
Changes to legislation: There are currently no known outstanding effects for the Corporate Insolvency and Governance Act 2020, SCHEDULE 9. (See end of Document for details)

SCHEDULES

SCHEDULE 9

Section 7

ARRANGEMENTS AND RECONSTRUCTIONS FOR COMPANIES IN FINANCIAL DIFFICULTY

PART 1

MAIN PROVISIONS

1 In the Companies Act 2006, after Part 26 insert—

“PART 26A

ARRANGEMENTS AND RECONSTRUCTIONS: COMPANIES IN FINANCIAL DIFFICULTY

Application of this Part

Application of this Part

901A(1) The provisions of this Part apply where conditions A and B are met in relation to a company.

(2) Condition A is that the company has encountered, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern.

(3) Condition B is that—

(a) a compromise or arrangement is proposed between the company and—

- (i) its creditors, or any class of them, or
- (ii) its members, or any class of them, and

(b) the purpose of the compromise or arrangement is to eliminate, reduce or prevent, or mitigate the effect of, any of the financial difficulties mentioned in subsection (2).

(4) In this Part—

“arrangement” includes a reorganisation of the company's share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of those methods;

“company”—

(a) in section 901J (powers of court to facilitate reconstruction or amalgamation) means a company within the meaning of this Act, and

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- (b) elsewhere in this Part means any company liable to be wound up under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).
- (5) The provisions of this Part have effect subject to Part 27 (mergers and divisions of public companies) where that Part applies (see sections 902 and 903).

Power to exclude companies providing financial services, etc

- 901(B) The Secretary of State may by regulations provide that this Part does not apply—
- (a) where the company in respect of which a compromise or arrangement is proposed is an authorised person, or an authorised person of a specified description;
 - (b) where—
 - (i) a compromise or arrangement is proposed between a company, or a company of a specified description, and any creditors of the company, and
 - (ii) those creditors consist of or include creditors of a specified description.
- (2) In this section—
- “authorised person” has the same meaning as in the Financial Services and Markets Act 2000 (see section 31 of that Act);
 - “specified” means specified in the regulations.
- (3) Regulations under this section are subject to affirmative resolution procedure.

Meeting of creditors or members

Court order for holding of meeting

- 901(C) The court may, on an application under this subsection, order a meeting of the creditors or class of creditors, or of the members of the company or class of members (as the case may be), to be summoned in such manner as the court directs.
- (2) An application under subsection (1) may be made by—
- (a) the company,
 - (b) any creditor or member of the company,
 - (c) if the company is being wound up, the liquidator, or
 - (d) if the company is in administration, the administrator.
- (3) Every creditor or member of the company whose rights are affected by the compromise or arrangement must be permitted to participate in a meeting ordered to be summoned under subsection (1).
- (4) But subsection (3) does not apply in relation to a class of creditors or members of the company if, on an application under this subsection, the court

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is satisfied that none of the members of that class has a genuine economic interest in the company.

- (5) An application under subsection (4) is to be made by the person who made the application under subsection (1) in respect of the compromise or arrangement.
- (6) Section 323 (representation of corporations at meetings) applies to a meeting of creditors under this section as to a meeting of the company (references to a member of the company being read as references to a creditor).
- (7) This section is subject to section 901H (moratorium debts, etc).

Statement to be circulated or made available

901D) Where a meeting is summoned under section 901C—

- (a) every notice summoning the meeting that is sent to a creditor or member must be accompanied by a statement complying with this section, and
 - (b) every notice summoning the meeting that is given by advertisement must either—
 - (i) include such a statement, or
 - (ii) state where and how creditors or members entitled to attend the meeting may obtain copies of such a statement.
- (2) The statement must—
- (a) explain the effect of the compromise or arrangement, and
 - (b) in particular, state—
 - (i) any material interests of the directors of the company (whether as directors or as members or as creditors of the company or otherwise), and
 - (ii) the effect on those interests of the compromise or arrangement, in so far as it is different from the effect on the like interests of other persons.
- (3) Where the compromise or arrangement affects the rights of debenture holders of the company, the statement must give the like explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.
- (4) Where a notice given by advertisement states that copies of an explanatory statement can be obtained by creditors or members entitled to attend the meeting, every such creditor or member is entitled, on making application in the manner indicated by the notice, to be provided by the company with a copy of the statement free of charge.
- (5) If a company makes default in complying with any requirement of this section, an offence is committed by—
- (a) the company, and
 - (b) every officer of the company who is in default.

This is subject to subsection (7).

- (6) For this purpose the following are treated as officers of the company—

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- (a) a liquidator or administrator of the company, and
 - (b) a trustee of a deed for securing the issue of debentures of the company.
- (7) A person is not guilty of an offence under this section if the person shows that the default was due to the refusal of a director or trustee for debenture holders to supply the necessary particulars of the director's or (as the case may be) the trustee's interests.
- (8) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction in England and Wales, to a fine;
 - (c) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.

