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STATUTORY INSTRUMENTS

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**2008 No. 737**

**INSOLVENCY, ENGLAND AND WALES**  
**COMPANIES**

**The Insolvency (Amendment) Rules 2008**

<i>Made</i>	- - - -	<i>13th March 2008</i>
<i>Laid before Parliament</i>		<i>14th March 2008</i>
<i>Coming into force</i>	- -	<i>6th April 2008</i>

The Lord Chancellor has consulted the Committee existing for the purposes of section 413 of the Insolvency Act 1986<sup>(1)</sup>.

The Lord Chancellor, in the exercise of powers under section 411 of the Insolvency Act 1986, with the concurrence of the Secretary of State, and of the Chancellor of the High Court (by the authority of the Lord Chief Justice under section 411(7) of that Act) in relation to those rules that affect court procedure, makes the following Rules:

**Citation, commencement and interpretation**

**1.**—(1) These Rules may be cited as the Insolvency (Amendment) Rules 2008 and shall come into force on 6th April 2008 (“the commencement date”).

(2) In these Rules,

“the principal Rules” means the Insolvency Rules 1986<sup>(2)</sup> (any reference to a numbered Rule being a reference to a rule so numbered in the principal Rules unless the context otherwise requires);

“the Act” means the Insolvency Act 1986 (any reference to a numbered section being a reference to a section of that Act).

**Transitional provisions**

**2.** The amendments to the principal Rules made by Rules 3, 4, 5, 6 and 7 of these Rules shall apply—

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(1) 1986 c.45. Section 1283 of the companies Act 2006 (c.46) insert a new section 176ZA into the Insolvency Act 1986 providing for the payment and priority of general expenses of a winding up subject to exceptions prescribed by rules made under section 411 of the 1986 Act.

(2) S.I. 1986/1925 amended by S.I. 1987/1919, 1989/397, 1991/495, 1993/602, 1995/586, 1999/359, 1999/1022, 2001/763, 2002/1307, 2002/2712, 2003/1730, 2004/584, 2004/1070, 2005/527, 2006/1272 and 2007/1974.

- (a) to a creditors' voluntary winding up—
  - (i) in respect of which the resolution is passed, or
  - (ii) where it commenced as a members' voluntary winding up, for which the conversion to a creditors' voluntary winding up under section 96 takes effect, or
  - (iii) in respect of which a notice is registered under paragraph 83 of Schedule B1 to the Act,on or after the commencement date;
- (b) to a members' voluntary winding up for which the resolution is passed on or after the commencement date; and
- (c) to a winding up of a company by the court where the winding up order is made on or after the commencement date except where the winding-up order is made following a resolution for a voluntary winding up passed by that company before the commencement date.

### **Amendments to the principal Rules**

3. The principal Rules shall be amended as follows.

4. In paragraph (1) of Rule 4.218 (general rule as to priority), for the words "The expenses of the liquidation" at the beginning of that paragraph, to and including the words "by the official receiver" at the end of subparagraph (a)(iii), substitute the following—

"All fees, costs, charges and other expenses incurred in the course of the liquidation are to be regarded as expenses of the liquidation.

(2) The expenses of the liquidation are payable out of—

- (a) assets of the company available for the payment of general creditors, which shall be taken to include proceeds—
  - (i) of any legal action which the liquidator has power to bring in his own name or in the name of the company, or
  - (ii) arising from any award made under any arbitration or other dispute resolution procedure which the liquidator has power to bring in his own name or in the name of the company,

which shall, for the purposes of this subparagraph, also include—

- (iii) any payments made under any compromise or other agreement intended to avoid legal action or recourse to arbitration or to any other dispute resolution procedure, and
- (iv) payments made as a result of a settlement of any such action, arrangement or procedure in lieu of or prior to any judgment being given or award being made;

(b) subject as provided in Rules 4.218A to 4.218E, property comprised in or subject to a floating charge created by the company.

