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Guide

Jersey Cell Companies (PCCs and ICCs)

A practical overview

1. Uses

A Jersey cell company is a corporate structure that allows a single company to divide its assets and liabilities into distinct "cells." Each cell operates as a clearly separated unit within the wider company, giving strong legal segregation in relation to creditors and allowing different investments, strategies or projects to operate independently, whilst benefiting from a shared corporate platform.

Typical uses include:

- vehicles for structured finance, structured products and securitisation;
- debt issuance vehicles generally;
- Sharia compliant structures;
- joint ventures;
- family office investment vehicles;
- asset holding vehicles;
- umbrella funds with multiple classes of shares (including private funds and public funds); and
- insurance related entities.

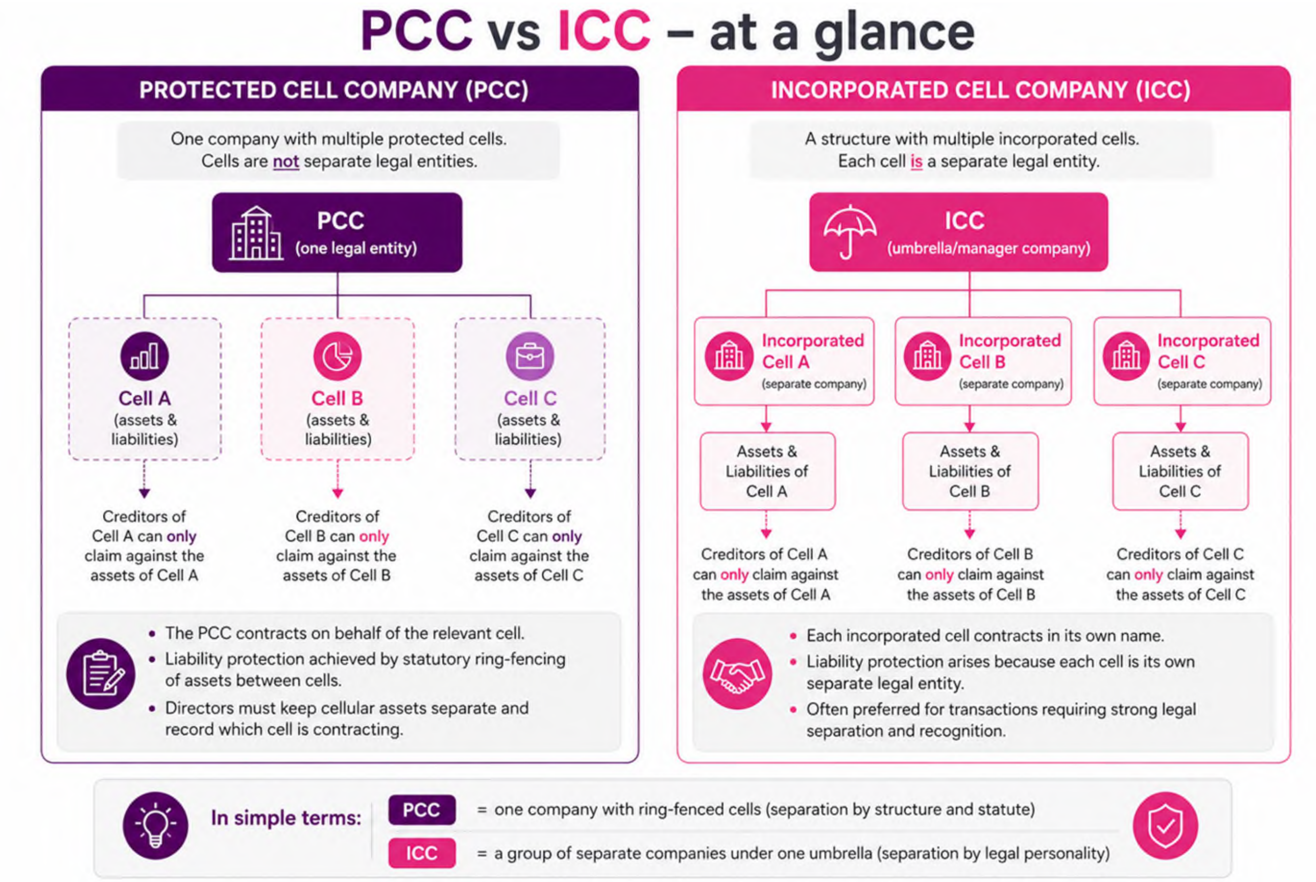
2. PCCs and ICCs – Key Differences

Jersey law provides for two types of cell company. While both achieve asset and liability segregation, the key difference lies in how that segregation is achieved:

