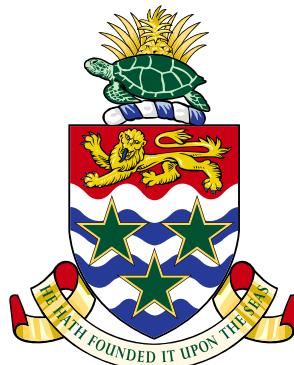


CAYMAN ISLANDS



BANKRUPTCY ACT

(2026 Revision)

Supplement No. 2 published with Legislation Gazette No. 4 of 29th January, 2026.

PUBLISHING DETAILS

Revised under the authority of the *Law Revision Act (2020 Revision)*.

Originally enacted —

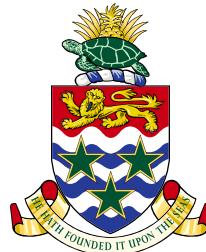
Cap. 7-1st January, 1964

Act 35 of 2020-4th September, 2020

Act 56 of 2020-7th December, 2020.

Revised this 31st day of December, 2025.



CAYMAN ISLANDS**BANKRUPTCY ACT****(2026 Revision)****Arrangement of Sections**

Section	Page
---------	------

PART 1 - Introductory

1. Short title	11
2. Definitions.....	11

PART 2 - Constitution and Jurisdiction of Court

3. Chief Court of Bankruptcy	12
4. Proceedings in bankruptcy.....	13
5. Powers of Court to decide all questions	13
6. Sittings in Court	13
7. Trial of questions of fact by jury	13
8. Court may vary orders	13
9. Appeals	14
10. Powers as to costs.....	14
11. Fees, how fixed, payable and applicable.....	14

PART 3 - Trustee in Bankruptcy

12. Trustee in Bankruptcy	14
13. Power to appoint agents, etc.....	14

PART 4 - Proceedings on a Bankruptcy Petition

14. Who may be petitioning creditors, and acts of bankruptcy.....	16
15. Debtor's petition.....	18



16. Creditor's petition, how to be verified	18
17. Debtor's petition, what statement to accompany same	18

PART 5 - Appointment of Receiver

18. Appointment of Receiver; the Receiver's powers and duties	19
---	----

PART 6 - Parties to Proceedings Under a Petition

19. Companies may proceed by agent.....	19
20. Firms may be named by their style	19
21. Special provision as to certain companies	19

PART 7 - Consolidating, Staying, Adjourning, Continuing and Dismissing Proceedings Under a Petition

22. Consolidating petitions against partners separately	20
23. Consolidating petitions against same debtor	20
24. Staying proceedings	20
25. Adjourning and dismissing petitions	20
26. Substitution of other creditor as petitioner in case of delay.....	20
27. Proceedings continued though debtor dies	20

PART 8 - Provisional and Absolute Orders for Bankruptcy

28. Notice of petition need not be served.....	20
29. Provisional order, when to be made.....	21
30. Service of provisional order	21
31. Revocation of provisional order.....	21
32. Order for debtor to file statement of the debtor's affairs, and service thereof.....	21
33. Absolute order for bankruptcy	21
34. Effect of order as to staying proceedings to recover debts	21
35. Relation back to provisional order.....	22
36. Debtor's property, when and how divisible	22
37. Debtor's property, when it vests in Trustee, and when and how to be administered	22
38. Duty of Trustee.....	22
39. Duty of debtor to aid Trustee	23
40. When debtor punishable as for a contempt of Court	23

PART 9 - Meeting of Creditors and Resolutions

41. Meeting of creditors, when to be summoned.....	23
42. Meeting, how to be held and conducted, and as to voting thereat	23
43. Duty and power of Trustee at meeting	24
44. Resolutions at meeting	24
45. Report to the Court as to resolutions.....	25
46. Procedure on resolution for deed of arrangement	25
47. Absolute order for bankruptcy, when to be made	25



PART 10 - Proceedings Under an Order for a Deed of Arrangement

48.	Deed of arrangement, how made, executed, proved and filed.....	25
49.	Consideration of deed by the Court.....	26
50.	Conditions for confirmation	26
51.	Proceedings when deed is not confirmed.....	26
52.	Proceedings on confirmation of deed.....	27
53.	Confirmation of deed conclusive as to its validity	27
54.	Administration of estate under confirmed deed	27
55.	Discharge of debtor when deed carried out.....	27
56.	When deed may be declared void, and effect thereof	27
57.	Deeds of arrangement in cases of partners	28
58.	Assent of certain creditors in cases of partners.....	28
59.	Debt incurred, increased or forborne, by means of fraud.....	28
60.	Rights of creditors against third parties not affected.....	28
61.	Administration of estate on confirmation of deed.....	28

PART 11 - Proceedings Under an Absolute Order for Bankruptcy

62.	Examination of debtor, and into the debtor's affairs.....	29
63.	Omission to keep or produce proper books, when and how punishable	29
64.	Debts incurred by breach of trust, recklessness or extravagance, how far punishable	30
65.	Administration of debtor's estate after order absolute	30

PART 12 - Bankruptcy Proceedings Against Estate of a Deceased Debtor

66.	Proceedings in bankruptcy against estate of a deceased debtor.....	30
-----	--	----

PART 13 - Discharge of a Bankrupt

67.	Report of Trustee, its purport	32
68.	Consideration of application for discharge and dealing with same.....	32
69.	Appeal	35
70.	Conditions of discharge	36
71.	How far order of discharge releases debtor from the debtor's debts	36
72.	Order of discharge does not release partner or joint debtor.....	36
73.	How order of discharge pleaded and proved.....	36

PART 14 - Administration of a Debtor's Estate by the Trustee

74.	Estate of debtor to be administered for the benefit of the debtor's creditors	37
75.	Trustee to take possession of debtor's property	37
76.	Trustee to recover debts.....	37
77.	Trustee to examine debtor's books	37
78.	Power of Trustee to sell property	37
79.	How far Trustee may carry on debtor's trade	37



80. Trustee's power to bring or defend actions	37
81. Trustee may recover dividends	37
82. Trustee's power to arbitrate or compromise claims of debtor	38
83. Trustee's power to compromise claims against debtor	38
84. Trustee's power to compromise claims as to debtor's property	38
85. Powers of Trustee as to exercising discretion or executing deeds	38
86. Trustee's power as to estates tail	38
87. Proof of debts	38
88. Trustee under control of the Court	38
89. Trustee may ask the Court for directions	38
90. Trustee acting under such directions protected	39
91. Trustee to keep books	39
92. Money received to be deposited in Government Savings Bank	39
93. All moneys to be paid into Court after two years	39
94. Audit of Trustee's accounts	39

PART 15 - Control of the Court Over the Administration of the Debtor's Estate by the Trustee

95. Trustee responsible to the Court	40
96. Power of Court to examine Trustee and the Trustee's books	40
97. Power of Court to control Trustee	40
98. Appeal to the Court of Appeal against Trustee	40
99. Power of Court to enable any person to do acts for the debtor	41

PART 16 - Distribution of Property of Debtor

100. What the property of the debtor comprises	41
101. Appropriation of portion of salary of debtor payable by Government	42
102. Appropriation of portion of other salary or income	42
103. Delivery to Trustee of moneys and securities of debtor	42
104. Transfer of stocks, shares, etc.	42
105. Onerous and unprofitable property of debtor; power of Trustee to disclaim same; effect of disclaimer	43
106. Limit to Trustee's right to disclaim	44

PART 17 - Benefit of Transactions Affecting the Debtor and the Debtor's Property

107. Settlement by debtor, how far void as against Trustee	44
108. Extension of power to avoid certain voluntary settlements, etc., as against the representatives of deceased settlers whose estates are insolvent	45
109. Voluntary expenditure of moneys on the property of another to be deemed a settlement if order in bankruptcy takes effect within two years against the person so expending the same	46
110. Bankruptcy of a firm or of one or more partners, effect thereof on the partnership assets and on the property of each partner	46
111. Fraudulent preferences	47
112. Conveyance, assignment, etc., of stock-in-trade, etc.	47
113. Entry of <i>vacatur</i> on margin of record of deed declared void	47



114. Proceeds of executions against debtor	47
115. Delivery of goods taken in execution but not sold.....	48
116. How far creditor entitled to benefit of execution or attachment against debtor.....	48
117. Distress for rent, landlord's rights.....	48
118. Protection of certain <i>bona fide</i> transactions with bankrupt before petition filed	48

PART 18 - Debts Provable Against the Debtor's Estate

119. What debts are and what are not provable against debtor's estate	49
120. Estimate of debts of uncertain value	49
121. Liability defined.....	50
122. Interest on debts.....	50
123. Interest on debts, how calculated.....	50
124. Postponement of spousal's and civil partnership's claims	51
125. Secured creditors, how they may prove	51
126. Proofs in respect of distinct contracts in different capacities.....	51
127. Mutual dealings and set off	52
128. Landlord may prove for residue of rent not recoverable by distress.....	52
129. Proving for proportion of rent to date of provisional order	52

PART 19 - Distribution of Assets and Dividends

130. Notice of dividend	52
131. Calculation and distribution of dividend.....	52
132. Rights of creditors who prove after dividend.....	53
133. Final dividend, notice thereof	53
134. How dividend recoverable if not paid	53

PART 20 - Rules as to Priority of Payment

135. Preferential debts	53
136. Creditors of a debtor's firm postponed to separate creditors of debtors.....	54
137. Allowances to debtor for support or services.....	54
138. Surplus of estate payable to debtor.....	54

PART 21 - Unclaimed Bankrupt Estates

139. When moneys of insolvent estate remain in Treasury for twenty years Financial Secretary to report to Governor	54
140. Advertisement in Gazette and newspaper.....	55
141. Unclaimed funds to become general revenues of the Islands.....	55
142. Action for money claimed to be against the Governor	55

PART 22 - Joint Debtors

143. Petition against partners or joint debtors	56
144. Dismissal of petition against some respondents only	56
145. Power to extend provisional order against partners to their separate estate.....	56
146. Creditor of partners may prove for certain purposes the creditor of partners' claims in proceedings against one partner.....	56



147. Trustee's right of action when debtor is a member of a firm	56
148. As to debtor's joint contracts	57
149. Provisional order when a member of a firm is absent or of unsound mind.....	57

PART 23 - Discovery of Debtor's Property

150. Power of Court to summon debtor and other persons, to require production of documents as to debtor's affairs	57
151. Examination of witnesses	58
152. Court may order payment of admitted debt.....	58
153. Power to seize debtor's property, and to search for same.....	58
154. Arrest of debtor in certain events	58
155. Dealing with letters addressed to debtor	59

PART 24 - Orders and Warrants of Court

156. Enforcement of warrants and orders of Courts.....	59
157. Warrants of Bankruptcy Court.....	59
158. Committal to prison.....	60

PART 25 - Evidence

159. Certified copies of entries in Trustee's books	60
160. Signature of Trustee	60
161. Evidence of documents in proceedings under this Act	60
162. Depositions of deceased persons	60
163. Gazette notice conclusive evidence of certain facts	60

PART 26 - Legal Proceedings

164. Service on Trustee	61
165. Notice of action against Trustee.....	61
166. Exemptions from stamp duty	61
167. Irregularities not to invalidate proceedings	61
168. Action in respect of debtor's things in action assigned	61

PART 27 - Apprenticeship

169. Discharge of indenture of apprentice of debtor and preferential allowance thereon.....	62
---	----

PART 28 - Annulling or Revoking of Orders in Bankruptcy

170. Power to revoke orders, etc., effect thereof.....	62
171. Effect of revocation of a provisional order	62

PART 29 - Offences

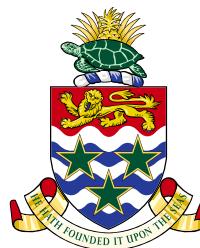
172. Offences	63
173. Undischarged bankrupt obtaining credit to extent of forty dollars without informing creditor of that undischarged bankrupt's bankruptcy has committed an offence.....	65



ENDNOTES**67**

Table of Legislation history:.....67



CAYMAN ISLANDS**BANKRUPTCY ACT**
(2026 Revision)**PART 1 - Introductory****Short title**

1. This Act may be cited as the *Bankruptcy Act (2026 Revision)*.

Definitions

2. In this Act —

“**bankruptcy petition**” or “**petition**” means a petition praying that the affairs of the debtor may be wound up, and the debtor’s property administered, under the provisions of the law of bankruptcy;

“**Court**” means the Chief Court of Bankruptcy;

“**Court of Appeal**” has the meaning ascribed to it in the *Court of Appeal Act (2023 Revision)*;

“**creditors**” include any two or more persons to whom a debt is owing jointly;

“**debtor**” includes any person, whether a British subject or not, who at the time when any act of bankruptcy was done or suffered by that person —

- (a) was personally present in the Islands;
- (b) ordinarily resided or had a place of residence in the Islands;
- (c) was carrying on business in the Islands, personally or by means of an agent or manager; or



(d) was a member of a firm or partnership which carried on business in the Islands;

“deed of arrangement” means a deed or instrument providing by way of trust, inspectorship or otherwise, for the distribution of all or part of the property of a debtor among all the debtor’s creditors, and for the payment of a composition to all the debtor’s creditors out of the debtor’s property or otherwise;

“person” includes a body corporate and a firm;

“prescribed” means prescribed by rules of Court;

“property” includes money, goods, things in action, land and every description of property real or personal, also obligations, easements and every description of estate, interest and profit, present or future, vested or contingent, arising out of or incident to property as above defined;

“secured creditor” means any person holding a mortgage, charge or lien upon the property of the debtor as security for a debt due to that person from such debtor; and

“Trustee” means the Trustee in Bankruptcy, whether acting as receiver or Trustee.

PART 2 - Constitution and Jurisdiction of Court

Chief Court of Bankruptcy

3. (1) The Grand Court is the Chief Court of Bankruptcy.
- (2) The Judges of the Grand Court are the Judges of the Chief Court of Bankruptcy.
- (3) The Clerk and officers of the Grand Court, and such other clerks and officers as may be appointed, are the clerks and officers of the Chief Court of Bankruptcy.
- (4) The Chief Court of Bankruptcy is a court of law and of equity, and a principal court of record, and, for the purposes of this Act, has all the powers and jurisdiction of the Grand Court.
- (5) The Judges of the Chief Court of Bankruptcy have, for the purposes of this Act, all the powers, jurisdiction and privileges of the Judges of the Grand Court; and the orders of such Judges have the same force as if they were judgments of the Grand Court.
- (6) The Clerk and other officers of the Chief Court of Bankruptcy in proceedings in bankruptcy, have the same powers, duties and responsibilities that they have in proceedings within the ordinary jurisdiction of the Grand Court, and such further powers, duties and responsibilities as may be assigned to them by a Judge of the Chief Court of Bankruptcy, for the purposes of this Act, under rules of Court.