(3) Subject as provided in Rules 4.218A to 4.218E, the expenses are payable in the following order of priority—

- (a) expenses which—
  - (i) are properly chargeable or incurred by the provisional liquidator in carrying out the functions conferred on him by the court;
  - (ii) are properly chargeable or incurred by the official receiver or the liquidator in preserving, realising or getting in any of the assets of the company or otherwise in the preparation or conduct of any legal proceedings, arbitration

or other dispute resolution procedures, which he has power to bring in his own name or bring or defend in the name of the company or in the preparation or conduct of any negotiations intended to lead or leading to a settlement or compromise of any legal action or dispute to which the proceedings or procedures relate;

- (iii) relate to the employment of a shorthand writer, if appointed by an order of the court made at the instance of the official receiver in connection with an examination; or
- (iv) are incurred in holding an examination under Rule 4.214 (examinee unfit) where the application for it was made by the official receiver;”

5. After Rule 4.218 insert—

**“Litigation expenses and property subject to a floating charge — general provisions**

**4.218A.—**(1) In this Rule and Rules 4.218B to 4.218E—

- (a) “approval” and “authorisation” respectively mean:
  - (i) where yet to be incurred, the approval, and
  - (ii) where already incurred, the authorisation,of expenses specified in section 176ZA(3);
- (b) “the creditor” means—
  - (i) a preferential creditor of the company, or
  - (ii) a holder of a debenture secured by, or a holder of, a floating charge created by the company;
- (c) “legal proceedings” means—
  - (i) proceedings under sections 212, 213, 214, 238, 239, 244 and 423 and any arbitration or other dispute resolution proceedings invoked for purposes corresponding to those to which the sections relate and any other proceedings, including arbitration or other dispute resolution procedures, which a liquidator has power to bring in his own name for the purpose of preserving, realising, or getting in any of the assets of the company;
  - (ii) legal actions and proceedings, arbitration or any other dispute resolution procedures which a liquidator has power to bring or defend in the name of the company, and
  - (iii) negotiations intended to lead or leading to a settlement or compromise of any action, proceeding or procedure to which subparagraphs (i) or (ii) relate;
- (d) “litigation expenses” means expenses of a liquidation which—
  - (i) are properly chargeable or incurred in the preparation or conduct of any legal proceedings, and
  - (ii) as expenses in the liquidation, exceed, or in the opinion of the liquidator are likely to exceed (and only in so far as they exceed or are likely to exceed), in the aggregate £5000.

(2) Litigation expenses shall not have the priority provided by section 176ZA over any claims to property comprised in or subject to a floating charge created by the company and shall not be paid out of any such property unless and until approved or authorised in accordance with Rules 4.218B to 4.218E.

### **Litigation expenses and property subject to a floating charge – requirement for approval or authorisation**

**4.218B.**—(1) Subject to Rules 4.218C to 4.218E, paragraphs (2) and (3) or (4) apply where, in the course of winding up a company, the liquidator—

- (a) ascertains that property is comprised in or subject to a floating charge;
- (b) has himself instituted or proposes to institute or continue legal proceedings or is in the process of defending or proposes to defend any legal proceeding brought or likely to be brought against the company; and
- (c) prior to or at any stage in those proceedings, is of the opinion that—
  - (i) the assets of the company available for payment of general creditors are or will be insufficient to pay litigation expenses; and
  - (ii) in order to pay litigation expenses he will have to have recourse to property comprised in or subject to a floating charge created by the company.

(2) As soon as reasonably practicable after the date on which he forms the opinion referred to in paragraph (1), the liquidator shall identify the creditor who, in his opinion at that time—

- (a) has a claim to property comprised in or subject to a floating charge created by the company, and,
- (b) taking into account the value of that claim and any subsisting property then comprised in or secured by such a charge, appears to the liquidator to be the creditor most immediately likely of any persons having such claims to receive some payment in respect of his claim but whose claim would not be paid in full (“the specified creditor”).

(3) The liquidator shall request from the specified creditor the approval or authorisation of such amount for litigation expenses as the liquidator thinks fit.

(4) Where, in the liquidator’s opinion, two or more creditors who are holders of debentures secured by, or holders of, floating charges created by the company, meet the condition in paragraph (2), the liquidator is to seek from each of them (“the specified creditors”) approval or authorisation of such amount of litigation expenses as the liquidator thinks fit, apportioned between them (“the apportioned amount”) according to the value of the property to the extent covered by their charges.

(5) For so long as the conditions specified in paragraph (1) subsist, the liquidator may, in the course of a winding up, make such further requests to the specified creditor or creditors for approval or authorisation of such further amount for litigation expenses as he thinks fit to be paid out of property comprised in or subject to a floating charge created by the company, taking into account any amount for litigation expenses previously approved or authorised and the value of the property comprised in or subject to the floating charge.

