

## Cabinet News and Views

Informed analysis for the financial services industry



### Sequana: What You Need to Know

The UK's Supreme Court has delivered its long-awaited decision in *BTI 2014 LLC v. Sequana S.A.* [2022] UKSC 25. It is a significant decision for the law of directors' duties. For the first time, the UK's highest appellate court has considered the circumstances in which directors can be liable for failing to take into account the interests of creditors, thereby upholding the Court of Appeal's 2019 decision. In doing so, the Supreme Court affirmed a line of common-law cases that have developed the law in this area and have held that directors are required to prioritize creditors' interests in an insolvent liquidation over those of shareholders, and to begin taking creditors' interests into account where insolvency "looms." The Court's unanimous decision is also noteworthy because it confirms the UK has definitively departed from the position in other common-law jurisdictions – including Delaware and Canada – that have declined to impose an equivalent duty.

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