

**2001 No. 762**

**INSOLVENCY, ENGLAND AND WALES**

**INDIVIDUALS**

**The Insolvency (Amendment) Regulations 2001**

<i>Made - - - -</i>	<i>1st March 2001</i>
<i>Laid before Parliament</i>	<i>7th March 2001</i>
<i>Coming into force</i>	<i>2nd April 2001</i>

The Secretary of State, in exercise of the powers conferred on him by Rule 12.1 of the Insolvency Rules 1986(a) and section 412 of, and paragraph 30 of Schedule 9 to, the Insolvency Act 1986(b) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

**Citation and commencement**

**1.** These Regulations may be cited as the Insolvency (Amendment) Regulations 2001 and shall come into force on 2nd April 2001.

**Interpretation**

**2.** In these Regulations, references to “the principal Regulations” are to the Insolvency Regulations 1994(c).

**Amendment of the principal Regulations**

**3.** The principal Regulations shall have effect subject to the amendments set out in the Schedule to these Regulations.

*Kim Howells,*  
Parliamentary Under-Secretary of State for  
Consumers and Corporate Affairs,  
Department of Trade and Industry

1st March 2001

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(a) S.I. 1986/1925, amended by S.I. 1987/1919, 1989/397, 1991/495, 1993/602, 1995/586, 1999/359 and 1999/1022. The only relevant amending instrument is S.I. 1987/1919.

(b) 1986 c. 45.

(c) S.I. 1994/2507 amended by S.I. 2000/485.

The following shall be inserted after regulation 23 in Part 3 of the principal Regulations:

**“INVESTMENT OR OTHERWISE HANDLING OF FUNDS IN BANKRUPTCY AND PAYMENT OF INTEREST**

**23A.**—(1) When the cash balance standing to the credit of the bankrupt in the account in respect of that bankrupt kept by the Secretary of State is in excess of the amount which, in the opinion of the trustee, is required for the immediate purposes of the bankruptcy and should be invested, he may request the Secretary of State to invest the amount not so required in Government securities, to be placed to the credit of that account for the benefit of the bankrupt.

(2) When any of the money so invested is, in the opinion of the trustee, required for the immediate purposes of the bankruptcy, he may request the Secretary of State to raise such sum as may be required by the sale of such of those securities as may be necessary.

(3) In cases where investments have been made at the request of the trustee in pursuance of paragraph (1) above and additional sums to the amounts so invested, including money received under paragraph (7) below, are paid into the Insolvency Services Account to the credit of the bankrupt, a request shall be made to the Secretary of State by the trustee if it is desired that these additional funds should be invested.

(4) Any request relating to the investment in, or sale of, as the case may be, Treasury Bills under paragraphs (1), (2) or (3) above shall be made on a form obtainable from the Department or on one that is substantially similar and any request relating to the purchase or sale, as the case may be, of any other type of Government security made under the provisions of those paragraphs shall be made in writing.

(5) Any request made under paragraphs (1), (2) or (3) above shall be sufficient authority to the Secretary of State for the investment or sale as the case may be.

(6) Whenever the amount standing to the credit of a bankrupt in the Insolvency Services Account on or after 2nd April 2001 exceeds £2,000, the bankrupt shall be entitled to interest on the excess at the rate of 3½ per cent. per annum provided that:

- (a) where, in the opinion of the trustee, it is necessary or expedient in order to facilitate the conclusion of the bankruptcy that interest should cease to accrue, he may give notice in writing to the Secretary of State to that effect and interest shall cease to accrue from the date of receipt of that notice by the Secretary of State, and
- (b) at any time after receipt by the Secretary of State of a notice under sub-paragraph (a) above, provided that the balance standing to the credit of the bankrupt exceeds £2,000, the trustee may give notice in writing to the Secretary of State requesting that interest should accrue on the excess and interest shall start to accrue on the excess at the rate of 3½ per cent. per annum from the date of receipt of the notice by the Secretary of State.

(7) All money received in respect of investments and interest earned under this regulation shall be paid into the Insolvency Services Account to the credit of the bankrupt.”

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations further amend the Insolvency Regulations 1994 (S.I. 1994/2507) which make provision for the regulation of administrative matters arising in connection with the winding up of companies and the bankruptcy of individuals in England and Wales.

These Regulations provide for the investment of funds standing to the credit of bankrupts in the Insolvency Services Account and for the crediting of interest on balances in excess of £2,000 standing to the credit of bankrupts in that Account.

A Regulatory Impact Assessment is available, copies of which have been placed in the libraries of both Houses of Parliament. Copies are also available from The Insolvency Service of the Department of Trade and Industry, PO Box 203, Room 5.1, 21 Bloomsbury Street, London WC1B 3QW.

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