### **Litigation expenses and property subject to a floating charge – request for approval or authorisation**

**4.218C.**—(1) All requests made by the liquidator for approval or authorisation shall be in writing whether in Form 4.74 or otherwise, and shall include the following—

- (a) a statement describing the nature of the legal proceedings, including, where relevant, the statutory provision under which proceedings are or are to be brought and the grounds upon which the liquidator relies;
- (b) where the power to bring those proceedings is subject to sanction, a statement that the liquidator has sought and been given the relevant permissions or

- an undertaking that the liquidator will seek the relevant permissions upon authorisation or approval being granted;
- (c) a statement specifying the amount or apportioned amount of litigation expenses for which approval or authorisation is sought (“the specified amount”);
  - (d) notice that approval or authorisation or other reply to the request must be made in writing (whether by way of Form 4.74 or otherwise) within 28 days from the date of its being received (“the specified time limit”); and
  - (e) a statement explaining the consequences of a failure to reply within the specified time limit.
- (2) Where anything in paragraph (1) requires the inclusion of any information, the disclosure of which could be seriously prejudicial to the winding up of the company, the liquidator may—
- (a) exclude such information from any of the above, provided that it is accompanied by a statement to that effect; or
  - (b) include it on terms—
    - (i) that bind the creditor to keep the information confidential, and
    - (ii) that include an undertaking on the part of the liquidator to apply to the court for an order that so much of the information as may be kept in the files of the court, not be open to public inspection.
- (3) The creditor may within the specified time limit apply to the liquidator in writing for such further particulars as is reasonable and in such a case, the time limit specified in paragraph (1)(d) shall apply from the date of the creditor’s receipt of the liquidator’s response to any such request.
- (4) Where the liquidator requires the approval or authorisation of two or more creditors, he shall send a request to each creditor in writing (whether by way of Form 4.74 or otherwise), containing the matters listed in paragraph (1) and also giving—
- (a) the number of creditors concerned,
  - (b) the total value of their claims, or if not known, as it is estimated to be by the liquidator immediately prior to sending any such request, and
  - (c) to each preferential creditor, notice that approval or authorisation of the specified amount shall be taken to be given where a majority in value of those preferential creditors who respond within the specified time limit are in favour of it, or
  - (d) where Rule 4.218B(4) applies, notice to the specified creditors that the amount of litigation expenses will be apportioned between them in accordance with that rule and notice of the value of the portion allocated to, and the identity of, the specified creditors affected by that apportionment.

**Litigation expenses and property subject to a floating charge – grant of approval or authorisation**

**4.218D.**—(1) Where the liquidator fails to include in his request any one of the matters, statements or notices required to be specified by paragraph (1) or paragraphs (1) and (4), of Rule 4.218C, as the case may be, the request for approval or authorisation shall be treated as not having been made.

(2) Subject to paragraphs (3), (4) and (5), approval or authorisation shall be taken to have been given where the specified amount has been requested by the liquidator, and—

- (a) that amount is approved or authorised within the specified time limit; or

(b) a different amount is approved or authorised within the specified time limit and the liquidator considers it sufficient.

(3) Where the liquidator requires the approval or authorisation of two or more preferential creditors, approval or authorisation shall be taken to be given where a majority in value of those who respond within the specified time limit approve or authorise—

(a) the specified amount, or

(b) a different amount which the liquidator considers sufficient.

(4) Where a majority in value of two or more preferential creditors propose an amount other than that specified by the liquidator, they shall be taken to have approved or authorised an amount equal to the lowest of the amounts so proposed.

(5) In any case in which there is no response in writing within the specified time limit to the liquidator's request—

(a) at all, or

(b) at any time following the liquidator's provision of further particulars under Rule 4.218C(3),

the liquidator's request shall be taken to have been approved or authorised from the date of the expiry of that time limit.

#### **Litigation expenses and property subject to a floating charge - application to court by the liquidator**

**4.218E.**—(1) In the circumstances specified below the court may, upon the application of the liquidator, approve or authorise such amount of litigation expenses as it thinks fit.