- a Protected Cell Company (**PCC**) – The PCC is a separate legal entity and body corporate but although its cells are treated largely as separate companies for the purposes of the Companies (Jersey) Law 1991 (**Law**), they are not bodies corporate and do not have a separate legal identity from the PCC of which they form part; and
- an Incorporated Cell Company (**ICC**) – The cells of an ICC are treated as a company in their own right, are each a body corporate and have their own legal personality.

Issue	PCCs	ICCs
Legal Structure	One single company with one or more protected cells and the PCC and each cell has its own constitutional documents	One single company with one or more incorporated cells and the ICC and each cell has its own constitutional documents
Legal personality of cells	Cells are not separate legal entities and not bodies corporate but treated under the Law as companies	Each cell is a separate legal entity and body corporate
Who contracts	The PCC contracts on behalf of the relevant protected cell but capacity should be clearly stated in relation to the relevant cell	Each incorporated cell contracts in its own name

Liability protection	Liability limited by statutory provisions setting out ring-fencing of assets of cells and the PCC and protection from creditors. A cell can enter an agreement with its PCC or another cell that shall be enforceable as if each cell were a body corporate with separate legal identity	Liability limited because each cell is a separately incorporated company by law
Creditor claims	Creditors of one cell generally limited to assets of that cell provided requirements of the Law adhered to	Creditors limited by law to assets of the specific incorporated cell
Asset segregation	Directors must ensure cellular assets and liabilities and non-cellular assets and liabilities are separately identified and maintained and separated between each cell and the PCC	Separation exists naturally because each cell is its own legal entity and each cell maintains its own cellular assets
Governance	The PCC maintains a register of directors for itself and separately for each cell. Board meetings and approvals should be arranged for the PCC and each relevant cell	Each cell maintains its own register of directors. Board approvals for the ICC are not required for a transaction of a cell, just the cell itself
Accounts and tax	PCCs and their cells prepare separate accounts but PCC files one tax return for it and all cells. Provision should be made for costs for PCC accounts	ICCs and their cells prepare separate accounts and tax filings. Provision should be made for costs for ICC accounts



3. If incorporated cells are like a stand-alone company, why use an ICC?

An ICC is different from a typical corporate group structure in a variety of respects:

- an incorporated cell and ICC have the same secretary and registered office;
- an ICC is not the parent of the incorporated cell and an incorporated cell is expressly stated not to be a subsidiary of the ICC;
- various secretarial functions required by statute must be carried out by the ICC; and
- the shares in each incorporated cell will not generally be held by the ICC but by the intended 'owner' of the assets to be held in that incorporated cell.

Opting for an ICC and its cells over a traditional company can often be driven by market norms in a particular sector or investor preference.

4. Advantages

Clients typically choose a cell company (PCC or ICC) because it offers:

- Statutory protection, ensuring liabilities in one cell do not affect another and structurally do not inherently permit a creditor of a cell to have recourse to the other cells and cell company or have them placed into insolvency procedures;

- Speed and efficiency, as new cells can be established quickly and related service provider and other structural documents easily adapted to deal with additional cells;
- Cost savings, through elements of shared administration and governance;
- Flexibility, allowing different investors, assets or terms of constitutional documents at cell level as well as future conversion and ability to restructure or separate cells from cell companies; and
- Confidentiality, as the affairs of each cell can be segregated.

In addition, the restructuring and conversion options for PCCs, ICCs and their cells can be beneficial and include:

- companies converting into cell companies and vice versa;
- PCCs and ICCs can convert into the alternative form;
- cells can convert into stand alone companies or companies can convert into cells;
- cells can be transferred between cell companies;
- company continuance / migration provisions can apply to cell companies and cells to enable them to move in and out of Jersey to other jurisdictions whose laws facilitate this. If a PCC cell was to be migrated separately from its PCC, it could be converted to a stand alone company first.

Unlike some cell company regimes in other jurisdictions, Jersey law expressly permits (subject to the constitutional documents) cells to invest directly in other cells within the same structure, without the need for intermediary holding companies. This enhances flexibility and reduces structural complexity.

