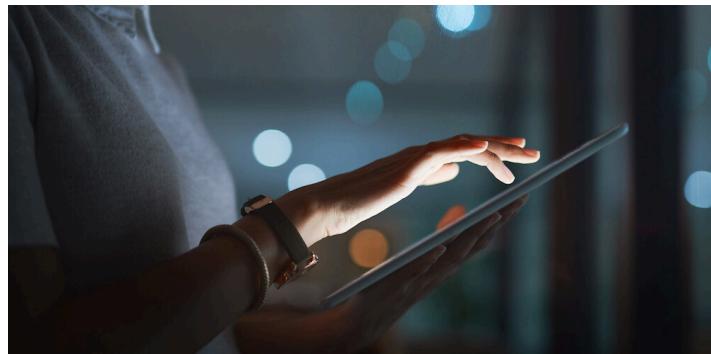
The crucial protection which the Companies Law affords creditors of a PCC is that losses in one cell or the core of a PCC do not affect profits in another cell or the core. If a PCC is unable to satisfy liabilities it owes to a creditor out of the assets of the specified cell that creditor has no recourse to the assets of other cells or to the core.

Because a PCC is a single legal entity, the cells of a PCC cannot contract with each other or with the core. These issues can be resolved by interposing a company (for example, a subsidiary of the PCC in question) which is able to contract with both cells or the cell and the core to achieve the same desired economic outcome.

Of course, cells of two different PCCs can contract with each other. In addition, it is possible for a PCC to implement an internal arrangement whereby the assets of one cell or the core may be attributed to other cells or to the core or vice versa. Similarly, the PCC may enter into recourse agreements with creditors whereby such creditor is explicitly granted recourse to the protected assets of another cell (or the core) in addition to the assets of the cell (or core) in respect of which they are primarily contracting.

The Companies Law allows, but does not require, a PCC to create and issue

*Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026*



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