(2) Save as provided by paragraph (3), application to the court by a liquidator for an order approving or authorising an amount for litigation expenses may only be made where—

(a) the specified creditor (or, if more than one, any one of them) is or is intended to be a defendant in the legal proceedings in respect of which the litigation expenses have been or are to be incurred; or

(b) the specified creditor has been requested to approve or authorise the amount specified under Rule 4.218C(1)(c) and has, in any case—

(i) declined to approve or authorise, as the case may be, the specified amount; or

(ii) has approved or authorised an amount which is less than the specified amount and which lesser amount the liquidator considers insufficient, or

(iii) made such application for further particulars or other response to the liquidator's request as is, in the liquidator's opinion, unreasonable.

(3) Where the liquidator is of the view that circumstances are such that he requires urgent approval or authorisation of litigation expenses, he may apply to the court for approval or authorisation either—

(a) without seeking approval or authorisation from the specified creditor; or

(b) if sought, prior to the expiry of the specified time limit.

(4) The court may grant such application for approval or authorisation—

(a) provided that the liquidator satisfies it of the urgency of the case, and

(b) subject to such terms and conditions as it thinks fit.

(5) The liquidator shall, at the same time as making any application to the court under this rule, send copies of it to the specified creditor or creditors, unless the court orders otherwise.

(6) The specified creditor (including any one or all of them where there are two or more such creditors) is entitled to be heard on any such application unless the court orders otherwise.

(7) The court may grant approval or authorisation subject to such terms and conditions as it may think fit, including terms and conditions relating to the amount or nature of the litigation expenses and as to any obligation to make further applications to the court under this Rule.

(8) The costs of the liquidator's application under this Rule, including the costs of any specified creditor appearing or represented on it, shall be an expense of the liquidation unless the court orders otherwise."

#### **Amendment to Schedule 4 to the principal Rules**

6. In Schedule 4—

- (a) in Part 4 of the index to forms, immediately after the entry for Form 4.73, there shall be inserted "4.74 Property subject to floating charge: notice of request to specified creditor for approval or authorisation of litigation expenses"; and
- (b) after Form 4.73, there is inserted Form 4.74 as set out in the Schedule to these Rules.

#### **Consequential amendments**

7.—(1) In Rules 4.27(3), 4.28(2)(b), 4.30(3)(b), 4.37(2), 4.41(2), 4.61(4), 4.97(3), 4.119(5), 4.120(5), 4.130(4), 4.131(5), 4.143(4), 4.148A(8), 4.169, 4.170(7), 4.186(3)(a), 4.207(5)(b) and (6), 4.214(3) and 4.217(1), for "out of the assets" substitute "as an expense of the liquidation".

(2) In Rule 4.21A, for "a first charge on the company's assets" substitute "payable in priority to any expenses of the liquidation".

(3) In Rule 4.36(7), for "unless the court otherwise orders, no allowance towards them shall be made out of the assets" substitute "unless and to the extent that the court otherwise orders, shall not be an expense of the liquidation".

(4) In Rule 4.37—

- (a) in paragraph (1), for "at the expense of the assets" substitute "as an expense of the liquidation"; and
- (b) in paragraph (6), for "out of the assets" substitute "made as an expense of the liquidation".

(5) In Rule 4.41(1), for "at the expense of the assets" substitute "as an expense of the liquidation".

(6) In Rule 4.52(1)(e), omit "out of the assets,".

(7) In Rule 4.61(3), omit "out of the assets,".

(8) In Rule 4.62(1), omit "out of the company's assets".

(9) In Rule 4.78(2) and Rule 4.106(3), omit "out of the assets,".

(10) In Rule 4.150(1), for "out of the assets be allowed" substitute "be allowed as an expense of the liquidation".

(11) In Rule 4.170(2)(a), for "out of the company's assets" substitute "as an expense of the liquidation".

(12) In Rule 7.34(1), for "are payable out of the insolvent estate," substitute—"are payable—

- (a) in relation to a company insolvency, as an expense of the liquidation, or

(b) in relation to an individual insolvency, out of the bankrupt's estate or (as the case may be) the debtor's property”.

(13) In Rule 9.6(3), for “be paid out of the insolvent estate” substitute—  
“be paid—

(a) in relation to a company insolvency, as an expense of the liquidation,

(b) in relation to an individual insolvency, out of the bankrupt's estate or (as the case may be) the debtor's property”.

(14) In Rule 4.219, for the reference to “4.218(1)(a)”, substitute a reference to “4.218(3)(a)”.