The other general advantages of Jersey companies also apply to cell companies and cells under the Law, including very flexible provisions in relation to capital arrangements and returning value to shareholders and provides certainty of treatment of normal corporate law aspects to each cell.

5. Formation process

A cell company is incorporated in Jersey in a similar way to any other company, with the additional requirement that its constitutional documents clearly state whether it is a PCC or an ICC.

A PCC or ICC or their respective cells can be par value or no par value, limited or unlimited, limited by guarantee or a combination. Members of a cell company need not be members of a cell and vice versa.

Once the PCC or ICC is in place, additional cells can be created by way of a special resolution of the PCC or ICC and an application to the Jersey companies registry (JFSC). When the application is submitted, an updated certificate of recognition or incorporation will be issued accordingly.

Cell companies would typically require the services of a Jersey regulated administrator to administer them, act as their nominated person with the JFSC and provide standard registered office and secretarial functions.

6. Governance and management

There are no requirements to have the same directors on the board of the cell company and each cell, although for administrative ease and for simplicity of governance, many do have overlapping boards.
Directors of cells owe the same duties as directors of any Jersey company although if directors are acting in relation to a cell company and/or cells, they should be conscious that their duties apply to the specific company or cell. In the case of a PCC, directors also have a statutory obligation to ensure that the assets and liabilities of each cell are clearly identified, used correctly and not mixed with those of other cells. These safeguards are central to maintaining the integrity of the structure and ensuring that liability protection operates as intended.

Directors of a PCC have to ensure that the third party knows or ought reasonably to know that the PCC is acting in respect of a particular cell, and if they fail to do so they will be guilty of an offence. Importantly, a failure to do so will not affect the validity of the transaction.

There are generally no specific limits on the business of cell companies and cells that differ from a standard company although advice should be sought if there were to be a mix of regulatory treatment as between cells in the same cell company. For example if one cell was intended to be a regulated public collective investment fund but one or more of the cells and the cell company were not.

Each cell has its own register of members and a cell and cell company have the same secretary and registered office. A cell company files an annual confirmation statement with the JFSC in respect of itself and its cells.

7. Accounting and Administration

Each cell must operate with a degree of administrative separation from the other cells and the cell company. In practice, this means that each cell is required to prepare its own accounts, maintain a separate register of members, and file an annual return in respect of that cell. These requirements help ensure that the assets, liabilities and ownership of each cell remain clearly identifiable and properly segregated.

8. Insolvency and winding up

If one cell becomes insolvent, the rest of the structure remains protected (subject to any provisions that have been expressly set out in the constitutional documents). In an ICC, this follows naturally from each cell's separate corporate status. In a PCC, Jersey law expressly restricts creditor claims to the assets of the affected cell.

As a result, financial distress in one cell or its winding up does not automatically trigger wider insolvency or disruption across the structure.

The same winding up and bankruptcy provisions apply to a cell company as to a company.

9. Taxation

In relation to Jersey taxation as it applies to cell companies:

- Jersey has a standard rate of corporate income tax of zero per cent (subject to certain exceptions including, amongst others, financial services companies (as defined in the Income Tax (Jersey) Law 1961) making them attractive vehicles for a wide range of investment and structuring purposes;
- a PCC generally files one tax return in respect of the entire PCC structure, although tax liabilities are assessed at cell level; and
- an ICC and each of its incorporated cells file separate tax returns.

Jersey tax and/or regulatory advice can be provided upon request, including in relation to the application of economic substance rules.

10. Next Steps

If you are considering establishing a Jersey cell company (PCC or ICC), or restructuring an existing platform using a cell company structure, please get in touch with any member of our team.

JTC Law supports clients with legal and regulatory advice across the full lifecycle of Jersey cell company structures, including:

- structuring and tax considerations;
- establishing PCCs and ICCs and creating new cells;
- drafting constitutional, commercial and transactional documentation;
- ongoing governance and board support;
- advice on the applicable regulatory framework; and
- assistance with obtaining any necessary regulatory or statutory consents.

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Our team of lawyers is recognised by Chambers, Legal500, and IFLR as among the world's leading professionals, combining deep expertise in both offshore and international legal practice. We offer practical, straightforward advice on trusts, corporate law, commercial transactions, and regulatory matters, supporting individuals, families, and businesses across the globe.

At JTC Law, we believe that legal advice should be easy to understand, responsive and genuinely impactful. That's why we focus on building trusted partnerships, transparent pricing, and tailored strategies that help you move forward with confidence.

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