- (7) The Judges may carry on the business of the Chief Court of Bankruptcy, except in cases of appeal.
- (8) The Judges of the Chief Court of Bankruptcy may sit in Chambers, and when in Chambers have the same jurisdiction and exercise the same powers as if in Court.

Proceedings in bankruptcy

4. All proceedings in bankruptcy shall be commenced by petition in the Chief Court of Bankruptcy.

Powers of Court to decide all questions

5. Subject to this Act, the Court has full power to decide all questions of priorities, and all other questions whatsoever, whether of law or of fact, arising in any case of bankruptcy coming within the cognizance of such Court, or which such Court may deem it expedient or necessary to decide for the purpose of doing complete justice or making a complete distribution of property in any such case; and the Court is not subject to be restrained in the exercise of its powers under this Act by the order of any other Court, nor does any appeal lie from the decisions of the Court, except in the manner directed by or under the authority of this Act.

Sittings in Court

6. (1) The Court may hold sittings periodically at the Court House of the Grand Court in Grand Cayman at such times as may be determined by the Judges, and may, in addition, hold such special sittings as to such Court shall seem expedient.
- (2) It is lawful for a Judge of the Court to hear any matter or proceeding in bankruptcy within the original jurisdiction of such Court either with or without a jury.

Trial of questions of fact by jury

7. If, in any proceedings in bankruptcy before the Court, there arises any question of fact which the Court thinks ought to be tried before a jury, it may direct such trial to be had accordingly.

Court may vary orders

8. The Court may review, rescind or vary any order made by it under this Act.



Appeals

9. (1) Any person aggrieved by any order of a Judge of the Court in respect of a matter of fact or of law, may appeal to the Court of Appeal, and it shall be lawful for such Court to alter, reverse or confirm any such order as it sees fit, and if the order be in respect of a matter of fact, to direct the rehearing of such matter of fact by the Court, with or without a jury, in such manner and on such terms as it sees fit; but no appeal shall be allowed from any order relating to a matter of fact unless the amount is not less than four hundred dollars.
- (2) The judgment of the Court of Appeal upon appeal is final, subject only to the right of appeal to His Majesty in Council.
- (3) An appeal from Chambers shall be made in the same way as an appeal from an order in Court.

Powers as to costs

10. The Court may make any such order regarding the costs of proceedings pending before it as it sees fit.

Fees, how fixed, payable and applicable

11. (1) The fees to be charged for any business done under this Act shall be according to a scale to be prescribed by the Cabinet who shall have power to direct by whom and in what manner the same shall be collected, accounted for and appropriated.
- (2) The Cabinet may, at any time, alter the amount of any of the fees prescribed under this Act, and notice of such alteration shall be gazetted, and the scale so altered shall come into operation at such time as may be specified in such notice.

PART 3 - Trustee in Bankruptcy

Trustee in Bankruptcy

12. The Cabinet may, from time, appoint an officer to be called “**Trustee in Bankruptcy**” who shall be attached to the Court and shall administer the estates of debtors in bankruptcy subject to this Act, and any law relating to bankruptcy.¹

Power to appoint agents, etc.

13. (1) The Trustee may, on such terms as to remuneration and otherwise as may be prescribed, and with the approval of the Court, appoint a proper person to act as the Trustee’s agent in respect of any estate vested in or administered by the Trustee under this Act, or in respect of any part of the business thereof.
- (2) No change of the Trustee shall affect any estate or trust vested in or administered by the Trustee, but such estates and trusts shall vest in or be administered by the



succeeding Trustee, who shall hold the same position with regard to such estates and trusts as the former Trustee held.

- (3) No proceedings pending on a change of the person holding the office of Trustee shall be affected by such change, but may be continued by and against the succeeding Trustee without suggestion, revival or other similar proceeding.
- (4) The Trustee shall be entitled to a commission of five per cent on all dividends of any estate or trust paid by the Trustee in the administration of a bankrupt's estate under an absolute order for bankruptcy under this Act, and a commission of five per cent on all dividends of any estate or trust paid by the Trustee (or sanctioned by the Court) in the administration of a debtor's estate under a deed of arrangement under this Act.
- (5) Such remuneration shall be for the time and responsibility of the Trustee in the general administration of the estate or trust, and the estate or trust shall not be subject to any other charge in respect thereof, but any expenses in respect of any other matters, including travelling expenses relating to any estate or trust, may be charged against the estate or trust in such manner and to such extent as may be prescribed or specially sanctioned or allowed by the Court.
- (6) The word "**dividends**", as used in subsection (4), which provides that the Trustee shall be entitled to a commission on all dividends of any estate or trust paid by the Trustee, shall be deemed to include and to have included all sums of money paid by the Trustee out of the net amount realised of any such estate or trust in satisfaction in whole or in part of any debt or liability of the bankrupt or debtor —

Provided that nothing herein contained shall entitle the Trustee to recover from any creditor of any such bankrupt or debtor any sum of money which the Trustee has paid to that creditor and which, under this Act the Trustee would have been entitled to retain.

- (7) The Trustee shall be entitled to recover, as a first charge on every estate or trust or the proceeds thereof, all auctioneer's fees and charges and other similar expenses (the same having been duly taxed by the Clerk of the Court) paid by the Trustee in and about the realisation of any estate under this Act.
- (8) The Trustee's office is in Grand Cayman.



PART 4 - Proceedings on a Bankruptcy Petition

Who may be petitioning creditors, and acts of bankruptcy

14. A single creditor or two or more creditors, if the debt owing to such single creditor or the aggregate amount of debts owing to such several creditors from any debtor amounts to not less than forty dollars, may present a bankruptcy petition to the Court against a debtor, alleging as the grounds of the petition any one or more of the following acts or defaults, in this Act deemed to be and included under the expression “acts of bankruptcy” —

- (a) that the debtor has, in the Islands or elsewhere, made a conveyance or assignment of the debtor’s property to a trustee or trustees for the benefit of the debtor’s creditors generally, or has executed any other instrument whereby the debtor’s property is made available for general distribution amongst the debtor’s creditors;
- (b) that the debtor has, in the Islands or elsewhere, made a fraudulent conveyance, gift, delivery or transfer of the debtor’s property or any part thereof;
- (c) that the debtor has, with intent to defeat or delay the debtor’s creditors, departed out of the Islands, being out of the Islands remained out of the Islands, departed from the debtor’s dwelling-house, otherwise absented themselves, begun to keep house or begun to sell the debtor’s stock-in-trade at an under-value;
- (d) that the debtor has, by any act, declared themselves unable to meet the debtor’s engagements;
- (e) that the debtor has presented a bankruptcy petition against themselves;
- (f) that execution issued in the Islands against the debtor on any legal process for the obtaining payment of any sum of money has been levied by seizure and sale of the debtor’s goods, or enforced by delivery of the debtor’s goods;
- (g) that the creditor presenting the petition has served on the debtor a summons in an action in the Grand Court wherein the creditor claims payment of a liquidated sum of not less than forty dollars, and has also served on the debtor in the Islands in the prescribed manner, at or at any time after the date of the service of the summons, a bankruptcy notice in writing, in the prescribed form, requiring the debtor to pay the amount endorsed upon such summons, and the debtor has not, within seven days after the service of such notice, paid the amount due to the creditor, or secured or compounded for the same to the satisfaction of the creditor —

Provided that no bankruptcy petition shall be presented on this ground unless the creditor has obtained final judgment in the action for not less than forty dollars within three months from the service of the summons;



- (h) that the creditor presenting the petition has obtained final judgment against the debtor in an action in the Grand Court for not less than forty dollars, and has served on the debtor in the Islands a bankruptcy notice in writing, in the prescribed manner and form, requiring the debtor to pay the amount for which such judgment has been obtained, and the debtor has not, within seven days after the service of notice, paid such amount, or secured or compounded for the same to the satisfaction of the creditor;
- (i) that the creditor presenting the petition, having a demand against the debtor of not less than forty dollars upon a negotiable security for money upon which the debtor was primarily liable, and upon which payment was at least fourteen days overdue, served on the debtor in the Islands a bankruptcy notice in writing, in the prescribed manner and form, requiring the debtor to pay the amount of such debt and that the debtor has not, within seven days after the service of such notice, paid such amount or secured or compounded for the same to the satisfaction of the creditor;
- (j) that the debtor has, in the Islands or elsewhere, made any conveyance or transfer of that debtor's property or any part thereof, or created any charge thereon, which would under any law relating to bankruptcy, be void as a fraudulent preference if that debtor were adjudged bankrupt;
- (k) that the debtor has, in the Gazette and in a newspaper circulated in the Islands, given notice of the debtor's intention to convey, assign or transfer the debtor's stock-in-trade, debts or things in action relating to the debtor's business to any other person; and that the creditor presenting the petition, having a demand against the debtor of a liquidated sum of not less than forty dollars, has served on the debtor in the Islands a bankruptcy notice in writing, in the prescribed manner and form, requiring the debtor to pay the amount of such debt, and that the debtor has not, within seven days after the service of such notice, paid such amount or secured or compounded for the same to the satisfaction of the creditor; or
- (l) that the debtor has paid money to or given or delivered any satisfaction or security for the debt of a petitioning creditor, or any part thereof, after such creditor has presented a bankruptcy petition against that debtor —

Provided that —

- (i) the alleged act of bankruptcy must have occurred within six months before the presentation of the petition;
- (ii) the debt of the petitioning creditor must be a liquidated sum due or growing due at law or in equity, and must not be a secured debt unless the petitioner states in the petitioner's petition that the petitioner will be ready to give up such security for the benefit of the creditors in the event of a provisional order being made, or unless the petitioner gives an estimate of the value of the security, in which latter case the



petitioner may be admitted as a petitioning creditor to the extent of the balance of the debt due to the petitioner after deducting the value so estimated, but the petitioner shall, on an application being made in the course of the proceedings within the prescribed time by any person interested, give up the petitioner's security to be dealt with as part of the property of the debtor for the benefit of the creditors upon payment of such estimated value;

- (iii) any person who is, for the time being, entitled to enforce a final judgment shall be deemed a creditor who has obtained a final judgment within the meaning of this section; and
- (iv) where any debtor is absent from the Islands, any act done or suffered by any agent or manager of the debtor managing any property, or engaged in carrying on any business of the debtor in the Islands, which, if such agent or manager were the owner of the property or business, would have constituted an act of bankruptcy available against such person, shall, in all cases, be deemed to have been expressly authorised by the debtor and shall be available as an act of bankruptcy against the debtor unless the authority of the agent or manager shall be shown to have been exceeded.

Debtor's petition

15. A debtor may present a bankruptcy petition against themself without alleging any grounds.

Creditor's petition, how to be verified

16. Every petition presented by a creditor shall be accompanied by an affidavit of the petitioner in the prescribed form verifying the statements contained in such petition.

Debtor's petition, what statement to accompany same

17. (1) Every petition presented by a debtor shall be accompanied by a statement verified in the prescribed manner of the debtor's property, the debtor's debts and liabilities, the debtor's creditors, and of the value and dates of the securities held by them, and of the dates when such securities were actually given, together with a general statement of the profits, losses and expenses of any business in which the debtor may have been engaged during the twelve months preceding the presentation of the petition, and a memorandum explanatory of the causes of the debtor's insolvency.

(2) No petition by a debtor against themself shall be received unless accompanied by the statement required by subsection (1), nor shall any order be made on any such petition unless a copy thereof shall have been served on the Trustee, and the Trustee, admitting such service, shall apply for such order. Any order made on such petition shall be an absolute order.



PART 5 - Appointment of Receiver

Appointment of Receiver; the Receiver's powers and duties

18. At any time after a petition has been filed the Court may order that the Trustee become the receiver or manager of the property or business of the debtor, or of any part thereof, and the Trustee shall thereon enter upon and act in the performance of the Trustee's office in relation to such property or business at such time, and in such manner and to such extent, as the Court may, from time to time direct, and if directed by the Court, and so far as the nature of the case will admit, do anything which might be done by a Trustee after an absolute order for bankruptcy under this Act, and shall, in relation to and for the purpose of acquiring or retaining possession of the property of the debtor, and in addition to any powers given to the Trustee by this Act, be in the same position in all respects as if the Trustee were a receiver appointed by the Grand Court, and the Court may, on the Trustee's application, enforce such acquisition and retention accordingly.

PART 6 - Parties to Proceedings Under a Petition

Companies may proceed by agent

19. A company or other body incorporate or authorised to sue, may present a petition and act in any proceedings thereon by an agent duly authorised on its behalf.

Firms may be named by their style

20. Any two or more persons, being partners, may take proceedings or be proceeded against under this Act in the name of their firm, but in such case the Court may, on application by any person interested, order the names of the persons who are partners in such firm to be disclosed in such manner, and verified on oath or otherwise, as the Court may direct.

Special provision as to certain companies

21. A provisional order or deed of arrangement under this Act shall not be made against or by any partnership association or company corporate or registered under the *Companies Act (2026 Revision)*.



PART 7 - Consolidating, Staying, Adjourning, Continuing and Dismissing Proceedings Under a Petition

Consolidating petitions against partners separately

22. Where a petition is presented against a member of a partnership whilst bankruptcy proceedings are pending on a petition against another member of the same partnership, the Court may give such directions for consolidating the proceedings under the petitions as it thinks just.

Consolidating petitions against same debtor

23. When two or more bankruptcy petitions are presented against the same debtor or against joint debtors, the Court may consolidate the proceedings, or any of them, upon such terms as the Court thinks fit.

Staying proceedings

24. The Court may, at any time, for sufficient reasons, make an order staying proceedings under a petition, either altogether or for a limited time, on such terms and subject to such conditions as the Court thinks just.

Adjourning and dismissing petitions

25. The Court may adjourn any petition, either conditionally or unconditionally, for the procurement of further evidence or for any other just cause, or may dismiss the petition with or without costs as it thinks just.

