
STATUTORY INSTRUMENTS

2017 No. 1212

The Risk Transformation Regulations 2017

PART 4

Protected Cell Companies

CHAPTER 15

Insolvency

Insolvency of a cell

166.—(1) A cell of a protected cell company may be—

- (a) put into administration as if it were a company under Schedule B1 (administration) to the Insolvency Act 1986^{M1} or Schedule B1 (administration) to the Insolvency (Northern Ireland) Order 1989^{M2}; or
- (b) wound up as if it were an unregistered company under Part 5 (winding up of unregistered companies) of the Insolvency Act 1986 or Part 6 (winding up of unregistered companies) of the Insolvency (Northern Ireland) Order 1989.

(2) For these purposes, the insolvency legislation applies in relation to the cell with the modifications set out in Schedule 2.

(3) Where a written demand is served on a cell by a creditor in accordance with section 222(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency Act 1986 or Article 186(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency (Northern Ireland) Order 1989, the cell may apply to the High Court (or in Scotland the Court of Session) for an injunction restraining (or in Scotland an interdict prohibiting) the creditor from presenting or giving notice of a winding-up petition as if the cell has distinct legal personality.

(4) The entry of a cell of a protected cell company into administration or liquidation does not affect the power of the protected cell company or the directors of the protected cell company to act in relation to the core or the cells.

(5) But the protected cell company and the directors of the protected cell company may not exercise a management power in relation to a cell in administration or liquidation without the consent of the administrator or liquidator of the cell.

(6) For the purposes of paragraph (5)—

- (a) “management power” means a power which could be exercised so as to interfere with the exercise of the powers of the administrator or liquidator;
- (b) it is immaterial whether the power is conferred on the protected cell company or the directors by an enactment or an instrument; and
- (c) consent may be general or specific.

Changes to legislation: The Risk Transformation Regulations 2017, CHAPTER 15 is up to date with all changes known to be in force on or before 20 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Marginal Citations

- M1** Schedule B1 was inserted by section 248 of and schedule 16 to the Enterprise Act 2002 (ch. 40).
M2 Schedule B1 was inserted by Article 3 of, and Schedule 1 to, [S.I. 2005/1455 \(N.I. 10\)](#).

Insolvency of the core

167.—(1) The core of a protected cell company may be—

- (a) put into administration as if it were a company under Schedule B1 (administration) to the Insolvency Act 1986 or Schedule B1 (administration) to the Insolvency (Northern Ireland) Order 1989; or
- (b) wound up as if it were an unregistered company under Part 5 (winding up of unregistered companies) of the Insolvency Act 1986 or Part 6 (winding up of unregistered companies) of the Insolvency (Northern Ireland) Order 1989.

(2) For these purposes, the insolvency legislation applies in relation to the core with the modifications set out in Schedule 3.

(3) Where a written demand is served on the core by a creditor in accordance with section 222(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency Act 1986 or Article 186(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency (Northern Ireland) Order 1989, the core may apply to the High Court (or in Scotland the Court of Session) for an injunction restraining (or in Scotland an interdict prohibiting) the creditor from presenting or giving notice of a winding-up petition as if the core has distinct legal personality.

(4) The entry of the core of a protected cell company into administration or liquidation does not affect the powers of the protected cell company or the directors of the protected cell company to act in relation to the core or the cells.

(5) But the protected cell company and the directors of the protected cell company may not exercise a management power in relation to—

- (a) the core of the protected cell company; or
- (b) any cell of the protected cell company which is not in administration or liquidation,

without the consent of the administrator or liquidator of the core.

(6) For the purposes of paragraph (5)—

- (a) “management power” means a power which could be exercised so as to interfere with the exercise of the powers of the administrator or liquidator;
- (b) it is immaterial whether the power is conferred on the protected cell company or the directors by an enactment or an instrument; and
- (c) consent may be general or specific.

Concurrent insolvency

168. Where two or more parts of a protected cell company are in administration or liquidation concurrently by virtue of regulation 166 or 167, then—

- (a) the insolvency legislation (as applied by regulations 166(2) or 167(2)) applies in relation to each part separately; and
- (b) the administrators or liquidators (as the case may be) of those parts must cooperate fully with each other in the discharge of their functions.

Disapplication of other insolvency proceedings

169.—(1) Except to the extent provided for in this Chapter—

- (a) a protected cell company may not propose a voluntary arrangement;
- (b) neither a protected cell company nor a part of a protected cell company may be placed into administration;
- (c) a receiver (including an administrative receiver) may not be appointed in respect of any property held by the protected cell company;
- (d) a protected cell company may not pass a resolution for the winding up of the protected cell company or any part of the protected cell company;
- (e) a winding-up order may not be made against the protected cell company or any part of the protected cell company;
- (f) the estate of a protected cell company or any part of a protected cell company may not be sequestrated under section 6 of the Bankruptcy (Scotland) Act 2016;
- (g) neither the protected cell company nor a part of the protected cell company may be subject to any other process under the insolvency legislation which applies to a person who is insolvent or who is likely to become insolvent^{M3}.

(2) The reference in paragraph (1)(d) to winding up includes a reference to a members' voluntary winding up under Chapter 3 of Part 4 of the Insolvency Act 1986 or Chapter 3 of Part 5 of the Insolvency (Northern Ireland) Order 1989.

Marginal Citations

- M3** Note that a protected cell company is not an “insurer” for the purposes of Part 24 of FSMA because it does not carry on the activity specified in Article 10 of the Regulated Activities Order. See the Financial Services and Markets Act 2000 (Insolvency) (Definition of “Insurer”) Order 2001 ([S.I. 2001/2634](#) amended by [S.I. 2002/1242](#)).

Changes to legislation:

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Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)