11th March 2008

*Jack Straw*  
Lord Chancellor

I concur, by the authority of the Lord Chief Justice

12th March 2008

*Andrew Morritt*  
Chancellor of the High Court

I concur, on behalf of the Secretary of State

13th March 2008

*Pat McFadden*  
Minister of State for Employment Relations and  
Postal Affairs  
Department for Business, Enterprise and  
Regulatory Reform



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SCHEDULE

Rule 6

Form 4.74

**Rule 4.218C ,  
4.218D**

**Form 4.74**

See Note (1)

**Request by Liquidator for Approval or Authorisation of  
Litigation Expenses by Creditor**

(TITLE)

(a) Insert name and address of liquidator I (a) \_\_\_\_\_

(b) Insert name of company the liquidator of (b) \_\_\_\_\_

(c) Insert amount of money for which approval/ authorisation is requested (\*?/delete as appropriate). Give details at (d) of earlier requests in respect of litigation expenses request your \*approval / authorisation for the [?further] expenditure of (c) £ \_\_\_\_\_ in respect of litigation expenses \*yet to be incurred/ incurred in legal proceedings.

(d) Details of earlier requests(d) \_\_\_\_\_

(e) Insert description of legal proceedings, including statutory provision under which proceedings are to be or have been brought, if relevant, and the grounds upon which relied The legal proceedings which I wish to take or have taken are (e) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

These proceedings;

\* Tick as applicable  \* are subject to sanction  \* are not subject to sanction

Note to liquidator: you do not have to complete this part if these proceedings are not subject to sanction.

\* I undertake to seek the relevant permissions upon authorisation or approval being granted.

\* Tick as applicable  \* I have sought and been given the relevant permissions

(f) If there is more than one, from whom approval etc. is sought, insert number of specified creditors The number of specified creditors from whom approval or authorisation is sought is(f) \_\_\_\_\_

The total value of claims of specified creditors for the purpose of this request is (g) \_\_\_\_\_

(g) If there is more than one creditor insert the total value of their claims. Identity of other floating charge holders and value of apportioned parts are: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Note to creditor: where there is more than one holder of floating charge, see Note (4) below.

Date \_\_\_\_\_

Signed \_\_\_\_\_  
Liquidator

**You must reply to this request in writing within 28 days of it being received by you either by completing Annex A and returning it to the liquidator or otherwise (see note (2) below).**

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**Notes:**

**(1) Sensitive information:** Where any information, the disclosure of which could be seriously prejudicial to the winding up of the company, is excluded from this request, this form must be accompanied by a statement to that effect. Where such information is included, the statement must give notice to the recipient creditor that he is bound to keep the information confidential and include an undertaking on the part of the liquidator to apply to the court for an order that so much of that information as may be kept in the files of the court, not be open to public inspection.

**(2) Time limit applicable to Creditor Responses:** Approval, authorisation or other reply to this request must be made in writing (whether by way of the Annexed Reply Form or otherwise) **within 28 days** from the date of it being received by you. If there is no response in writing to this request within the specified time limit it shall be taken to have been approved or authorised from the date of the expiry of that time limit.

**(3) Note to Preferential Creditors:** If there is more than one preferential creditor requested to provide authorisation / approval for the above expenditure, approval or authorisation of the specified amount shall be taken to be given where a **majority in value** of those preferential creditors who respond within the specified time limit are in favour of it. Where the majority in value of two or more preferential creditors propose an amount other than that specified by the liquidator ("a different amount"), they shall be taken to have approved or authorised an amount equal to the lowest of the amounts so proposed.

**(4) Note to Creditors who are holders of debentures secured by, or holders of, floating charges created by the company:** If approval or authorisation is required of two or more holders of debentures secured by, or holders of, floating charges created by the company, the amount of litigation expenses sought will be apportioned between the holders according to the value of the property to the extent covered by the charge.