Substitution of other creditor as petitioner in case of delay

26. Where a petitioner does not proceed with due diligence on that petitioner's petition, the Court may substitute as petitioner any other creditor to whom the debtor may be indebted in the amount required by this Act in the case of a petitioning creditor.

Proceedings continued though debtor dies

27. When a debtor by whom a petition has been presented or against whom a provisional order has been made dies, the proceedings shall be continued as if the debtor were alive.

PART 8 - Provisional and Absolute Orders for Bankruptcy

Notice of petition need not be served

28. It shall not be necessary to serve a petition or any notice thereof on the debtor.



Provisional order, when to be made

29. As soon as may be after the presentation of a petition, the Court, if satisfied by *ex parte* evidence or otherwise in the case of a creditor's petition of the petitioning creditor's debt and of the act or of one of the acts of bankruptcy alleged, shall make on the petition an order, in this Act referred to as a "**provisional order**", that the affairs of the debtor shall be wound up and the debtor's property administered under the law of bankruptcy.

Service of provisional order

30. Where a provisional order is made on a creditor's petition, a copy of the order shall be served on the debtor in the prescribed manner, together with a notice that within a specified number of days the debtor may show cause why the provisional order should be revoked.

Revocation of provisional order

31. If the debtor, within the time appointed, shows to the satisfaction of the Court that either the proof of the petitioning creditor's debt, or of the act of bankruptcy, is insufficient and if upon such showing no other sufficient petitioning creditor's debt or act of bankruptcy is proved, or if any ground is shown to exist which would render the making of a provisional order inequitable, the Court shall revoke the provisional order and, unless it sees good cause to the contrary, shall order costs to be paid to the debtor.

Order for debtor to file statement of the debtor's affairs, and service thereof

32. If the provisional order is not so revoked, an order shall be served on the debtor, in the prescribed manner, requiring the debtor to file in the Court within the specified number of days after the date of the service of the order, a statement verified in the prescribed manner, and containing the particulars specified in section 17, and giving notice that if the debtor does not do so the provisional order may, on the application of a creditor, be made an absolute order for bankruptcy, and that the bankruptcy will be gazetted.

Absolute order for bankruptcy

33. If the debtor fails to comply with the order, or to show a sufficient excuse for not having complied with it, the Court may, on the application of any creditor, make an absolute order for bankruptcy against the debtor and direct such bankruptcy to be gazetted.

Effect of order as to staying proceedings to recover debts

34. (1) When a provisional or an absolute order has been made against a debtor, no creditor to whom the debtor is indebted, in respect of any debt provable in bankruptcy, shall have any remedy against the property or person of the debtor in respect of such debt, except in manner directed by this Act.



- (2) All proceedings to recover any such debt shall, if not already stayed, be stayed upon notice of such order being given in the manner prescribed, but the Court may, on application by any creditor or person interested, allow any proceedings commenced to be continued upon such terms and conditions as it thinks just.
- (3) Subsections (1) and (2) shall not affect the power of any secured creditor to realise or otherwise deal with the secured creditor's security in the same manner as the secured creditor would have been entitled to realise or deal with the same if this section had not been passed.

Relation back to provisional order

35. The effect of the provisional order shall be deemed to have relation back to and to commence at the time of the act of bankruptcy being completed on which the provisional order is made, hereinafter referred to as "**the commencement of the bankruptcy**", or, if the debtor is proved to have committed more acts of bankruptcy than one, to have relation back and to commence at the time of the first of the acts of bankruptcy proved to have been committed by the debtor within six months next preceding the date of the presentment of the petition; but the effect of the provisional order shall not relate to any act of bankruptcy prior to the one on which such order is made, unless at the time of committing such prior act the debtor was indebted to some creator or creditors in a sum or sums sufficient to support a petition, and unless such debt or debts are still remaining due at the date of the provisional order.

Debtor's property, when and how divisible

36. When a provisional order has been made against a debtor, the debtor's property shall become divisible amongst the debtor's creditors in proportion to the debts provided by them.

Debtor's property, when it vests in Trustee, and when and how to be administered

37. When a provisional order has been made against a debtor, the property of the debtor shall immediately pass to and vest in the Trustee, without any conveyance, assignment or transfer whatever, to be by the Trustee in due course, either under an absolute order for bankruptcy, or under a deed of arrangement as hereinafter provided by this Act, realised, administered and distributed with as much despatch as is reasonably practicable for the benefit of the creditors.

Duty of Trustee

38. Until the provisional order is made absolute, it shall be the duty of the Trustee, as far as the nature of the property seized permits, to preserve all such property in such state as to permit of its being returned to the debtor in the condition in which it was when it was seized, in the event of the revocation of the provisional order —



Provided that the Trustee may, before any such order is made absolute, make sales of any part of the debtor's stock-in-trade or other property, and take such other action in the interests of the debtor's estate, as in the ordinary course of the debtor's business may seem expedient.

Duty of debtor to aid Trustee

39. When a provisional or an absolute order has been made against a debtor, it shall become the duty of the debtor to the utmost of the debtor's power, so far as the debtor may be required, to aid in the realisation of that debtor's property, and the distribution of the proceeds amongst that debtor's creditors, and subject to this Act to submit to such examinations in respect of the debtor's property or the debtor's creditors as the Trustee or the Court may require, and to execute such powers of attorney, conveyances, deeds and instruments, and generally to do all such things in relation to the debtor's property and the distribution of the proceeds amongst the debtor's creditors, as the Trustee or Court may reasonably require or as may be prescribed.

When debtor punishable as for a contempt of Court

40. If the debtor wilfully fails to perform any of the duties imposed on the debtor by this Act, or if the debtor fails to deliver up possession of any part of the debtor's property, which is divisible amongst the debtor's creditors under this Act, and which may, for the time being, be in the debtor's possession or control, to the Trustee or any person authorised by the Court to take possession thereof, the debtor shall, in addition to any other punishment to which the debtor may be subject, have committed contempt of Court and may be punished accordingly.

PART 9 - Meeting of Creditors and Resolutions

Meeting of creditors, when to be summoned

41. The Court shall, as soon as practicable after the provisional order, summon a general meeting of the creditors of the debtor; but if under any of the foregoing provisions an absolute order for bankruptcy has been made against the debtor before the day appointed for such meeting, the meeting shall not be held.

Meeting, how to be held and conducted, and as to voting thereat

42. The meeting shall be held in the prescribed manner and subject to the prescribed regulations as to the quorum of creditors, adjournment of meeting and all other matters relating to the conduct of the meeting or the proceedings thereat —

Provided that —

- (a) a person shall not be entitled to vote as a creditor unless that person has, in the prescribed manner, proved a debt that is due to that person;



- (b) a creditor shall not vote in respect of any unliquidated or contingent debt, or any debt the value of which is not ascertained;
- (c) a secured creditor shall, for the purpose of voting, be deemed to be a creditor only in respect of the balance, if any, due to that secured creditor after deducting the value of the secured creditor's security; and the amount of such balance shall, until the security is realised, be determined or assessed in the prescribed manner. The secured creditor may, however, give up or abandon the security, and thereupon the secured creditor shall rank as a creditor in respect of the whole sum due to that secured creditor;
- (d) a creditor shall not vote in respect of any current bill of exchange or promissory note held by that creditor under discount, unless that creditor is willing to treat the liability of every person who is liable thereon antecedently to the debtor, and whose estate is not in course of administration under this Act, as security in that creditor's hands, and to estimate the value thereof and deduct the same from that creditor's proof, in which case that creditor shall on application being made within the prescribed time by any person interested, give up such security for the benefit of the creditors of the debtor upon payment of such estimated value —

Provided that such estimate (except so far as the creditor may receive any payment as aforesaid in respect thereof) shall not prejudice the right of such creditor to receive from the estate of the debtor a dividend upon the whole amount of such bill or not; and

- (e) votes may be given either personally or by proxies as may be prescribed.

Duty and power of Trustee at meeting

43. The Trustee shall attend the meeting, and shall receive and decide upon proof of debts in the prescribed manner, and insofar as it may be necessary for determining the right of voting at such meeting.

Resolutions at meeting

44. At the meeting the creditors may, by the votes of a majority in value of the creditors present, personally or by proxy resolve —

- (a) that the proceedings under the petition be stayed, the affairs of the debtor wound up and the debtor's property administered under a deed of arrangement, the nature of which may or may not be specified in the resolution; or
- (b) that adjudication of bankruptcy be made, and may also resolve at their discretion, that a creditor to be named at such meeting shall be associated with the Trustee to assist and advise the Trustee in the administration of the debtor's estate, but the appointment of such creditor shall not affect the responsibility of the Trustee; and a creditor so appointed shall receive out



of the debtor's estate such remuneration for that creditor's services as the Court may think fit.

Report to the Court as to resolutions

- 45.** (1) The resolutions come to shall be filed with the proceedings and reported by the Trustee to the Court.
(2) The Trustee shall also report to the Court in case no meeting is held or no resolution come to.

Procedure on resolution for deed of arrangement

- 46.** If the resolution is that the proceedings under the petition be stayed, the Court shall make an order that the proceedings be stayed accordingly for such time as may be necessary to obtain the confirmation of a deed of arrangement as hereinafter provided, and such order may be made on such terms and subject to such conditions as the Court may think just.

Absolute order for bankruptcy, when to be made

- 47.** If no meeting is held, no resolution is come to or if the resolution is that adjudication of bankruptcy be made or it is shown to the satisfaction of the Court that there is no reasonable probability of the confirmation of deed of arrangement and that delay will not be for the benefit of the creditors, the Court shall make an absolute order or bankruptcy against the debtor.

PART 10 - Proceedings Under an Order for a Deed of Arrangement

Deed of arrangement, how made, executed, proved and filed

- 48.** Where an order is made that proceedings in bankruptcy against a debtor be stayed for such time as may be necessary to obtain the confirmation of a deed of arrangement, a deed may be entered into between a debtor and the debtor's creditors, subject to the following provisions —
 - (a) the deed must be assented to by a majority in number representing seventy-five per cent in value of the creditors of the debtor, and no creditor shall be reckoned in such majority unless that creditor has proved that creditor's debt in the manner prescribed; and the assent of a creditor shall be testified by that creditor's signing the deed of arrangement, or some document in a form prescribed for that purpose;
 - (b) the deed shall be acknowledged or proved in the manner provided by the *Property (Miscellaneous Provisions) Act (2022 Revision)*;



- (c) when the deed has been executed by the debtor an attested copy thereof shall be filed in the Court; and
- (d) there shall be filed with the deed —
 - (i) a list showing the debts and liabilities of the debtor, the time when the same were contracted or incurred and the considerations for the same, the names, residences and occupations of the debtor's creditors, the respective amounts due to them, all securities held by them and the date when such securities were respectively given;
 - (ii) a detailed statement of the debtor's debts and property, and the estimated value thereof; and
 - (iii) an affidavit in the prescribed form by the debtor, or some person able to depose thereto, verifying such list and statement,

and such list or statement may, from time to time, be amended by leave of the Court, and every such amendment shall be in like manner verified by affidavit.

Consideration of deed by the Court

49. At the time appointed for the confirmation of the deed, the Court shall, on the application of any creditor of the debtor, take the deed into consideration.

Conditions for confirmation

50. (1) No deed of arrangement shall be taken into consideration by the Court until the debtor has submitted themself to the public examination of the Court, and the Trustee has made a report to the Court under section 67; and no such deed shall be confirmed by the Court unless, on a consideration of the report as aforesaid, it appears to be in the interest of the creditors generally that it should be confirmed.

(2) All applications to confirm any deed as aforesaid shall be made to the Judge before whom the public examination of the debtor was held, save as in section 68(1) provided in cases where the services of such Judge are not available.

Proceedings when deed is not confirmed

51. If there is no application to the Court to consider the deed, if no deed has been filed or if the Court does not confirm the deed, the Court shall order that the proceedings in bankruptcy shall forthwith continue from the point at which they were stayed, or, if it thinks fit, may order the adjournment of the consideration to allow time for the execution of the deed or another deed.



Proceedings on confirmation of deed

52. If, upon the consideration of the deed, the Court is satisfied that the requirements of this Act have been complied with it may, in its discretion, by order, confirm the deed, and may make such order as to the further staying of any proceedings or the annulling of any provisional order under the petition, as it thinks fit.

Confirmation of deed conclusive as to its validity

53. The order of the Court confirming the deed shall be conclusive evidence of the validity of the deed, and after such order the deed shall not be liable to be impeached or disturbed in any court on the ground of anything being contained therein or omitted therefrom, or on any other ground whatsoever except in manner provided by this Act.

Administration of estate under confirmed deed

54. If the deed is confirmed it shall be binding on all creditors, and all questions under it shall be determined by the Court according to the law of bankruptcy and every creditor under the deed shall be entitled to be paid that creditor's debt or, as the case may be, a dividend or composition thereon ratably with the other creditors of the arranging debtor, but all creditors who would be entitled to priority of payment under an adjudication of bankruptcy against the arranging debtor shall be entitled to the like priority under the deed, and regard shall be had to the rule in bankruptcy as to the application of joint or separate estate in payment of creditors.

Discharge of debtor when deed carried out

55. (1) The Court may, at any time after the confirmation of the deed, make an order for the discharge of the debtor in accordance with the terms of the deed, or if there are no terms relating to discharge then upon the report of the Trustee that the arrangements under the deed have been fully carried out.

(2) Such order shall, except insofar as may be otherwise expressly provided in this Act, have all the effect of an unconditional discharge of a bankrupt as hereinafter mentioned made upon proceedings after an absolute order for bankruptcy.

When deed may be declared void, and effect thereof

56. If, at any time after the confirmation of the deed, it appears to the Court the debtor has not acted in good faith in relation to the bankruptcy proceedings before or under the deed, is not assisting the Trustee to the utmost of the Trustee's power to administer the estate in accordance with the terms of the deed or that for other reasons it is expedient or just, the Court may, by order, declare that the deed, so far as regards any release to the debtor therein contained or provided for, shall be void, and the deed shall accordingly be void to such extent, and the Court may, without any further condition, make an absolute order for bankruptcy against the debtor, which shall take effect from the time of the making thereof —



Provided that no act done in pursuance of a deed which has been confirmed shall be impeached or disturbed by reason of any such order, and in the administration of the property of the debtor thereafter regard shall be had to all payments made in pursuance of the deed.

