







**insolvent? Are there any consequences for failure to do so?**

Objective voluntary liquidation can be used by any company incorporated and registered under the Law (or predecessor laws). The company must cease its business activities, except so far as continuing them is necessary for its benefit

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some representation is required for the company to be able to do this

the company must be able to pay its debts

Length of procedure







If the debt claimed in the demand is disputed by the company in good faith and on substantial grounds then it cannot form the basis of a winding-up petition. It is not necessary for the debt claimed to be a judgment debt. However, if it is a judgment debt, the company is unlikely to be able to assert that there is a legitimate dispute in relation to the debt unless an appeal against the judgment is pending and/or execution of the judgment has been stayed by the court.

A company is placed into official liquidation by order of the Grand Court. The consent of



- the dominant intention of the company's directors was to give the applicable creditor preference over other creditors.

with the intention to defraud the company's creditors.











hold directors harmless in respect of liability for non-intentional wrongdoing.

**15. Do restructuring or insolvency proceedings have the effect of releasing directors and other stakeholders from liability for previous actions and decisions?**

Liquidation proceedings do not affect the existing liability of directors and stakeholders for their previous actions and decisions, although it is possible for a Cayman scheme to include releases for directors and other stakeholders where the releases include the necessary element of *give and take* between the parties (*Re Sphinx* [2014 (2) CILR 132]).

**16. Will a local court recognise concurrent foreign restructuring or insolvency proceedings over a local debtor? What is the process and test for achieving such recognition? Has the UNCITRAL Model Law on Cross Border Insolvency or the UNCITRAL Model Law on Recognition and Enforcement of Insolvency-Related Judgments been adopted or is it under consideration in your country?**



The Cayman Islands has traditionally been regarded as a creditor-friendly jurisdiction and that remains the case. Creditors (of the same class) are treated equally irrespective of where