

## GUIDANCE NOTE ON LIQUIDATION COMMITTEES

### Background and purpose

- The Joint Official Liquidators (“**JOLs**”) are seeking to form a Liquidation Committee (“**Committee**”) for the Company and each of its segregated portfolios, Premier Assurance Segregated Portfolio and Global Assurance Segregated Portfolio, in accordance with O.8, r.2 (2) of the Companies Winding Up Rules, 2018 (“**CWR**”) and paragraph 8 of the Winding Up Order dated 19 April 2021.
- The purpose of a Committee is to represent the interests of a company’s creditors as a whole, not just the interests of its individual stakeholders. The principal functions of a Committee are:
  - Acting as a representative voice for the interests of creditors of a particular company;
  - Acting as a confidential sounding board on the liquidation strategy;
  - Approving the remuneration of the JOLs;
  - Upon signing an NDA and subject to any conflicts of interest, the members of a Committee will be privy to sensitive information with respect to the liquidations;
  - Committees will be asked to consider and approve/raise objections to actions proposed by the JOLs (subject to any conflict of interest); and
  - Committees receive regular reports on the progress of the liquidation.
- A Committee is not formally established until the JOLs have filed a certificate of due constitution with the Grand Court of the Cayman Islands (the “**Court**”). If the minimum requirement of three members is not met, then no Committee will be established for that particular company. The Committee will represent the interests of creditors of the relevant company as a whole, and the JOLs will meet regularly with the Committee as required by the activities within the liquidation.
- Members of the Committees will be asked to sign confidentiality undertakings as much of the information provided to them will be commercially sensitive and/or legally privileged and will not be made available to all creditors (see below for further detail).

### Membership of a Committee

- It is the creditor itself who shall be a member of the Committee, not the individual who represents them. Thus, a company which is a creditor may be a member of the Committee but can only act through its duly authorised representative (such authority being provided by the relevant member in writing to the JOLs upon acceptance as a member of the Committee or at least two days in advance of a Committee meeting). Additionally, a creditor may nominate a proxy to attend Committee meetings on their behalf.
- No person may act as representative of more than one Committee member, or both as a member and as a representative of another member.

### Confidentiality Agreement

- All members of a Committee will be required to sign a confidentiality agreement. Any member unwilling to sign such an agreement will be prohibited from taking up membership of the relevant Committee and the JOLs may at their discretion decide whether or not to replace that member with a substitute member.

### Confidentiality of Documents

- Where the JOLs consider that any document forming part of the records of the official liquidation (a) should be treated as confidential or (b) is of a nature such that its disclosure would be adverse to the interests of the stakeholders of the Company and/or the Company, the JOLs may decline to allow it to

be inspected by a person (including a member of the Committee) who would otherwise be entitled to inspect it. Decisions of the JOLs in this regard shall be final.

### **Proceedings of the Committee(s)**

The proceedings of the Committee(s) shall be conducted as follows:

- One or more of the JOLs shall attend every meeting of the Committee(s), either in person or by a duly authorised representative who must be a partner or employee of the JOLs' firm having experience in insolvency matters.
- The quorum for a meeting of the Committees(s) shall be one of the JOLs (or their representative) and at least two members.
- The chairman of the meetings shall be the JOL (or one of the JOLs) present at the meeting (or their representative) unless the members resolve that one of their number should act as chairman.
- The chairman at any meeting may call upon a person claiming to act as a Committee-member's representative to produce his letter of authority and may exclude such person from attending the meeting if it appears that the purported authority is defective.
- The JOLs shall prepare an agenda for each meeting including –
  - a) all the matters which the JOLs intend to put before the meeting;
  - b) any matter which a Committee member intends to put before the meeting; and
  - c) any resolutions which the JOLs or any Committee member intends to put to a vote.
- The JOLs shall be responsible for taking the minutes of the meeting, a draft of which shall be prepared and circulated to all the members within 14 days after the meeting.
- Each Committee member shall have one vote and a resolution is passed when a majority of members present or represented (either in person or by telephone) have voted in favour of it.
- Whenever the JOLs consider that it would be impractical or unnecessary to convene a meeting of the Committee(s) for the purpose of considering any resolution, they may send a copy of the proposed resolution to each member, inviting them to deal with it as a written resolution, and the resolution shall be treated as passed if every member of the Committee signs it within 14 days.

