SCHEDULES

SCHEDULE 7

INDIVIDUAL VOLUNTARY ARRANGEMENT

Fast-track for making voluntary arrangement

2. After Article 237 of the 1989 Order (implementation of voluntary arrangement) insert—

"Fast-track voluntary arrangement

Availability

237A. Article 237B applies where an individual debtor intends to make a proposal to his creditors for a voluntary arrangement and—

(a) the debtor is an undischarged bankrupt,

(b) the official receiver is specified in the proposal as the nominee in relation to the voluntary arrangement, and

(c) no interim order is applied for under Article 227.

Decision

237B.—(1) The debtor may submit to the official receiver—

(a) a document setting out the terms of the voluntary arrangement which the debtor is proposing, and

(b) a statement of his affairs containing such particulars as may be prescribed of his creditors, debts, other liabilities and assets and such other information as may be prescribed.

(2) If the official receiver thinks that the voluntary arrangement proposed has a reasonable prospect of being approved and implemented, he may make arrangements for inviting creditors to decide whether to approve it.

(3) For the purposes of paragraph (2) a person is a "creditor" only if—

(a) he is a creditor of the debtor in respect of a bankruptcy debt, and

(b) the official receiver is aware of his claim and his address.

(4) Arrangements made under paragraph (2)—

(a) must include the provision to each creditor of a copy of the proposed voluntary arrangement,

(b) must include the provision to each creditor of information about the criteria by reference to which the official receiver will determine whether the creditors approve or reject the proposed voluntary arrangement, and

(c) may not include an opportunity for modifications to the proposed voluntary arrangement to be suggested or made.

(5) Where a debtor submits documents to the official receiver under paragraph (1) no application under Article 227 for an interim order may be made in respect of the debtor until the official receiver has—

(a) made arrangements as described in paragraph (2), or

(b) informed the debtor that he does not intend to make arrangements (whether because he does not think the voluntary arrangement has a reasonable prospect of being approved and implemented or because he declines to act).

Result

237C. As soon as is reasonably practicable after the implementation of arrangements under Article 237B(2) the official receiver shall report to the High Court whether the proposed voluntary arrangement has been approved or rejected.

Approval of voluntary arrangement

237D.—(1) This Article applies where the official receiver reports to the High Court under Article 237C that a proposed voluntary arrangement has been approved.

(2) The voluntary arrangement—

(a) takes effect,

(b) binds the debtor, and

(c) binds every person who was entitled to participate in the arrangements made under Article 237B(2).

(3) The High Court shall annul the bankruptcy order in respect of the debtor on an application made by the official receiver.

(4) An application under paragraph (3) may not be made—

(a) during the period specified in Article 237F(3) during which the voluntary arrangement can be challenged by application under Article 237F(2),

(b) while an application under that Article is pending, or

(c) while an appeal in respect of an application under that Article is pending or may be brought.

(5) The High Court may give such directions about the conduct of the bankruptcy and the administration of the bankrupt's estate as it thinks appropriate for facilitating the implementation of the approved voluntary arrangement.

(6) Chapter I of Part VIII does not apply to the voluntary arrangement.

(7) A reference in this Order or another statutory provision to a voluntary arrangement approved under this Part includes a reference to a voluntary arrangement which has effect by virtue of this Article.

Implementation

237E. Article 237 shall apply to a voluntary arrangement which has effect by virtue of Article 237D(2) as it applies to a voluntary arrangement approved by a creditors' meeting.

Revocation

237F.—(1) The High Court may make an order revoking a voluntary arrangement which has effect by virtue of Article 237D(2) on the ground—

(a) that it unfairly prejudices the interests of a creditor of the debtor, or

(b) that a material irregularity occurred in relation to the arrangements made under Article 237B(2).

(2) An order under paragraph (1) may be made only on the application of—

(a) the debtor,

(b) a person who was entitled to participate in the arrangements made under Article 237B(2),

(c) the trustee of the bankrupt's estate, or

(d) the official receiver.

(3) An application under paragraph (2) may not be made after the end of the period of 28 days beginning with the date on which the official receiver makes his report to the High Court under Article 237C.

(4) But a creditor who was not made aware of the arrangements under Article 237B(2) at the time when they were made may make an application under paragraph (2) during the period of 28 days beginning with the date on which he becomes aware of the voluntary arrangement.

Offences

237G.—(1) Article 236A shall have effect in relation to obtaining approval to a proposal for a voluntary arrangement under Article 237D.

(2) Article 236B shall have effect in relation to a voluntary arrangement which has effect by virtue of Article 237D(2) (for which purposes the words "by a creditors' meeting summoned under Article 231" shall be disregarded).".