Deeds of arrangement in cases of partners

57. This Part shall apply to any case in which members of a partnership enter into a deed of arrangement with their creditors under this Act, and any such deed of arrangement may be entered into with the joint creditors without any of the separate creditors being parties to or included in the deed, or with separate creditors without any of the joint creditors being parties to or included in the deed —

Provided that in a distinct arrangement with any particular class of creditors the rule in bankruptcy respecting the application of joint or separate estate to the payment of creditors shall not be contravened.

Assent of certain creditors in cases of partners

58. Where a deed of arrangement is made by members of a partnership with their joint and separate creditors, any delay in obtaining, or failure to obtain, the assent of some or one of the classes of separate creditors shall not prevent the deed being confirmed so as to bind the joint creditors and any other class of separate creditors.

Debt incurred, increased or forborne, by means of fraud

59. Where a debtor who has executed a deed of arrangement has incurred or increased a debt or obtained forbearance thereof by fraud, the debtor shall be liable to pay to the defrauded creditor the balance of such debt after deducting any sum or sums which may have been received by such creditor by way of composition or dividend under the deed, provided that such creditor has not assented to the deed in manner provided by this Act.

Rights of creditors against third parties not affected

60. No creditor of the arranging debtor, whether assenting to the deed or not, shall be prejudicially affected by this Part with respect to any right or remedy against any person other than the arranging debtor.

Administration of estate on confirmation of deed

61. When the deed of arrangement is confirmed, the Trustee shall proceed to administer the debtor's estate so as to give full effect to the deed, and subject to this Act so far as the same may be applicable.



PART 11 - Proceedings Under an Absolute Order for Bankruptcy

Examination of debtor, and into the debtor's affairs

62. (1) When an absolute order for bankruptcy has been made against a debtor the Court shall direct the adjudication to be gazetted, and shall direct a public sitting to be held on a day to be named for the purpose of examining into the affairs of the debtor, and the debtor shall attend at such sitting and submit themself to examination as to the debtor's conduct, dealings and property.

(2) The sitting may be adjourned as often as the Court thinks fit, and the debtor shall attend at each adjourned meeting.

(3) The Court may, at such sitting, take such evidence as it thinks necessary, and such evidence as may be tendered by the creditors, the Trustee or the debtor, or any of them.

(3) For the purposes of the examination, the Court may take evidence *viva voce*, or by affidavit, interrogatories or commission, as it thinks fit.

(5) When the Court is satisfied that the debtor's affairs have been sufficiently investigated it may declare the examination finished.

(6) On the public examination of the debtor under this section the debtor shall be examined upon oath, and it is the debtor's duty to answer all such questions as the Court may put or allow to be put to the debtor. Such notes of the examination as the Court thinks proper shall be taken down in writing, and shall be read over to and signed by the debtor, and may thereafter be used in evidence against the debtor; and they shall also be open to the inspection of any creditor at all reasonable times.

Omission to keep or produce proper books, when and how punishable

63. (1) If, at any time after an absolute order for bankruptcy has been made against a debtor, it appears to the Court that the debtor, having been engaged in any trading or other business, has not kept and produced proper books of account, papers or vouchers, by means of which the Trustee may be able to obtain a correct knowledge of the debtor's affairs, it may, if it thinks fit, order the debtor to be imprisoned in some convenient prison for any period not exceeding one year unless good cause is shown to the Court why such books, papers and vouchers have not been kept and produced.

(2) If the books of account in this section required to be kept and produced have not been kept, written or printed in the English language, they shall not be deemed to be proper books of account within the meaning of this section, unless, for good cause shown by the debtor, the Court otherwise determines.



(3) For the purposes of this section a person shall be deemed not to have kept proper books of account if that person has not kept such books or accounts as are necessary to exhibit or explain that person's transactions and financial position in that person's trade or business including a book or books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, also accounts of all goods sold and purchased and statements of annual stocktaking.

Debts incurred by breach of trust, recklessness or extravagance, how far punishable

64. If, at any time before an order of discharge is granted to a debtor, it appears to the Court that the debtor has incurred or contracted any debt by means of a breach of trust or without having had any reasonable or probable ground of expectation at the time when the debtor incurred or contracted such debt of being able to pay the same, or that the debtor has lived extravagantly or beyond the debtor's proper means, it may, if it thinks fit, order the debtor to be imprisoned in some convenient prison for any period not exceeding one year —

Provided that, if in the opinion of the Court, the conduct of the debtor has rendered the debtor liable to punishment for an offence under this Act, it may direct the prosecution of the debtor for such offence, and cause the Trustee to prepare a statement of the case for the conduct of the prosecution.

Administration of debtor's estate after order absolute

65. When an absolute order for bankruptcy has been made against a debtor the Trustee shall proceed to administer the debtor's estate for the benefit of the creditors subject to this Act.

PART 12 - Bankruptcy Proceedings Against Estate of a Deceased Debtor

Proceedings in bankruptcy against estate of a deceased debtor

66. (1) Any creditor of a deceased debtor whose debt would have been sufficient to support a bankruptcy petition against such debtor, had that debtor been alive may present to the Court a petition praying for an order for the administration of the estate of the deceased debtor according to the law of bankruptcy.

(2) Upon notice being given to the legal personal representative of the deceased debtor, the Court may, upon proof of the petitioner's debt, unless the Court is satisfied that there is a reasonable probability that the estate will be sufficient for the payment of the debts owing by the deceased, make an order for the administration in bankruptcy of the deceased debtor's estate, or may upon cause shown dismiss such petition with or without costs.



- (3) An order of administration under this section may be made at any time after the grant of probate or letters of administration.
- (4) A petition for administration under this section shall not be presented to the Court after proceedings have been commenced for the administration of the deceased debtor's estate; but the Court in which such proceedings have been taken may, in any such case in which it is made to appear that the estate is insufficient to pay its debts, make an order for the administration of the estate of the deceased debtor in bankruptcy, and thereupon the like consequences shall ensue as under an administration order made on the petition of a creditor.
- (5) Upon an order being made under this section for the administration of a deceased debtor's estate, the property of the debtor shall vest in the Trustee, and the Trustee shall forthwith proceed to realise and distribute the same in accordance with the laws of bankruptcy.
- (6) In the administration by the Trustee of the assets of any person pursuant to an order under this section, the Court shall, on the petition of the Trustee have and exercise all the powers which, in the case of administration of the assets by the Court, it would have, under section 108, on the petition of a creditor or creditors.
- (7) With the modifications hereinafter mentioned, all the provisions of this Act relating to the administration of the property of a bankrupt shall, so far as the same are applicable, apply to the case of an administration order under this section in like manner as to an order of adjudication under this Act.
- (8) In the administration of the property of the deceased debtor under an order made under this section, the Trustee shall have regard to any claim by the legal personal representative of the deceased debtor to payment of the proper funeral and testamentary expenses incurred by the legal personal representative in and about the debtor's estate, and such claims shall be deemed a preferential debt under the order and be payable in full, out of the debtor's estate, in priority to all other debts.
- (9) If, on the administration of a deceased debtor's estate, any surplus remains in the hands of the Trustee, after payment in full of all the debts due from the debtor together with the costs of the administration and interest as provided by this Act in case of bankruptcy, such surplus shall be paid over to the legal personal representative of the deceased debtor's estate, or dealt with in such other manner as may be ordered by the Court.
- (10) Notice to the legal personal representative of a deceased debtor of the presentment by a creditor of a petition under this section shall, in the extent of an order for administration being made thereon, be deemed to be equivalent to notice of an act of bankruptcy, and after such notice no payment or transfer of property made by the legal personal representative shall operate as a discharge to the legal personal representative as between himself and the Trustee; save as aforesaid, nothing in this section shall invalidate any payment made or any



act or thing done in good faith by the legal personal representative before the date of the order for administration.

(11) In this section —

“Court”, means any Court in which the deceased debtor might immediately, before the deceased debtor’s death, have been adjudicated bankrupt.

PART 13 - Discharge of a Bankrupt

Report of Trustee, its purport

67. (1) It shall be the duty of the Trustee, as soon as possible after the close of the public examination of the debtor, to make a report as to the state of the debtor’s affairs and as to the conduct of the debtor both before and during the bankruptcy, and the Trustee shall note particularly any matters which in the Trustee’s judgment might constitute offences under this Act, or any law relating to bankruptcy or which would justify the Court under this Act in refusing, suspending or qualifying an order for the debtor’s discharge.

(2) Such report may be made, as to the bankrupt’s affairs and estate although, if the estate has not been fully administered, the Trustee may be unable to speak precisely as to details —

Provided that in such a case, if it appears to the Court or the Judge before whom the debtor’s examination was held material to do so with reference to an application on the part of the debtor for an order of discharge, it shall be lawful for the Court or Judge to order the Trustee to make a further and exact report, and in any case where the estate of the debtor has been fully administered, the Trustee shall make a further and full report to the Court as to the assets and liabilities of the debtor, and as to the dividend paid.

Consideration of application for discharge and dealing with same

68. (1) The debtor may, at any time after the filing of such report, apply to the Judge hereinafter mentioned to appoint a day for hearing the debtor’s application for an order of discharge. The Judge shall thereupon appoint a day and place for hearing such application. The prescribed notice of the time and place appointed shall be given in the prescribed manner. Any such application for an order of discharge shall be made in open Court, before the Judge before whom the examination of the debtor was held unless such Judge is ill, absent from the Islands or otherwise incapacitated, in which case it shall be made before the *locum tenens* or successor of such Judge —

Provided that in such case it shall be lawful for such *locum tenens* or successor to use the notes of the Judge before whom the examination was held, and to take such action upon them as the Judge themselves might have taken under this Act.



- (2) The Trustee or any creditor may oppose the discharge and may show cause why it should be refused, postponed or made subject to conditions.
- (3) Whether any such opposition is made or cause shown or not, the Court shall take into consideration the report of the Trustee, and may either grant or refuse an absolute order of discharge, suspend the operation of the order for a specified time or grant an order of discharge subject to any conditions with respect to any earnings or income which may afterwards become due to the debtor, or with respect to the debtor's after-acquired property —

Provided that the Judge shall refuse the discharge in all cases where the debtor has been convicted of an offence under this Act or any other offence connected with the debtor's bankruptcy, unless for special reasons to be stated in the order the Judge otherwise determines; and further if, on a consideration of the report of the Trustee, or of representations made by the Trustee or any creditor on the hearing of the application, and of the Judge's notes of the examination of the debtor, and of the evidence, if any, adduced at the hearing of the application, and after hearing the debtor in support of the same, it appears to the Judge that any of the facts set out in subsection (4) has been proved the Judge shall —

- (a) refuse the discharge;
- (b) suspend the discharge for a period of not less than two years;
- (c) suspend the discharge until a dividend of not less than fifty cents in the dollar has been paid to the creditors; or
- (d) require the debtor, as a condition of the debtor's discharge, to consent to judgment being entered against the debtor by the Trustee for any balance, or part of any balance, of the debts provable under the bankruptcy which is not satisfied at the date of the discharge, such balance, or part of any balance, of the debts to be paid out of the future earnings or after-acquired property of the debtor in such manner and subject to such conditions as the Judge may direct; but execution shall not be issued on the judgment without leave of the Court, which leave may be given on proof that the debtor has since the debtor's discharge acquired property or income available towards payment of the debtor's debts —

Provided further that, if at any time after the expiration of two years from the date of any order made under this section, the debtor satisfies the Court that there is no reasonable probability of the debtor's being in a position to comply with the terms of such order, the Court may modify the terms of the order, or of any substituted order, in such manner and upon such conditions as it may think fit.

- (4) The facts referred to in subsection (3) are —
 - (a) that the debtor's assets are not of a value equal to fifty cents in the dollar on the amount of the debtor's unsecured liabilities, unless the debtor satisfies the Judge that the fact that the assets are not of a value equal to



fifty cents in the dollar on the amount of the debtor's unsecured liabilities has arisen from circumstances for which the debtor cannot justly be held responsible;

- (b) that the debtor has omitted to keep such books of account as are usual and proper in the business carried on by the debtor, and as sufficiently disclose the debtor's business transactions and financial position within the three years immediately preceding the debtor's bankruptcy;
- (c) that the debtor has continued to trade after knowing themself to be insolvent;
- (d) that the debtor has contracted any debt provable in the bankruptcy without having at the time of contracting it any reasonable or probable ground of expectation (proof whereof shall lie on the debtor) of being able to pay it;
- (e) that the debtor has failed to account satisfactorily for any loss of assets, or for any deficiency of assets to meet the debtor's liabilities;
- (f) that the debtor has brought on, or contributed to, the debtor's bankruptcy by rash and hazardous speculations, unjustifiable extravagance in living, gambling or culpable neglect of the debtor's business affairs;
- (g) that the debtor has put any of the debtor's creditors to unnecessary expense by a frivolous or vexatious defence to any action properly brought against the debtor;
- (h) that the debtor has, within three months preceding the date of the act of bankruptcy, incurred unjustifiable expense by bringing a frivolous or vexatious action;
- (i) that the debtor has, within three months preceding the date of the act of bankruptcy, when unable to pay the debtor's debts as they become due, given an undue preference to any of the debtor's creditors;
- (j) that the debtor has, within three months preceding the date of the act of bankruptcy, incurred liabilities with a view of making the debtor's assets equal to fifty cents in the dollar on the amount of the debtor's unsecured liabilities;
- (k) that the debtor has, on any previous occasion, been adjudged bankrupt, or made a composition or arrangement with the debtor's creditors;
- (l) that the debtor has committed any fraud or fraudulent breach of trust;
- (m) that the debtor has carried on trade by means of fictitious capital, by means of money raised or obtained at excessive rates of interest or under any plan or scheme involving the payment of excessive interest, fines, premiums, commissions or bonus;
- (n) that the debtor is indebted for damages recovered in any action for malicious injury to the person, reputation or property of the plaintiff therein;



- (o) that the debtor has failed to deliver up to the Trustee all books, papers, documents or writings in the debtor's custody or under the debtor's control, or to disclose the name of the person or persons in whose custody or under whose control the same may be;
- (p) that the debtor's insolvency has arisen from rash or hazardous conduct as a trader; or
- (q) that the debtor has wilfully failed to perform any of the duties cast upon the debtor by section 39.

