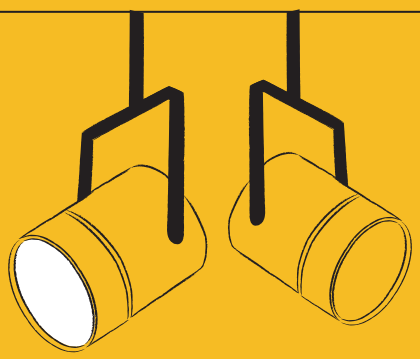
Spotlight

Duties of a Guernsey Company director



Guernsey companies are used in a wide variety of ways for international investment and wealth structuring – but whatever the company was formed to do, its directors owe certain duties to it.

The customary law of Guernsey essentially imports the English common law relating to directors' duties as it stood prior to the incorporation of the common law duties into the UK Companies Act 2006.

The Companies Law provides that, if in proceedings for breach of duty it appears that a director is or may be liable but that he acted honestly and reasonably, and having regard to all the circumstances of the case, he ought fairly to be excused, the Court may relieve the director, either wholly or in part, from liability on such terms and conditions as it thinks fit.

DUTIES EFFECTIVELY MIRROR ENGLISH LAW

- Act bona fide in the best interests of the company
- Act for proper purposes
- Exercise independent judgment
- Avoid conflicts of interest
- Exercise reasonable skill and care

KEY FEATURES OF THE REGIME

- Duties are owed to the company, not to its shareholders
- Conflicts of interest must be declared to the board, subject to certain exceptions
- The reasonably expected level of diligence and skill is informed by a director's role, skills, remuneration and the size and nature of the business
- Duties can be owed by individuals not called "directors"
- Breaches of duties may lead to damages or compensation orders, injunctions or declarations, and recissions of contracts

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