

PRACTICE DIRECTION No. 1/2003**(GCR O.1, r.12)****OFFICIAL LIQUIDATORS
SECURITY FOR THE DUE PERFORMANCE OF THEIR DUTIES**

1. Section 106 of the Companies Law (2003 Revision) provides that upon appointing a person to the office of liquidator, the Court may also determine whether and what security is to be given by him.
2. Hitherto, it has been the practice of the Court to take judicial notice of the fact that the firms of which liquidators are partners or employees maintain appropriate professional indemnity insurance applicable to the performance of their duties. For this reason, it has not been the practice of the Court to require liquidators to give security on a case by case basis.
3. With effect from the date of this practice direction, every firm whose partners or employees are or seek to be appointed as liquidators shall file with the Clerk of the Court written confirmation that they are covered by professional indemnity insurance (up to a limit of at least US\$10 million each and every claim) applicable to performance of their duties as liquidators.
4. Such confirmation shall be filed with the Court within 28 days of the date of this practice direction and thereafter annually in January each year.
5. Nothing in this practice direction shall prevent the Court in an appropriate case from making an order that an liquidator shall -
 - (a) produce evidence that he is covered by professional indemnity insurance up to a limit in excess of US\$10 million; or
 - (b) procure the issue of a security bond to cover acts of fraud or dishonesty committed by the liquidator or any of his staff.
6. In this practice direction references to "liquidator" shall include both official liquidators and provisional liquidators.

Dated this 4th day of August, 2003.

The Hon. Anthony Smellie, QC, Chief Justice