(5) For the purposes of this section, a debtor's assets shall be deemed of a value equal to fifty cents in the dollar on the amount of the debtor's unsecured liabilities when the Court is satisfied that the property of a debtor has realised, is likely to realise or with due care in realisation might have realised, an amount equal to fifty cents in the dollar of the debtor's unsecured liabilities, and a report by the Trustee shall be *prima facie* evidence of the amount of such liabilities.

(6) For the purposes of this section the report of the Trustee shall be *prima facie* evidence of the statements therein contained.

(7) Notice of the appointment by the Judge of the day for hearing the application for discharge shall be published in the prescribed manner, and sent fourteen days at least before the day so appointed to each creditor who has proved, and the Judge may hear the Trustee, and may also hear any creditor. At the hearing the Judge may put such questions to the debtor and receive such evidence as the Judge may think fit.

(8) The powers of suspending and of attaching conditions to a debtor's discharge may be exercised concurrently.

(9) A discharged bankrupt shall, notwithstanding that discharged bankrupt's discharge, give such assistance as the Trustee may require in the realisation and distribution of such of that discharged bankrupt's property as is vested in the Trustee, and if that discharged bankrupt fails to do so that discharged bankrupt has committed contempt of Court; and the Court may also, if it thinks fit, revoke that discharged bankrupt's discharge, but without prejudice to the validity of any sale, disposition or payment duly made or thing duly done, subsequent to the discharge but before its revocation.

Appeal

69. Where any application is by section 50 or by sections 66 to 68 required to be made in the first instance to the Judge, an appeal shall lie from that Judge's order to the Court of Appeal.



Conditions of discharge

70. Where the Court grants an order of discharge it may grant it subject to any condition or conditions touching any salary, pay, emoluments, profits, wages, earnings or income which may afterwards become due to the bankrupt, and touching after-acquired property of the bankrupt, and it may order that the bankrupt shall thereafter pay to the Trustee for the benefit of the creditors under the bankruptcy such sum as may be stated in the order granting the bankrupt that bankrupt's discharge, but payment of such sum shall only be enforced against the debtor by leave of the Court, and to such extent, from time to time, as the Court may approve, and if subsequently the debtor should be adjudged bankrupt, or a provisional order be made against the debtor, the amount, if any, remaining unpaid under any such order for payment shall be postponed until the debts due to the creditors under such subsequent bankruptcy or provisional order shall have been fully paid or satisfied.

How far order of discharge releases debtor from the debtor's debts

71. An order of discharge shall not release the bankrupt from any debt or liability incurred by means of any fraud or breach of trust, nor from any debt or liability whereof the bankrupt has obtained forbearance by any fraud, but it shall release the bankrupt from all other debts provable under the bankruptcy with the exception of —

- (a) debts due to the Crown or to the Government of the Islands; and
- (b) debts with which the bankrupt stands charged at the suit of the Crown, or of any person, for any offence against a statute or law relating to any branch of the public revenue, or at the suit of any public officer on a bail bond entered into for the appearance of any person prosecuted for any such offence,

and the bankrupt shall not be discharged from such excepted debts unless the Financial Secretary certifies in writing the Financial Secretary's consent to the bankrupt being discharged therefrom.

Order of discharge does not release partner or joint debtor

72. An order of discharge shall not release any person who, at the date of the order of adjudication, was a partner with the debtor, or was jointly bound, or had made any joint contract with the debtor.

How order of discharge pleaded and proved

73. An order of discharge shall be sufficient evidence of the bankruptcy, and of the validity of the proceedings thereon; and in any proceedings that may be instituted against a bankrupt who has obtained an order of discharge in respect of any debt from which the bankrupt is released by such order, the bankrupt may plead that the cause of action occurred before the bankrupt's discharge, and may give this Act and the special matter in evidence.



PART 14 - Administration of a Debtor's Estate by the Trustee

Estate of debtor to be administered for the benefit of the debtor's creditors

74. The Trustee under the control of the Court shall administer the debtor's estate for the benefit of the creditors subject to this Part.

Trustee to take possession of debtor's property

75. The Trustee shall, as soon as may be after the making of a provisional order but subject to the directions of the Court, take possession of all property real and personal, and all books, papers and documents of the debtor, and exercise such of the powers conferred on the Trustee by this Act as may be necessary for the purpose of acquiring and retaining possession thereof, and for the purpose of protecting the rights of the creditors.

Trustee to recover debts

76. The Trustee shall, to the best of the Trustee's power, discover and recover all debts due to the debtor's estate.

Trustee to examine debtor's books

77. The Trustee shall examine and verify the books, papers and vouchers relating to the debtor's affairs.

Power of Trustee to sell property

78. The Trustee may sell all or any part of the property of the debtor (including the goodwill of the business, if any, and the debts growing due to the debtor) by public auction or tender or private contract, and transfer the whole thereof to any person or company, or sell the same in parcels, and accept as the consideration for such transfer and sale a sum to be paid or secured to be paid at such time and in such manner as the Trustee thinks fit.

How far Trustee may carry on debtor's trade

79. The Trustee may carry on the trade of the debtor so far as may be necessary or expedient for the beneficial winding up or sale of the same, and for that purpose, or for the general management and realisation of the debtor's property, employ the debtor themself or any other person or persons.

Trustee's power to bring or defend actions

80. The Trustee may bring, institute or defend any action or other legal proceedings relating to the property of the debtor.

Trustee may recover dividends

81. The Trustee may prove, rank, claim and draw dividend, in respect of any debt due to the debtor.



Trustee's power to arbitrate or compromise claims of debtor

82. The Trustee may refer any dispute to arbitration, compromise all debts, claims and liabilities, whether present or future, certain or contingent, liquidated or unliquidated, subsisting or supposed to subsist between the debtor and any person who may have incurred any liability to the debtor, upon the receipt of such sums payable at such times and generally upon such terms as may be agreed upon.

Trustee's power to compromise claims against debtor

83. The Trustee may make such compromise or other arrangement as may be thought expedient with creditors, or persons claiming to be creditors, in respect of any debts provable under the petition.

Trustee's power to compromise claims as to debtor's property

84. The Trustee may make such compromise or other arrangement as may be thought expedient with respect to any claim arising out of or incidental to the property of the debtor, made or capable of being made on the Trustee by any person, or by the Trustee on any person.

Powers of Trustee as to exercising discretion or executing deeds

85. The Trustee may exercise any powers and discretions the capacity to exercise which is vested in the Trustee under this Act, and may execute any powers of attorney, deeds and other instruments, for the purpose of carrying into effect this Act.

Trustee's power as to estates tail

86. The Trustee may deal with any property to which the debtor is beneficially entitled as tenant in tail in the same manner as the debtor might have dealt with the same.

Proof of debts

87. The Trustee shall receive and decide on proof of debts.

Trustee under control of the Court

88. The Trustee shall be deemed an accounting party to the Court, and shall be under the control and subject to the directions of the Court.

Trustee may ask the Court for directions

89. The Trustee may, at any time, apply to the Court for directions respecting the Trustee's rights or duties with regard to the debtor's estate, or with regard to any matters arising out of the management or conduct of the estate.



Trustee acting under such directions protected

90. The Trustee obtaining *bona fide* directions of the Court or acting *bona fide* on such directions, shall be deemed, so far as regards the Trustee's own responsibility, to have discharged the Trustee's duty therein as Trustee with regard to the matter in respect of which such direction is given.

Trustee to keep books

91. (1) The Trustee shall keep in manner prescribed proper books, in which the Trustee shall, from time to time, make or cause to be made entries or minutes of such matters in relation to the debtor's estate as may be prescribed.

(2) Any creditor of the debtor may, at such times as may be prescribed, personally or by that creditor's agent inspect such books.

Money received to be deposited in Government Savings Bank

92. (1) The Trustee shall, forthwith or within such time as may be prescribed, pay all sums of money from time to time received by the Trustee in the course of the administration of estates of debtors in accordance with Part 8 of the *Public Management and Finance Act (2026 Revision)*.²

(2) Interest shall be allowed on such money in the same way as interest is allowed on deposits of private persons.

(3) In accordance with Part 8 of the *Public Management and Finance Act (2026 Revision)*,² or any law amending or substituted for the same, the Trustee may draw out any money standing to the credit of the Trustee in Bankruptcy Account for the purposes of administering any estate, and until money drawn out as aforesaid is applied to such purposes the Trustee shall, subject to any order of a court of competent jurisdiction, deal with such money in accordance with such general or special directions as may be given by the Cabinet —

Provided that the Trustee shall never expend the money of one estate for the purposes of another estate.

All moneys to be paid into Court after two years

93. The Trustee shall, at the expiration of two years from the date of the provisional order, pay all moneys then in hand, and all moneys thenceforth received by the Trustee, into Court in the manner prescribed, unless, under special circumstances, the Court shall, by order, extend the time.

Audit of Trustee's accounts

94. The Trustee shall submit the Trustee's accounts for audit at such times and in such manner as may be prescribed.



PART 15 - Control of the Court Over the Administration of the Debtor's Estate by the Trustee

Trustee responsible to the Court

95. The Court shall examine all statements submitted to it by the Trustee, and may order the Trustee to account for any misfeasance, neglect or omission and to make good any loss which the estate of the debtor may have sustained by such misfeasance, neglect or omission.

Power of Court to examine Trustee and the Trustee's books

96. The Court may, at any time, require the Trustee to answer any enquiry in relation to any matter in which the Trustee is engaged, and may examine the Trustee or any other person on oath concerning such matter, and may cause the Trustee's bankruptcy books, either generally or in relation to any particular estate, to be examined by any person to be named by it.

Power of Court to control Trustee

97. (1) If the Trustee, at any time, improperly neglects, refuses or delays to assume the management of any estate or trust under this Act, improperly acts or omits to act in the management of any estate or trust vested in or administered by the Trustee or the duties of which the Trustee has entered upon, improperly neglects, refuses or delays to pay forthwith the amount of any judgment, decree or order recovered against the Trustee, pays the amount of any such judgment, decree or order out of any funds not properly liable to such payment or improperly acts or omits to act in any other matter with respect to any estate or trust vested in or administered by the Trustee or with respect to any duty imposed upon the Trustee by this Act, or if there is reasonable ground to think that the Trustee is about improperly to act, or to omit to act, with respect to any of the matters aforesaid, any person interested in such estate, trust or matter may apply to the Court for an order requiring the Trustee to do, or to refrain from doing, the act in respect of which such person complains, and the Court may thereupon make such order as it thinks fit.

(2) Such order may direct that the Trustee shall pay out of the Trustee's own pocket any sum of money required to compensate any person, estate or trust, for the consequences of any wrongful act or omission of the Trustee or receiver.

Appeal to the Court of Appeal against Trustee

98. The debtor, any of the creditors or any other persons, if aggrieved by any act or decision or estimate of the Trustee, may apply to the Court of Appeal, and the Court of Appeal may confirm, reverse or vary the act complained of, and may make such order in the matter as it thinks just, and may direct any question of fact or assessment of value or damage to be tried by a jury.



Power of Court to enable any person to do acts for the debtor

99. Where the debtor refuses or neglects to do any act in reference to the recovery, sale or transfer of, or otherwise dealing with, any property remaining in the debtor under this Act in trust for the debtor's creditors, for twenty-four hours after the debtor has been required by the receiver or Trustee to do the same, the Court may, on application by the receiver or Trustee, by order authorise such act to be done in the name of the debtor, or otherwise by any person named in the order for that purpose, and every act done by such person shall be as effectual for all purposes as if the debtor had done the same, and shall not be revocable or impeachable by the debtor.

PART 16 - Distribution of Property of Debtor**What the property of the debtor comprises**

100. The property of the debtor divisible amongst the debtor's creditors and vesting in the Trustee (and in this Act referred to as the property of the debtor) shall comprise —

- (a) all such property as may belong to or be vested in the debtor at the commencement of the bankruptcy or may be acquired by or devolve on the debtor at any time previous to the debtor's discharge;
- (b) the capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the debtor for the debtor's own benefit at the commencement of the bankruptcy, or at any time previous to the debtor's discharge; and
- (c) all goods and chattels being at the commencement of the bankruptcy in the possession order or disposition of the debtor by the permission of the true owner, of which goods and chattels the debtor is reputed owner, or of which the debtor has taken upon themself the sale or disposition as owner, provided that things in action, other than debts due or growing due to the debtor, shall not be deemed goods and chattels within the meaning of this section,

and shall not comprise —

- (i) property held by the debtor in trust for any other person; or
- (ii) the tools, if any, of the debtor's trade, and the necessary wearing apparel and bedding of the debtor, the debtor's spouse and children to a value, inclusive of tools and apparel and bedding, not exceeding sixty dollars in the whole.



Appropriation of portion of salary of debtor payable by Government

101. Where a debtor is in the enjoyment of any salary, pension or allowance paid by the Government, the Trustee shall receive for distribution among the creditors so much of the debtor's salary, pension or allowance as the Court, upon application of the Trustee, thinks just and reasonable, to be paid in such manner and at such times as the Court directs.

Appropriation of portion of other salary or income

102. Where a debtor is in the receipt of a salary or income other than as aforesaid, the Court, upon the application of the Trustee, shall, from time to time, make such order as it thinks just for the payment of such salary, income or any part thereof, to the Trustee, to be applied by the Trustee in such manner as the Court may direct.

Delivery to Trustee of moneys and securities of debtor

103. Any treasurer or other officer, or any banker, attorney-at-law or agent of a debtor, shall pay and deliver to the Trustee all moneys and securities in that person's possession or power, as such officer or agent, which that person is not by law entitled to retain as against the debtor or the Trustee or receiver.

Transfer of stocks, shares, etc.

104. Where any part of the property of the debtor consists of stock, shares in ships, shares or any other property transferable in the books of any company, office or person, the right to transfer such property shall be absolutely vested in the Trustee to the same extent as the debtor might have exercised the same if a petition had not been filed against or by the debtor.



