

Reserve Directors and Succession Planning for BVI Personal Investment Companies

The British Virgin Islands ("BVI") is a popular jurisdiction for personal investment companies, many of which are owned by an individual who serves as both the sole shareholder and the sole director. This structure has clear benefits for the ongoing costs and usability of the company, but if that individual passes away, it can create administrative challenges and hold-ups for the shareholder's executors or personal representatives.

Holding Shares in Trust: A Possible Solution

When the sole shareholder and director of a BVI company passes away, the company is left with no director to run its affairs or make investment decisions. There is also no director to approve and facilitate the transfer of shares to the beneficiaries when the shareholder's estate is wound up, at least until the probate exercise has been completed (and that process can take many months).

One solution is for shares to be held in trust, taking them outside the owner's estate (and Maples Group advises on all aspects of BVI trusts), which can save the need for a BVI probate exercise. However, while advisable for some, that may not always be the most economical or appropriate route for those seeking a simple and cost-effective holding structure for their investments.

Fortunately, the BVI's companies legislation, the BVI Business Companies Act (As Revised), provides a sole shareholder / director with the ability, during their lifetime, to nominate a reserve director. The appointment of the reserve director as a director takes effect automatically upon the occurrence of the death of the sole shareholder / director.

Reserve Directors Under BVI Law

A reserve director must consent to act before they can be nominated, and they must be recorded on the register of directors as a reserve director, ensuring there is a clear record of their nomination. The sole director / shareholder is entirely free at any time to revoke the nomination and nominate a different reserve director.

The company's registered agent in the BVI will need to conduct the usual client due diligence / know your client exercise on the reserve director at the time of their nomination.

Keeping the Reserve Director Under Review

The sole director / shareholder should regularly keep their nominated reserve director under review, to ensure they remain ready, willing and able to act at the relevant time. A reserve director would not be able to act if they lose capacity, for example, or they may no longer feel able to commit the necessary time and diligence to the role: perhaps more likely if a long time has elapsed since they consented to their nomination.

Additional Safeguards to Consider

Additional precautions are advisable, to ensure there is no break in the running of the company and to ease the transfer of shares. For example, a company's articles of association may be amended to provide that the legal personal representatives of a sole shareholder / director are entitled to appoint a director if there is no reserve director who is willing and able to act at the time.

Advice should also be taken on whether the shareholder should make a BVI will in relation to the shares (with which Maples Group can assist).

Practical Steps for BVI Company Owners

Owners of BVI personal investment companies should consider taking these simple steps now to help overcome hurdles in the administration of their estate, ensure continuity in the running of the company, and avoid the need to go to court to effect the appointment of new directors even after probate has been completed.

For assistance or if you have any queries in relation to reserve directors, succession planning, wills, trusts or probate, please get in touch with your usual Maples Group contact.

British Virgin Islands

Chris Newton
+1 284 852 3043
chris.newton@maples.com

Matthew Freeman
+1 284 852 3011
matthew.freeman@maples.com

Ruairi Bourke
+1 284 852 3038
ruairi.bourke@maples.com

Cayman Islands

Chris Capewell
+1 345 814 5666
chris.capewell@maples.com

Nicholas Holland
+1 345 814 5428
nicholas.holland@maples.com

Myles Chingara
+1 345 814 5124
myles.chingara@maples.com

Hong Kong

Matt Roberts
+852 6013 7108
matt.roberts@maples.com

London

Matthew Gilbert
+44 20 7466 1608
matthew.gilbert@maples.com

Singapore

Michael Gagie
+65 9723 9872
michael.gagie@maples.com

May 2026
© MAPLES GROUP

This update is intended to provide only general information for the clients and professional contacts of Maples Group. It does not purport to be comprehensive or to render legal advice.