
STATUTORY INSTRUMENTS

2016 No. 1024

The Insolvency (England and Wales) Rules 2016

PART 6

CREDITORS' VOLUNTARY WINDING UP

CHAPTER 5

Special Manager

[Note: a document required by the Act or these Rules must also contain the standard contents set out in Part 1.]

Application for and appointment of special manager (section 177)

6.37.—(1) An application by the liquidator under section 177 for the appointment of a special manager must be supported by a report setting out the reasons for the application.

(2) The report must include the applicant's estimate of the value of the business or property in relation to which the special manager is to be appointed.

(3) The court's order appointing a special manager must have the title "Order of Appointment of Special Manager" and must contain—

- (a) the name of the court (and hearing centre if applicable) in which the order is made;
 - (b) the name and title of the judge making the order;
 - (c) identification details for the proceedings;
 - (d) the name and address of the applicant;
 - (e) the name and address of the proposed special manager;
 - (f) the order that that the proposed special manager is appointed as special manager of the company from the date of the order (or otherwise as the order provides);
 - (g) details of the special manager's responsibility over the company's business or property;
 - (h) the powers entrusted to the special manager under section 177(4);
 - (i) the time allowed for the special manager to give the required security for the appointment;
 - (j) the duration of the special manager's appointment, being one of the following—
 - (i) for a fixed period stated in the order,
 - (ii) until the occurrence of a specified event, or
 - (iii) until the court makes a further order;
 - (k) the order that the special manager's remuneration will be fixed from time to time by the court; and
 - (l) the date of the order.
- (4) The appointment of the special manager may be renewed by order of the court.

(5) The acts of the special manager are valid notwithstanding any defect in the special manager's appointment or qualifications.

Security

6.38.—(1) The appointment of the special manager does not take effect until the person appointed has given (or, if the court allows, undertaken to give) security to the applicant for the appointment.

(2) A person appointed as special manager may give security either specifically for a particular winding up, or generally for any winding up in relation to which that person may be appointed as special manager.

(3) The amount of the security must be not less than the value of the business or property in relation to which the special manager is appointed, as estimated in the applicant's report which accompanied the application for appointment.

(4) When the special manager has given security to the applicant, the applicant must file with the court a certificate as to the adequacy of the security.

(5) The cost of providing the security must be paid in the first instance by the special manager; but the special manager is entitled to be reimbursed as an expense of the winding up, in the prescribed order of priority.

Failure to give or keep up security

6.39.—(1) If the special manager fails to give the required security within the time stated in the order of appointment, or any extension of that time that may be allowed, the liquidator must report the failure to the court which may discharge the order appointing the special manager.

(2) If the special manager fails to keep up the security, the liquidator must report the failure to the court, which may remove the special manager, and make such order as it thinks just as to costs.

(3) If the court discharges the order appointing the special manager or makes an order removing the special manager, the court must give directions as to whether any, and if so what, steps should be taken for the appointment of another special manager.

Accounting

6.40.—(1) The special manager must produce accounts, containing details of the special manager's receipts and payments, for the approval of the liquidator.

(2) The account must be for—

- (a) each three month period for the duration of the special manager's appointment;
- (b) any shorter period ending with the termination of the special manager's appointment.

(3) When the accounts have been approved, the special manager's receipts and payments must be added to those of the liquidator.

Termination of appointment

6.41.—(1) If the liquidator thinks that the employment of the special manager is no longer necessary or beneficial for the company, the liquidator must apply to the court for directions, and the court may order the special manager's appointment to be terminated.

(2) The liquidator must also make such an application if the creditors decide that the appointment should be terminated.