Onerous and unprofitable property of debtor; power of Trustee to disclaim same; effect of disclaimer

105. (1) Where any part of the property of the debtor consists of land of any tenure burdened with onerous covenants, of unmarketable shares in companies of unprofitable contracts or of any other property that is unsaleable, or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act, or to the payment of any sum of money, the Trustee, notwithstanding that the Trustee has endeavoured to sell, has taken possession of such property or exercised any act of ownership in relation thereto, may, in writing under the Trustee's hand, disclaim such property, and upon the execution of such disclaimer the property disclaimed shall, if the same is a contract be deemed to have determined at the date of the filing of the bankruptcy petition so far as regards the interest of the debtor therein, and the liability of the debtor and property and of the Trustee thereunder and if the same is a lease to have determined at the same date, so far as regards the interests of the debtor therein and the liability of the debtor and the debtor's property and the Trustee to the performance of the covenants and the conditions thereof, and if the same are shares in any company to have been forfeited at the same date; and whatever is the nature of the property it shall (unless the Court otherwise orders) pass to the person, if any, entitled thereto on the determination of the estate or interest of the debtor therein, and in no case shall any estate, interest or liability therein or thereunder remain in the debtor.

(2) Such disclaimer shall not prejudice the rights or remedies or affect the obligations of any person other than the debtor and the Trustee, and the Court may, on application made by any person claiming any interest in the disclaimed property, and upon hearing such persons as it thinks fit, make an order for the vesting of the same property in or delivery thereof (together with any deeds or documents relating thereto) to any person or persons entitled thereto, or a trustee for that person or them, and upon such terms as the Court may think just, and upon any such vesting order being made the property comprised therein shall vest according to the tenor thereof in the person or persons therein named in that behalf without any conveyance or assignment for the purpose.

(3) Any person injured by the operation of any such disclaimer as aforesaid shall be deemed to be a creditor of the debtor to the extent of such injury and may accordingly prove the same as a debt under the bankruptcy petition.



Limit to Trustee's right to disclaim

106. The Trustee shall not be entitled to disclaim any property under this Act in any case where an application in writing has been made to that Trustee, by any person interested in such property, requiring such Trustee to decide whether the Trustee will disclaim or not, and the Trustee has, for a period of not less than twenty-eight days after the receipt of such application, or such further time as may be allowed by the Court, declined or neglected to give notice whether the Trustee disclaims the same or not.

PART 17 - Benefit of Transactions Affecting the Debtor and the Debtor's Property**Settlement by debtor, how far void as against Trustee**

107. (1) Any settlement of property not being a settlement made before and in consideration of marriage, or civil partnership, or made in favour of a purchaser or incumbrancer in good faith and for valuable consideration, or a settlement made on or for the spouse or children of the settlor of property which has accrued to the settlor after marriage, or civil partnership, in right of the settlor's spouse, or civil partner, shall, if a provisional order in bankruptcy, or an absolute order in bankruptcy in cases where no provisional order is made, takes effect against the settlor within two years after the date of the settlement, be void against the Trustee and shall, if the settlor becomes bankrupt at any subsequent time within ten years after the date of the settlement be void against the Trustee unless the parties claiming under the settlement can prove that the settlor was, at the time of making the settlement, able to pay all the settlor's debts without the aid of the property comprised in the settlement, and that the interest of the settlor in such property has passed to the trustee of such settlement on the execution thereof.

(2) Any covenant or contract made by any person in consideration of marriage, or civil partnership, for the future settlement upon that person's spouse or children of any money or property wherein that person had not, at the date of that person's marriage, or civil partnership, any estate or interest whether vested or contingent, in possession or remainder and not being money or property of or in right of that person's spouse, shall, if a provisional order, or an absolute order in bankruptcy in cases where no provisional order is made, takes effect against that person before such money or property has been actually transferred or paid pursuant to such contract or covenant be void against the Trustee.

(3) In this section —

“settlement” includes any conveyance, gift or transfer of property.



Extension of power to avoid certain voluntary settlements, etc., as against the representatives of deceased settlers whose estates are insolvent

108. In the administration by the Court of the assets of any deceased person, it shall be lawful for the Court, on the petition of any creditor or creditors of such deceased person whose claim or claims together, against the estate would have been sufficient to support a petition in bankruptcy against such person had that person not died, and on proof that the assets of such person were, at the time of that person's death, insufficient to pay that person's debts and liabilities in full, to order that any settlement of property made by such deceased person within the meaning of section 107 and except as therein excepted, or any conveyance or transfer of property or charge thereon, or any payment, obligation or judicial proceeding, made, incurred, taken or suffered by such person, that person being at the time of making, taking, paying or suffering the same, unable to pay that person's debts as they become due from that person's own moneys, in favour of any creditor or any person in trust for any creditor, with a view of giving such creditor preference over the other creditors, and which settlement, conveyance, transfer, charge, payment, obligation or judicial proceeding would have been void against the Trustee if a provisional order had taken effect against such deceased person at the moment of that person's death, shall be void as against the executor, administrator, receiver or other person charged with the administration of the assets of such deceased person —

Provided that such petition shall be presented within six months after the death of such deceased person —

Provided also that the proper funeral and testamentary expenses, incurred by the legal personal representative in and about the deceased persons estate, shall be deemed a preferential debt, and the payment thereof by the legal personal representative shall be valid, or, if the same have not been paid at the time of the making of an order under this section, they shall be payable in full out of the debtor's estate, in priority to all other debts —

Provided also that nothing herein shall be deemed to make the legal personal representative of such deceased person personally liable in respect of any payment made, or act or thing done, in good faith before the date of the order for the administration of the assets of such person by the Court.



Voluntary expenditure of moneys on the property of another to be deemed a settlement if order in bankruptcy takes effect within two years against the person so expending the same

109. The voluntary expenditure of any moneys by any person in building or making permanent improvements on the property of another shall be deemed to be a settlement of such moneys on such other person within the meaning of section 107, and if an order in bankruptcy, as mentioned in section 107, takes effect against the person making such expenditure within two years from the date of such expenditure the Trustee shall be entitled to recover, from the owner of the property benefited by such expenditure, an amount equal to the increase in the value of such property brought about by such expenditure, and shall have a lien on such property for such amount, and on the proceeds thereof if the same have been sold —

Provided always that such lien shall not prevail against the *bona fide* purchaser for valuable consideration who, at the time of the purchase, either had no notice of such expenditure, or, if that purchaser had such notice, had no notice of an act of bankruptcy on the part of the person making the same, available for adjudication against that purchaser.

Bankruptcy of a firm or of one or more partners, effect thereof on the partnership assets and on the property of each partner

110. (1) When a provisional order has been made against a firm of partners, all the separate property of each of the bankrupts as well as all the joint property of the partnership, shall immediately pass to and vest in the Trustee.

(2) Where a provisional order has been made against one partner in a firm, there shall pass to the Trustee as well the separate property of such partner as the share to which, as between themselves and their partner, the bankrupt is entitled in the assets of the firm after paying or providing for all the liabilities. For the purpose of ascertaining such share, the accounts of the firm shall be taken in such manner as the Court may direct.

(3) In the case of bankruptcy of partners, or of any member of a partnership firm, the joint estate shall be applicable in the first instance in payment of their joint debts, and the separate estate of each partner shall be applicable in the first instance in payment of that partner's separate debts. If there is a surplus of the separate estates it shall be dealt with as part of the joint estate. If there is a surplus of the joint estate it shall be dealt with as part of the respective separate estates in proportion to the rights and interest of each partner in the joint estate.



Fraudulent preferences

111. (1) Every conveyance or transfer of property, or charge thereon, and every payment, obligation and judicial proceeding, made, incurred, taken or suffered by any person unable to pay that person's debts as they become due from that person's own moneys, in favour of any creditor or any person in trust for any creditor, with a view of giving such creditor a preference over the other creditors, shall, if a provisional order takes effect against the person making, taking, paying or suffering the same within six months after the date of making, taking, paying or suffering the same, be deemed fraudulent and void as against the Trustee.

(2) Every conveyance or transfer of property, real or personal, made by any person unable to pay that person's debts to any other person in trust for any creditor shall be absolutely void unless the same were made and executed with the assent of seventy-five per cent in number and value of the creditors of such person.

Conveyance, assignment, etc., of stock-in-trade, etc.

112. Every conveyance, assignment, transfer, sale or disposition made by any trader unable to pay that trader's debts of that trader's stock-in-trade, debts or things in action relating to that trader's business or any part thereof, otherwise than in the ordinary way of business, to any other person shall, if a provisional order or an absolute order takes effect against the person making the same within six months after the date of making the same be deemed fraudulent and void as against the Trustee; unless the same were made and executed with the assent of seventy-five per cent in number and value of the creditors of such person; or unless the same were made and executed after not less than twenty-one days' notice in the Gazette and in a newspaper circulated in the Islands of the intention of the trader to make such conveyance, assignment or transfer, sale or disposition.

Entry of *vacatur* on margin of record of deed declared void

113. When any deed is declared void under this Act, the Court shall direct the Public Recorder to enter a note of such decree on the margin of any deed to which it related that may be recorded in the office of the Public Recorder.

Proceeds of executions against debtor

114. When the goods of a person have been taken in execution in respect of judgment and sold, the bailiff or officer executing the process shall, if the bailiff or officer has notice of a petition filed by or against such person, hold the balance of the proceeds of the sale, after deducting expenses, upon trust to pay the same to the Trustee or other person entitled thereto under the petition.



Delivery of goods taken in execution but not sold

115. When the goods of a person have been taken in execution in respect of judgment, and not sold before the bailiff or officer executing the process receives notice of the appointment of a receiver or Trustee under a bankruptcy petition presented against or by such person, such officer shall forthwith, after receipt of the notice, deliver up such goods to the receiver or Trustee, and the costs incurred by such officer in respect of such execution shall be paid out of the property of the debtor.

How far creditor entitled to benefit of execution or attachment against debtor

116. A creditor who has levied execution on the property of a debtor, or has made an attachment thereof, shall not be entitled to retain the benefit of such execution or attachment unless and except insofar as the creditor has, before the filing of a petition against or by such debtor, enforced such execution by sale of the property seized, or enforced such attachment by actual possession of the moneys attached or, as the case may be, by sale of the property attached.

Distress for rent, landlord's rights

117. (1) The landlord or other person to whom any rent is due from the debtor may, at any time, either before or after the commencement of the bankruptcy, distrain upon the goods or effects of the debtor for the rent due to the landlord from the debtor

(2) If such distress for rent be levied after the commencement of the bankruptcy it shall be available only for one year's rent accrued due prior to the date of the provisional order.

(3) After notice received by or on behalf of the person making the distress of the appointment of the Trustee or receiver no sale shall be made of the goods distrained, unless the Court otherwise orders, except by the Trustee or receiver, and the rent for which such distress is available, and the expenses thereof, shall be paid out of the proceeds of the sale.

Protection of certain *bona fide* transactions with bankrupt before petition filed

118. Subject to the provisions of this Act relating to the proceeds of the sale of goods which have been seized, and to the provisions of this Act and every other Law avoiding, on the ground of their being fraudulent, certain settlements conveyances, transfers, charges, payments, obligations and judicial proceedings, the following dealings and transactions relating to the property of the debtor, if they take place before the filing of the petition, shall be valid notwithstanding any prior act of bankruptcy committed by the debtor —

(a) every payment by the debtor to any of the debtor's creditors and every payment or delivery to the debtor;



- (b) every conveyance, sale or assignment for valuable consideration by and with the debtor; and
- (c) every execution and attachment against the debtor's goods and chattels executed and levied by seizure and sale —
Provided that the person to, by or with whom such payment, delivery, conveyance, assignment, sale, contract, dealing or transaction was made, executed or entered into, or at whose suit or on whose account every such execution or attachment was issued, had not, at the time of such payment, delivery, conveyance, assignment, contract, dealing or transaction, or at the time of the executing or levying of such execution or attachment, or at the time of the making of any sale thereunder, notice of any act of bankruptcy committed by the debtor and available for adjudication against the debtor at the time of the filing of the petition.

PART 18 - Debts Provable Against the Debtor's Estate

What debts are and what are not provable against debtor's estate

119. (1) Demands in the nature of unliquidated damages arising otherwise than by reason of a contract or promise shall not be provable under a bankruptcy petition, and no person having notice of any act of bankruptcy available for adjudication against the debtor shall prove for any debt or liability contracted by the debtor subsequently to the date of that person's so having notice, unless the Court is of opinion that the property of the debtor has been benefited or increased, or that the debtor's debts or liabilities have been diminished, by the payment of the money or execution of the contract upon which the debt or liability sought to be proved has arisen.

(2) Save as aforesaid, all debts and liabilities, present or future, certain or contingent, to which the debtor is subject at the date of the provisional order or to which the debtor may become subject by reason of any obligation incurred previously to the date of the order, shall be deemed to be debts provable under a bankruptcy petition under this Act.

Estimate of debts of uncertain value

120. An estimate shall be made by the Trustee, according to the rules of Court for the time being in force, so far as the same may be applicable, and where they are not applicable at the discretion of the Trustee, of the value of any debt or liability provable which by reason of its being subject to any contingency or contingencies or for any other reason does not bear a certain value.



Liability defined

121. “**Liability**” shall, for the purposes of this Act, include any compensation for work or labour done, any obligation or possibility of an obligation to pass money or money’s worth on the breach of any express or implied covenant, contract, agreement or undertaking, whether such breach does or does not occur, or is or is not likely to occur, or capable of occurring, before the discharge of the debtor, and generally it shall include any express or implied engagement, agreement or undertaking to pay, or capable of resulting in the payment of money or money’s worth, whether such payments be —

- (a) as respects amount, fixed or unliquidated, and payable in one sum or by instalments, or periodical payments;
- (b) as respects time, present or future, certain or dependent on any one contingency, or on two or more contingencies; or
- (c) as to mode of valuation, capable of being ascertained by fixed rules, or assessable only by a jury, or as a matter of opinion.

Interest on debts

122. Interest on any debt provable under this Act may be allowed under the circumstances in which interest would have been allowed by a jury if an action had been brought for such debt.

Interest on debts, how calculated

123. (1) Where a debt has been proved and the debt includes interest or any pecuniary consideration in *lieu* of interest or in the nature of premiums, fines, bonus or commissions, such interest or consideration shall, for the purpose of dividend, be calculated at a rate not exceeding six per cent per annum, without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which the creditor may be entitled after all the debts proved in the estate have been paid in full.