### **Relationship between the Committee and the JOLs**

- Although the JOLs will have regard to the views of the Committee wherever possible, they reserve the right to refer matters of contention to a general meeting of creditors or to the Court. Other than in respect of the fees and disbursements of the JOLs incurred in connection with the official liquidation, the JOLs are not under any duty to seek the opinion or sanction of the Committee(s) on any matter unless the JOLs themselves determine that this is necessary or beneficial to the conduct of the official liquidation. The Committee(s) will be provided with information and documentation relating to the affairs of the Company (aside from matters pertaining specifically to the JOLs' fees and disbursements) on a "need to know" basis by the JOLs and the JOLs will not be obliged to provide any information to the Committee unless the JOLs determine that this is necessary or beneficial to the conduct of the official liquidation.

### **Conflicts of Interest**

- All Committee members must avoid conflicts of interest between their duties as members of the Committee and their personal interests at all times. Committee members may be requested to confirm what conflicts of interest, if any, they have when matters are raised for discussion at Committee meetings.
- Committee members shall notify the JOLs immediately of any conflict of interest they have which may impair or give the appearance that it may impair their independence and objectivity when dealing with matters to be considered by the Committee.

- Circumstances may occasionally arise where it is inappropriate for a member of the Committee, or their duly appointed representative, to attend discussions on the subject matter of a particular Committee meeting. In such circumstances, the member, or their representative, should request to be excused from such discussions or may be asked by the JOLs at their discretion to remain absent from a meeting, or part of a meeting, at which the matter is discussed.

### **JOLs' Duty to Report**

The JOLs' duties in respect to the Committee are set out below:

- It is the duty of the JOLs to report to the members of a Committee on all such matters as appear to them to be, or such matters as Committee members have indicated to them as being of concern to them with respect to the official liquidation of the Company.
- The JOLs need not comply with a request for information where it appears to them that –
  - d) the request is frivolous or unreasonable;
  - e) the cost of complying would be excessive, having regard to the relative importance of the information; or
  - f) there are not sufficient assets to enable them to comply.
- The JOLs shall communicate information to members of the Committee in whatever way may be agreed between them, including –
  - a) orally by telephone;
  - b) in writing, transmitted by facsimile or e-mail; or
  - c) by accessing a website.
- The JOLs shall convene meetings of the Committee –
  - a) on such dates or at such intervals as may be resolved by the Committee; or
  - b) if so requested in writing by any two members of the Committee; and
  - c) in any event, not less than once every six months.
- A "meeting" of a Committee may take the form of –
  - a) a physical meeting at the JOLs' office or such other place as may be resolved upon by the Committee, in which case the JOLs must give at least 10 business days' notice of the meeting and any member who cannot attend in person must be allowed to participate by telephone; or
  - b) a telephone conference call, in which case the JOLs must give at least 5 business days' notice of the meeting.
- The Committees may, by unanimous consent, agree to hold a meeting on short notice.

### **Travel and Other Expenses of Committee Members**

- Committee members shall be reimbursed for travelling expenses and/or telephone charges reasonably and properly incurred by Committee members or their representatives in attending meetings of the Committee to the extent that there are sufficient assets of the Company available (which presently there is not).
- No other expenses incurred by any Committee member in connection with the official liquidation shall be reimbursed unless such expense was incurred –
  - a) pursuant to a resolution of the Committee; and
  - b) with the prior approval of the JOLs.
- For the avoidance of doubt, the JOLs shall incur no personal liability to any Committee member or their representatives as the case may be in relation to any of the costs referred to above and the Committee members' expenses shall only be recoverable from the assets available to the Company.

## **Resignation and Removal of Committee Members**

A Committee member may resign or be removed from a Committee in the following circumstances and such resignation or removal will be dealt with as follows:

- A Committee member may resign by notice in writing delivered to the JOLs.
- A creditor's membership of the Committee is automatically terminated if he ceases to be a creditor by reason of the fact that –
  - a) he assigns his claim; or
  - a) his claim has been paid in full.
- A Committee member's membership of the Committee shall be automatically terminated in the event that the member (or its representative) fails to attend three successive Committee meetings either in person or by telephone.
- A Committee member may only be removed by the JOLs in their full and complete discretion. It shall not be necessary for the JOLs to give any reasons for removing a Committee member.
- The determination as to whether to appoint a replacement member and the identity of any replacement member following the resignation, automatic termination or removal of a Committee member shall be at the full and complete discretion of the JOLs.