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Annex A – Creditor Reply Form

Rule 4.218C,  
4.218D

Form 4.74

**Reply by Creditor to Liquidator's request for  
Approval or Authorisation of Litigation Expenses**

(TITLE)

(a) Insert name and  
address of creditor I (a)

(b) Insert date of request in response to your request for approval or authorisation of litigation expenses dated (b),

\*Tick ONE BOX ONLY as  
applicable

\*\*For holders of floating  
charge only

\*approve / authorise the [\*\*apportioned] amount of expenses requested by the liquidator

(c) Insert maximum level  
of expenses which you  
authorise / approve

\*do not approve / authorise the [\*\*apportioned] amount of expenses requested by the liquidator

(d) Insert matters on  
which you request further  
information

\*approve/authorise expenses up to a maximum amount of (c) \_\_\_\_\_

\*request further information on (d)

Date

Signed

Creditor

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## EXPLANATORY NOTE

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

These Rules amend the Insolvency Rules 1986 (“the principal Rules”). Rule 4.218 of the principal Rules (general rule as to priority) is amended by replacing paragraph (1)(a), with new paragraphs (1), (2) and (3)(a). Additionally, new Rules 4.218A to 4.218E are inserted after Rule 4.218 of the principal Rules. Rule 2 makes transitional provision and Rule 3 provides for the principal Rules to be amended by the Rules in this Order. Rule 4 of these Rules amends Rule 4.218 of the principal Rules so as to provide expressly for the expenses of a liquidation to be payable also out of the proceeds of any legal proceedings which the liquidator has power to bring in his own name or bring or defend in the name of the company and also for the recovery of expenses and costs relating not only to the conduct but also to the preparation of any such legal proceedings. The provision is extended so to apply also to proceeds arising out of any awards made under arbitration or dispute resolution procedures or of any compromise or settlement of any legal action or dispute reached prior to a judgement or award being made. Correspondingly also included as costs or expenses of liquidation are those properly incurred in the preparation or conduct of arbitration or dispute resolution procedures and negotiations leading to a settlement or compromise of any legal action or dispute. Rule 5 inserts new Rules 4.218A to 4.218E into the principal Rules. These new provisions are derived from the power to make exceptions to the amendment made by section 1282(1) of the Companies Act 2006 (c.46) to the Insolvency Act 1986 (c.45).

Section 1282(1) of the Companies Act 2006 inserted section 176ZA into the Insolvency Act 1986. The new section was inserted following the judgment of the House of Lords in *Buchler and another (as joint liquidators of Leyland Daf Ltd) v Talbot and another (as joint administrative receivers of Leyland Daf Ltd) and Stichting Ofasec and others* [2004] UKHL 9 where the court held, on an interpretation of section 175 of the Insolvency Act 1986, that it could not be relied upon to support the deduction of expenses of a liquidation from property comprised in or subject to a floating charge created by the company. Where the assets of a company available for the payment of general creditors are insufficient to make payments in respect of preferential debts after the expenses of the winding up have been met, section 175 of the Insolvency Act 1986 makes provision for payment of those preferential debts to be made out of property comprised in or subject to a floating charge created by the company and for those debts to have priority over the claims of holders of debentures secured by, or holders of, that floating charge. In the same judgment the court confirmed that liquidation expenses could be paid out of, and had priority as against preferential debts in relation to such assets as were available for the payment of general creditors.

The new section 176ZA (payment of expenses of winding up - England and Wales) provides for expenses of a winding up in England and Wales, so far as the assets of the company available for the payment of general creditors are insufficient to meet them, to have priority over any claims to property comprised in or subject to a floating charge created by the company and to be paid out of such property. This is made expressly subject to any rules restricting the application of the section in such circumstances as may be prescribed, to expenses authorised or approved by the holders of debentures secured by, or holders of, the floating charge or by any preferential creditors entitled to be paid in priority to them or by the court. New Rules 4.218A to 4.218E restrict section 176ZA in its application to litigation expenses, which may not be paid out of property comprised in or subject to a floating charge without the approval or authorisation of the holder of a debenture secured by, or holder, of the floating charge or any preferential creditor or the court, as the case may be. The new Rules set out the scope of the exception and the procedure for obtaining approval or authorisation of litigation expenses for the purpose of deducting them as liquidation expenses from property subject

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to a floating charge. Rule 6 of these Rules amends Schedule 4 to the principal Rules by providing for Form 4.74 to be inserted into it relating to the approval or authorisation of litigation expenses and Rule 7 makes consequential amendments.

A regulatory impact assessment was prepared for the Companies Act 2006. The relevant extracts may be consulted on the website: [www.berr.gov.uk/files/file29937.pdf](http://www.berr.gov.uk/files/file29937.pdf) (at page 44 of the impact assessment).