(2) In dealing with the proof of the debt —

- (a) any account settled between the debtor and the creditor within three years preceding the date of the provisional order may be examined, and, if it appears that the settlement of the account forms substantially one transaction with any debt alleged to be due out of the debtor’s estate (whether in the form of renewal of a loan or capitalisation of interest or ascertainment of loans or otherwise) the account may be reopened and the whole transaction treated as one;
- (b) any payments made by the debtor to the creditor before the provisional order whether by way of bonus, premium, fines, commissions or otherwise, and any sums received by the creditor before the provisional order from the realisation of any security for the debt, shall,



notwithstanding any agreement to the contrary, be appropriated in the first place to the satisfaction of interest at a rate not exceeding six per cent per annum as in this section previously provided, and thereafter to the satisfaction of the principal; and

- (c) where the debt due is secured and the security is realised after the provisional order, or the value thereof is assessed in the proof, the amount realised or assessed shall be appropriated in the first place to the satisfaction of interest at a rate not exceeding six per cent per annum as in this section previously provided, and thereafter to the satisfaction of the principal.

Postponement of spousal's and civil partnership's claims

124. (1) Where a spouse, or civil partner, has been adjudged bankrupt, the spouse or civil partner of the adjudged, shall not be entitled to claim any dividend as a creditor in respect of any money or other estate lent or entrusted by that person to that person's spouse, or civil partner, for the purposes of the adjudged bankrupt's trade or business until all claims of the other creditors of the adjudged bankrupt for valuable consideration in money or money's worth have been satisfied.

(2) Where the spouse, or civil partner, has been adjudged bankrupt, any money or other estate of their spouse, or civil partner lent or entrusted to the adjudged bankrupt for the purpose of any trade or business carried on by the adjudged bankrupt or otherwise, shall be treated as assets of the adjudged bankrupt's estate, and the spouse, or civil partner, shall not be entitled to claim any dividend as a creditor in respect of any such money or other estate until all claims of the other creditors of the adjudged bankrupt for valuable consideration in money or money's worth have been satisfied.

Secured creditors, how they may prove

125. (1) A secured creditor may on giving up that secured creditor's security prove for that secured creditor's whole debt, or that secured creditor may prove for any balance due to that secured creditor after realising or giving credit for the value of that secured creditor's security in manner and at the time prescribed.

(2) A secured creditor not complying with the foregoing conditions shall be excluded from proof.

Proofs in respect of distinct contracts in different capacities

126. If the debtor is, at the date of the provisional order, liable in respect of distinct contracts as a member of two or more distinct firms, or as a sole contractor and also as a joint contractor, the circumstance that such firms are in whole or in part composed of the same individuals, or that the sole contractor is also one of the joint contractors, shall not prevent proof in respect of such contracts against the properties respectively liable upon such contracts.



Mutual dealings and set off

127. Where there have been mutual credits, mutual debts or other mutual dealings, between the debtor and any person having a debt provable under the bankruptcy petition, an account shall be taken of what is due from the one party to the other in respect of such mutual dealings, and the sum due from the one party shall be set off against any sum due from the other party, and the balance of such amount, and no more, shall be proved or paid on either side respectively.

Landlord may prove for residue of rent not recoverable by distress

128. A landlord or other person to whom rent is due from the debtor, and who has been prevented from recovering the full amount of such rent by the operation of section 117, may prove for so much of the rent as by reason of that section that landlord was prevented from recovering.

Proving for proportion of rent to date of provisional order

129. When any rent or other payment falls due at stated periods, and the provisional order is made at any time other than one of such periods, the person entitled to such rent or payment may prove for a proportionate part thereof up to the date of such order as if such rent or payment grew due from day to day.

PART 19 - Distribution of Assets and Dividends

Notice of dividend

130. Before declaring a dividend the Trustee shall cause a notice to be gazetted, stating the day on which the dividend is intended to be declared, and except as hereinafter provided, those debts only in respect of which proof has been made or tendered before that day shall be allowed to participate in the dividend.

Calculation and distribution of dividend

131. In the calculation and distribution of a dividend it shall be obligatory on the Trustee to make provision for debts provable under this Act appearing from the debtor's statements, or otherwise, to be due to persons resident in places so distant from the place where the Trustee is acting that in the ordinary course of communication they have not had sufficient time to tender their proofs, and also for debts provable under the bankruptcy petition which have been notified to the Trustee in manner prescribed, and are subject of claims not yet determined, and on such debt being established the creditor shall be entitled to receive the dividend reserved thereon.



Rights of creditors who prove after dividend

132. Creditors may prove their debts in the manner prescribed, and creditors who have not proved their debts before the declaration of any dividend or dividends shall, on the occasion of the next dividend being declared, be entitled to be paid any dividend or dividends they have failed to receive before any moneys are made applicable to the payment of any other dividend or dividends, but they shall not be entitled to disturb the distribution of any dividend declared before their debts were proved, by reason that they have not participated therein.

Final dividend, notice thereof

133. (1) When all the property of the debtor from which any moneys available for division amongst the creditors can, in the opinion of the Trustee, be reasonably expected to arise has been realised, the Trustee shall declare a final dividend.

(2) Before so doing the Trustee shall give notice in the manner prescribed to the persons whose claims to be creditors of the debtor have been notified to the Trustee, and not established to the Trustee's satisfaction, that if they do not establish such claims to the satisfaction of the Court within a time to be limited for that purpose by the notice the Trustee will proceed to make final division of the property without regard to such claims.

(3) After the expiration of such time, or if the Court, on application by any such claimant, grants further time to the claimant for establishing the claimant's claim, then on the expiration of such further time the property of the debtor divisible amongst the creditors shall be divided amongst the creditors who have proved their debts without regard to the claims of any other persons.

How dividend recoverable if not paid

134. No action shall lie for a dividend, but if the Trustee having control of any dividend refuses to pay the same the Court may, if it thinks fit, order the Trustee to pay the same, and also to pay out of the Trustee's own moneys interest thereon for the time that it is withheld, and the cost of the application.

PART 20 - Rules as to Priority of Payment**Preferential debts**

135. (1) The following debts shall be paid in priority to all other debts, and between themselves such debts shall rank equally, and shall be paid in full unless the property of the bankrupt is insufficient to meet them, in which case they shall abate in equal proportion between themselves —

(a) all public taxes imposed by law due from the debtor at the date of the provisional order not exceeding in the whole one year's taxes;



- (b) all wages or salary of any clerk or servant in respect of services rendered to the debtor during four months next preceding the date of the provisional order, not exceeding one hundred dollars; and
- (c) all wages of any labourer or worker in respect of services rendered to the debtor during four months next preceding the date of the provisional order.

(2) Save as aforesaid, all debts provable under the petition shall be paid *pari passu*.

Creditors of a debtor's firm postponed to separate creditors of debtors

136. If a provisional order is made against one member of a partnership, a creditor to whom that partner is indebted jointly with the other partners of the firm or any of them shall not receive any dividend out of the separate property of the first mentioned partner until all the separate creditors have received the full amount of their respective debts.

Allowances to debtor for support or services

137. The Trustee may, from time to time, make such allowances as the Trustee thinks just to the debtor out of the debtor's property for the support of the debtor and the debtor's family, or in consideration of the debtor's services if the debtor is engaged in winding up that debtor's estate, but such allowance may be revised by the Court, and where no allowance has been made the Court may, on cause shown, make an allowance.

Surplus of estate payable to debtor

138. The debtor shall be entitled to any surplus remaining after payment of the debtor's creditors, and of the costs, charges and expenses of the proceedings under the bankruptcy petition.

PART 21 - Unclaimed Bankrupt Estates**When moneys of insolvent estate remain in Treasury for twenty years**
Financial Secretary to report to Governor

139. Where any moneys of an insolvent or bankrupt estate have been or shall be lodged in the Treasury under any law and have remained in the books of the Treasury for twenty years or upwards, and during that period no claim has been or shall be successfully made thereto, the Financial Secretary shall report the facts of the case to the Governor.



Advertisement in Gazette and newspaper

140. On the direction of the Cabinet in writing on such report, that proceedings be taken under this Act, the Financial Secretary shall give public notice by advertisement in the Gazette, the London Gazette and in one or more newspapers published in the Islands that a given part of the estate of a bankrupt or insolvent, to be named in such advertisement, has been lying in the Treasury for a period to be specified as aforesaid, and that unless within one year from the date of the first publication of such advertisement, claim to the money therein specified is made and substantiated to the satisfaction of the Financial Secretary or a Court of competent jurisdiction, such moneys will become subject to section 141. The said advertisement shall be published as often during the said year as the Financial Secretary may deem expedient but not less than four times.

Unclaimed funds to become general revenues of the Islands

141. Upon the expiration of one year from the date of the first publication of such advertisement, or from the date of the latest of such advertisements if they are not simultaneous, and after the due publication of the same, any of the moneys in question to which no claim shall have been made and substantiated shall lapse to and become part of the general revenues —

Provided that, if within the year, a claim to any portion of the moneys in question has been duly made, but is pending at the expiration of the said year —

- (a) before the Financial Secretary for consideration; or
- (b) before a court of competent jurisdiction, and there shall be lodged with the Financial Secretary a certificate to that effect signed by a Judge of that court,

then such moneys shall not lapse to or become part of the general revenues of the Islands until —

- (i) the Financial Secretary has decided that such claim is not good and no certificate has been lodged with the Financial Secretary within one month of such decision; or
- (ii) any such certificate is cancelled or revoked.

Action for money claimed to be against the Governor

142. It is lawful for any person desirous of claiming any such moneys lodged in the Treasury but whose claim has been rejected by the Financial Secretary to claim the same by means of an action against the Attorney General on behalf of the Government of the Islands as defendant.



PART 22 - Joint Debtors

Petition against partners or joint debtors

143. Any creditor whose debt is sufficient to entitle that creditor to present a petition against all the members of a partnership, or against all of several joint debtors, may present such petition against any one or more of such persons without including the others.

Dismissal of petition against some respondents only

144. Where there are more respondents than one in a petition, the Court may dismiss the petition as to one or more of them, without prejudice to the effect of the petition as against the other or others of them.

Power to extend provisional order against partners to their separate estate

145. Where a provisional order has been made against all the members of a partnership, or against several joint debtors, the operation of such order shall in the first instance be limited to the debt jointly due from such partners or debtors, but the Court may, on sufficient cause being shown by any joint or separate creditor within the prescribed time after the making of the order, direct the order to apply to the separate debts and properties of the partners or debtors, or of some or one of them, and such order shall have effect accordingly —

Provided that nothing herein shall prejudice or affect any disposition made by a debtor in good faith and for valuable consideration, of or in reference to the separate property to which such provisional order is so directed to apply, in the interval between the date of the provisional order and the date when such direction has been given.

Creditor of partners may prove for certain purposes the creditor of partners' claims in proceedings against one partner

146. When a provisional order is made against one member of a firm or partnership, any creditor to whom that partner is indebted jointly with the other partners of the firm, or any of them, may prove that creditor's debt for the purpose of voting, and may vote at a meeting of creditors.

Trustee's right of action when debtor is a member of a firm

147. (1) Where the debtor is a member of a partnership, the Trustee administering the debtor's estate under this Act may, when authorised by the Court, bring or prosecute any action in the name of themselves and of the debtor's partner.

(2) In such case any release by such partner of the debt or demand to which the action relates shall be void.

(3) Before applying to the Court for authority to bring such action the Trustee shall give notice to the partner, who may show cause against it, and on that partner's application the Court may, if it thinks fit, direct that the partner shall receive that



partner's proper share of the proceeds of the action, and shall, if no benefit be claimed by the partner therefrom, be indemnified against costs in respect thereof as the Court directs.

As to debtor's joint contracts

148. Where a debtor is a contractor in respect of any contract jointly with any other person or persons, such person or persons may be sued, and, if no action be pending at the suit of the Trustee in respect thereof, may sue in respect of such contract without the joinder of the debtor.

Provisional order when a member of a firm is absent or of unsound mind

149. (1) When a provisional order has been made against a member or members of a firm, and any one or more other persons, being a member or members of the same firm, is or are out of the Islands, or of unsound mind, the Court shall have jurisdiction, after giving the prescribed notices, to make a provisional order for the administration of the joint property of the members of the firm, on its being proved to the satisfaction of the Court that the firm is unable to pay its debts, but it shall not be lawful to adjudge any member a bankrupt under this section.

(2) Upon such order being made, the property of the firm shall vest in the Trustee, and shall be administered in all respects as if a bankruptcy petition had been presented and a provisional order had been made in the first instance against all members of the firm.

PART 23 - Discovery of Debtor's Property

Power of Court to summon debtor and other persons, to require production of documents as to debtor's affairs

150. At any time after the presentation of a petition, the Court may summon before it the debtor, the debtor's spouse, or civil partner, or any person known or suspected to have in that person's possession any of the property of the debtor, or supposed to be indebted to the debtor, or any person whom the Court may deem capable of giving information respecting the debtor or the debtor's property, trade, dealings or affairs, and the Court may require any such person to produce any documents in that person's custody or power relating to the debtor, or the debtor's property, trade, dealings or affairs; and if any person so summoned, after having been tendered a reasonable sum, refuses to produce such documents, having no lawful impediment made known to the Court at the time of its sitting and allowed by it, the Court may, by warrant, cause such person to be apprehended and brought before it for examination.



Examination of witnesses

151. The Court may examine upon oath, either by word of mouth or by written interrogation any person so summoned or brought before it, or any person being present before the Court, concerning the debtor or the debtor's property, trade, dealings or affairs.

Court may order payment of admitted debt

152. (1) If any person, on examination before the Court, admits that that person is indebted to the debtor, the Court may, on the application of the Trustee, order that person to pay the Trustee, at such time and in such manner as to the Court seems expedient, the amount admitted, or any part thereof, either in full discharge of the whole amount in question or not, as the Court thinks fit, with or without costs of the examination.

(2) If any person, on examination before the Court, admits having in that person's possession any property of the debtor vested in the Trustee under this Act, the Court may, on the application of the Trustee, grant a warrant for the seizure of the same —

Provided that, if on such examination as aforesaid, such person claims a lien on such property, such warrant shall authorise the seizure of the same only on satisfaction of such lien.

Power to seize debtor's property, and to search for same

153. Any person acting under warrant of the Court may seize any property of the debtor divisible amongst that debtor's creditors under this Act and in the debtor's custody or possession, or in that of any other person, and with a view to such seizure may break open any house, building or room of the debtor where the debtor is supposed to be or any building or receptacle of the debtor where any of the debtor's property is supposed to be; and where the Court is satisfied that there is reason to believe that the property of the debtor is concealed in a house or place not belonging to that debtor the Court may, if it thinks fit, grant a search warrant to any constable or prescribed officer of the Court, who may execute the same according to the tenor thereof.

Arrest of debtor in certain events

154. At any time after the presentation of a petition —

(a) if it appears to the Court that there is probable reason for believing that the debtor is about to leave the Islands, or to quit that debtor's place of residence with a view of avoiding examination in respect of that debtor's affairs, or otherwise delaying or embarrassing the proceedings under the petition, or that the debtor is about to remove that debtor's property with a view of preventing or delaying such property being placed under the control or possession of the receiver or Trustee, or that the debtor has concealed or is about to conceal or make away with any of that debtor's



property, or any books, documents or writings which might be of use to that debtor's creditors in the course of the proceedings; or

(b) if the debtor, knowing that a petition has been filed, removes any property in the debtor's possession above the value of ten dollars, without the leave of the receiver or Trustee, or, without good cause shown, fails to attend any examination ordered by the Court,

the Court may cause the debtor to be arrested and imprisoned in such convenient prison as the Court may direct, and any books, papers or property in the debtor's possession to be seized and safely kept until such time as the Court may order.

Dealing with letters addressed to debtor

155. The Court, upon the application of the Trustee, may, from time to time, order that for such time as the Court thinks fit, not exceeding three months from the date of such order, post letters addressed to the debtor at any place or places mentioned in the order, shall be re-directed by the Postmaster-General or officers acting under the Postmaster-General, to the Trustee or otherwise as the Court directs, and the same shall be done accordingly.

PART 24 - Orders and Warrants of Court

Enforcement of warrants and orders of Courts

156. All the Courts in bankruptcy and the officers of such Courts shall act in aid of and shall be auxiliary to each other in all matters of bankruptcy, and any order of any one Court in a proceeding in bankruptcy may, on application to another Court, be made an order of such other Court and be carried into effect accordingly. An order of any Court in bankruptcy seeking aid, together with a request to another of the said Courts, shall be deemed sufficient to enable the latter Court to exercise, in regard to the matters directed by such order, the like jurisdiction which the Court that made the request, as well as the Court to which the request is made, could exercise in regard to similar matters within their respective jurisdictions.

Warrants of Bankruptcy Court

157. Any warrant of the Court under this Act may be executed in any part of the Islands in the same manner and subject to the same privileges in, and subject to which a warrant issued by any Justice against a person for an indictable offence may be executed; and any search warrant issued by the Court under this Act for the discovery of any property of a bankrupt may be executed in manner prescribed or in the same manner and subject to the same privileges, in and subject to which a search warrant for property supposed to be stolen may be executed according to law.



Comittal to prison

158. Where the Court commits any person to prison, the committal may, unless otherwise prescribed, be to such convenient prison as the Court thinks expedient; and if the Prison Director of any prison refuses to receive any prisoner so committed, that Prison Director shall be liable, for every such refusal, to a penalty of two hundred dollars.

PART 25 - Evidence**Certified copies of entries in Trustee's books**

159. Copies, authenticated by the signature of the Trustee, of any entries in the books kept by the Trustee with respect to any estate or trust vested in or administered by the Trustee under this Act shall be admissible in evidence, and shall have the same effect in evidence in all respects as the originals from which such copies were made.

Signature of Trustee

160. In all legal proceedings judicial notice shall be taken of the signature of the Trustee; but any Court or Judge may require such signature to be proved in the ordinary way if it is doubtful to such Court or Judge whether the alleged signature is genuine.

Evidence of documents in proceedings under this Act

161. Any bankruptcy petition or copy thereof, any order or copy of an order made by the Court, any certificate or copy of a certificate made by the Court, any deed of arrangement or copy thereof, and any other instrument or copy of an instrument, affidavit or document, made or used in the course of any proceedings under this Act, may, if any such document, instrument or copy appears to be sealed with the seal of the Court, purports to be signed by the Judge or certified to be a true copy by the Clerk of the Court, be receivable in evidence in all legal proceedings whatever.

Depositions of deceased persons

162. In the case of the death of the debtor, the debtor's spouse, or civil partner, or of a witness whose evidence has been received by the Court in any proceedings under this Act, the deposition of the person so deceased purporting to be sealed with the seal of the Court, or a copy thereof purporting to be so sealed, shall be admitted as evidence of the matters therein deposited to.

Gazette notice conclusive evidence of certain facts

163. The production of a Gazette containing a notice of a provisional order, or of an absolute order for bankruptcy, shall be conclusive evidence in legal proceedings that the provisional order was duly made or that the debtor against whom the absolute order has been made has been adjudged bankrupt, and also of the date of such orders.



PART 26 - Legal Proceedings

Service on Trustee

164. Documents in any legal or other proceedings by or against the Trustee may be served by being left at the Trustee's office, and such service shall have the same effect as if it had been made personally.

Notice of action against Trustee

165. No action or other proceeding shall be commenced against the Trustee as such, unless one month's notice stating the cause thereof, the name and address of the person bringing the action or other proceeding, and the name and address of the person's attorney-at-law, if any, has been given to the Trustee, and if no action or proceeding has been commenced against the Trustee in terms of such notice before the expiration of sixty days from the service thereof the notice shall lapse and cease to be effective.

Exemptions from stamp duty

166. Every deed, conveyance, assignment, surrender, admission or other assurance, relating solely to freehold or leasehold property, or to any mortgage, charge or other encumbrance on, or any estate, right or interest in, any real or personal property which is part of the estate of any debtor under this Act, and which, after the execution of such deed, conveyance, assignment, surrender, admission or other assurance, either at law or in equity, is or remains the property of the debtor or Trustee, and every power of attorney, proxy, paper, writ, order, certificate, affidavit, bond or other instrument or writing, relating solely to the property of any such debtor, or to any proceeding under this Act, shall be exempt from stamp duty (except in respect of fees under this Act).

Irregularities not to invalidate proceedings

167. Proceedings under this Act shall not be invalidated by any irregularity, unless the Court before which an objection is made to such proceeding is of opinion that substantial injustice has been caused by such defect or irregularity, and that such injustice cannot be remedied by any order of such Court.

Action in respect of debtor's things in action assigned

168. Any person to whom any thing in action belonging to the debtor is assigned under this Act may bring or defend any action relating to such thing in action in that person's own name.



PART 27 - Apprenticeship

Discharge of indenture of apprentice of debtor and preferential allowance thereon

169. Where, at the time of the presentment of the bankruptcy petition, any person is apprenticed or an articled clerk to the debtor, the provisional order shall, if either the debtor, apprentice or clerk give notice in writing to the Trustee or receiver to that effect, be a complete discharge of the indenture of apprenticeship or articles of agreement; and if any money has been paid by or on behalf of such apprentice or clerk to the debtor as a fee, the Trustee or receiver may, on the application of the apprentice or clerk or of some person on that apprentice's or clerk's behalf, pay such sum as such Trustee or receiver, subject to an appeal to the Court of Appeal, thinks reasonable, out of the debtor's property, to or for the use of the apprentice or clerk, regard being had to the amount paid by that apprentice or clerk or on that apprentice's or clerk's behalf, and to the time during which that apprentice or clerk served with the debtor under the indenture or articles before the date of the provisional order, and to the other circumstances of the case.

PART 28 - Annulling or Revoking of Orders in Bankruptcy

Power to revoke orders, etc., effect thereof

170. (1) The Court may, at any time, for sufficient reason, revoke a provisional order for bankruptcy or annul an adjudication; but in such case all sales and dispositions of property and payments duly made, and all acts theretofore done by the Trustee, any person acting under the Trustee's authority or the Court, shall be valid, but the property of the debtor shall, in such case, vest in such person as the Court may appoint, or in default of any such appointment revert to the debtor for all the debtor's estate or interest therein, upon such terms and subject to such conditions, if any, as the Court may declare by order.

(2) A copy of the order of revocation or annulment, unless such order has been made on cause shown by the debtor in the first instance, may be forthwith published in the Gazette, and advertised locally in the prescribed manner, and the production of a copy of the Gazette containing such order of revocation or annulment shall be conclusive evidence of the fact of such revocation or annulment, and of the terms of the order.

Effect of revocation of a provisional order

171. The revocation of a provisional order shall operate as a revocation of the appointment of the Trustee under the petition, and shall revive the remedy of any creditor against the property or person of the debtor that was suspended or stayed by the order.



PART 29 - Offences

Offences

172. Any person against whom a provisional or absolute order in bankruptcy has been made and not revoked shall have committed an offence and be liable on conviction to imprisonment for one year if —

- (a) that person does not to the best of that person's knowledge and belief fully discover to the Trustee administering that person's estate for the benefit of that person's creditors all that person's property, real and personal, and how, to whom and for what consideration, and when that person disposed of any part of that person's property except such part as has been disposed of in the ordinary way of that person's trade, if any, or laid out in the ordinary expense of that person's family;
- (b) that person does not deliver up to the Trustee, or as the Trustee directs, all such part of that person's real and personal property as is in that person's custody or under that person's control and which that person is required by Law to deliver up, unless the jury is satisfied that that person had no intent to defraud;
- (c) that person does not deliver to the Trustee, or as the Trustee directs, all books, documents, papers and writings in that person's custody or under that person's control, relating to that person's property or affairs, unless the jury is satisfied that that person had no intent to defraud;
- (d) since the presentation of the petition by or against that person or within six months before such presentation, that person has concealed or removed any part of that person's property to the value of twenty dollars or upwards or concealed any debt due to or from that person, unless the jury is satisfied that that person had no intent to defraud;
- (e) that person makes any material omission in any statement required under this Act relating to that person's affairs, unless the jury is satisfied that that person had no intent to defraud;
- (f) knowing or believing that a false debt has been proved by any person under the bankruptcy proceedings, that person fails for the period of a month to inform the Trustee thereof, unless the jury is satisfied that that person had no intent to defraud;
- (g) after the presentment of the petition by or against that person, that person prevented the production of any book, document, paper or writing, affecting or relating to that person's property or affairs, unless the jury is satisfied that that person had no intent to conceal the state of that person's affairs or to defeat the Law;
- (h) after the presentment of the petition, or within six months before such presentment, that person has concealed, destroyed, mutilated or falsified,



or has been privy to the concealment, destruction, mutilation or falsification of any book or document affecting or relating to that person's property or affairs, unless the jury is satisfied that that person had no intent to conceal the state of that person's affairs or to defeat the Law.

- (i) either before or after the presentment of the petition, that person made or was privy to the making of any false entry in any book or document affecting or relating to that person's property or affairs, unless the jury is satisfied that that person had no intent to conceal the state of that person's affairs or to defeat the Law;
- (j) after the presentment of the petition, or within six months before such presentment, that person has parted with, altered or made omission in, or has been privy to parting with, altering or making any omission in, any document affecting or relating to that person's property or affairs, unless the jury is satisfied that that person had no intent to defraud;
- (k) after or within six months before the presentment of the petition that person has attempted to account for any part of that person's property by fictitious losses or expenses;
- (l) within six months before the presentment of the petition that person, by any false representation or other fraud, has obtained any property on credit, and has not paid for the same;
- (m) within six months before the presentment of the petition that person obtained, under the false pretence of carrying on business and dealing in the ordinary way of that person's business, any property on credit, and has not paid for the same, unless the jury is satisfied that that person had no intent to defraud.
- (n) within six months before the presentment of the petition, that person has pawned, pledged or disposed of otherwise than in the ordinary way of that person's business any property which that person had obtained on credit and had not paid for, unless the jury is satisfied that that person had no intent to defraud;
- (o) that person has committed any false representation or other fraud for the purpose of obtaining the consent of that person's creditors, or any of them, to any agreement with reference to that person's affairs, or that person's bankruptcy or liquidation;
- (p) after or within six months before the presentment of the petition, that person has quitted the Islands and taken with themself, or attempted or made preparation for quitting the Islands and for taking with that person any part of that person's property to the amount of forty dollars or upwards, which would, by law, be divisible amongst that person's creditors under the bankruptcy, unless the jury is satisfied that that person had no intent to defraud;



- (q) in incurring any debt or liability, that person has obtained credit under false pretences, or by means of any other fraud;
- (r) that person has, with intent to defraud that person's creditors, or any of them, made or caused to be made any gift, delivery or transfer of, or any charge on, that person's property; or
- (s) that person has, with intent to defraud that person's creditors, concealed or removed any part of that person's property since, or within two months before, the date of any unsatisfied judgment or order for payment of money obtained against that person.

Undischarged bankrupt obtaining credit to extent of forty dollars without informing creditor of that undischarged bankrupt's bankruptcy has committed an offence

173. An undischarged bankrupt who has been adjudged bankrupt under this Act who obtains credit to the extent of forty dollars or more from any person without informing such person that the undischarged bankrupt is an undischarged bankrupt has committed an offence and is liable on summary conviction to imprisonment for two years.

Notes (not forming part of this Act) —

1. In Notice dated the 22nd April, 1980 and signed by the Clerk of the Executive Council published in Gazette No. 9 of 5th May, 1980, it was stated that under section 12 of the Law the person for the time being holding the office of Clerk of the Courts had been appointed by the Governor in Council to be a Trustee in Bankruptcy.

2. In accordance with the Government Savings Bank (Winding Up) Law, 1982 [Law 8 of 1982], the Government Savings Bank was wound up on 6th December, 1994 (per notice published on pg. 18 of Gazette No. 3 of 1995) and the trustee functions are now prescribed in accordance with Part 8 of the Public Management and Finance Act (2026 Revision).

Publication in revised form authorised by the Cabinet this 28th day of January, 2026.

Kim Bullings
Clerk of the Cabinet



ENDNOTES

Table of Legislation history:

SL #	Act/Law #	Legislation	Commencement	Gazette
	56/2020	Citation of Acts of Parliament Act, 2020	3-Dec-2020	LG89/2020/s1
	35/2020	Civil Partnership Act, 2020	4-Sep-2020	LG64/2020/s1
		Bankruptcy Law (1997 Revision)	15-Sep-1997	G19/1997s3
	Cap. 7	Bankruptcy Law	1-Jan-1964	Revised Laws of the CI (Vol I – p. 67)



(Price: \$13.60)