Duty of directors and trustees to provide information

901E) It is the duty of—

- (a) any director of the company, and
 - (b) any trustee for its debenture holders,
- to give notice to the company of such matters relating to that director or trustee as may be necessary for the purposes of section 901D (explanatory statement to be circulated or made available).
- (2) Any person who makes default in complying with this section commits an offence.
- (3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Court sanction for compromise or arrangement

Court sanction for compromise or arrangement

- 901F) If a number representing 75% in value of the creditors or class of creditors or members or class of members (as the case may be), present and voting either in person or by proxy at the meeting summoned under section 901C, agree a compromise or arrangement, the court may, on an application under this section, sanction the compromise or arrangement.
- (2) Subsection (1) is subject to—
- (a) section 901G (sanction for compromise or arrangement where one or more classes dissent), and
 - (b) section 901H (moratorium debts, etc).
- (3) An application under this section may be made by—
- (a) the company,
 - (b) any creditor or member of the company,
 - (c) if the company is being wound up, the liquidator, or
 - (d) if the company is in administration, the administrator.

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- (4) Where the court makes an order under this section in relation to a company that is in administration or is being wound up, the court may by the order—
 - (a) provide for the appointment of the administrator or liquidator to cease to have effect;
 - (b) stay or sist all proceedings in the administration or the winding up;
 - (c) impose any requirements with respect to the conduct of the administration or the winding up which the court thinks appropriate for facilitating the compromise or arrangement.
- (5) A compromise or arrangement sanctioned by the court is binding—
 - (a) on all creditors or the class of creditors or on the members or class of members (as the case may be), and
 - (b) on the company or, in the case of a company in the course of being wound up, the liquidator and contributories of the company.
- (6) The court's order has no effect until a copy of it has been—
 - (a) in the case of an overseas company that is not required to register particulars under section 1046, published in the Gazette, or
 - (b) in any other case, delivered to the registrar.

Sanction for compromise or arrangement where one or more classes dissent

- 901G(1) This section applies if the compromise or arrangement is not agreed by a number representing at least 75% in value of a class of creditors or (as the case may be) of members of the company (“the dissenting class”), present and voting either in person or by proxy at the meeting summoned under section 901C.
- (2) If conditions A and B are met, the fact that the dissenting class has not agreed the compromise or arrangement does not prevent the court from sanctioning it under section 901F.
 - (3) Condition A is that the court is satisfied that, if the compromise or arrangement were to be sanctioned under section 901F, none of the members of the dissenting class would be any worse off than they would be in the event of the relevant alternative (see subsection (4)).
 - (4) For the purposes of this section “the relevant alternative” is whatever the court considers would be most likely to occur in relation to the company if the compromise or arrangement were not sanctioned under section 901F.
 - (5) Condition B is that the compromise or arrangement has been agreed by a number representing 75% in value of a class of creditors or (as the case may be) of members, present and voting either in person or by proxy at the meeting summoned under section 901C, who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative.
 - (6) The Secretary of State may by regulations amend this section for the purpose of—
 - (a) adding to the conditions that must be met for the purposes of this section;
 - (b) removing or varying any of those conditions.

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- (7) Regulations under subsection (6) are subject to affirmative resolution procedure.

Special cases

Moratorium debts, etc

901H) This section applies where—

- (a) an application under section 901C(1) in respect of a compromise or arrangement is made before the end of the period of 12 weeks beginning with the day after the end of any moratorium for the company under Part A1 of the Insolvency Act 1986 or Part 1A of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), and
 - (b) the creditors with whom the compromise or arrangement is proposed include any relevant creditors (see subsection (2)).
- (2) In this section “relevant creditor” means—
- (a) a creditor in respect of a moratorium debt, or
 - (b) a creditor in respect of a priority pre-moratorium debt.
- (3) The relevant creditors may not participate in the meeting summoned under section 901C.
- (4) For the purposes of section 901D (statement to be circulated or made available)—
- (a) the requirement in section 901D(1)(a) is to be read as including a requirement to send each relevant creditor a statement complying with section 901D;
 - (b) any reference to creditors entitled to attend the meeting summoned under section 901C includes a reference to relevant creditors.
- (5) The court may not sanction the compromise or arrangement under section 901F if it includes provision in respect of any relevant creditor who has not agreed to it.
- (6) In this section—
- “moratorium debt”—
- (a) in the case of a moratorium under Part A1 of the Insolvency Act 1986, has the same meaning as in section 174A of that Act;
 - (b) in the case of a moratorium under Part 1A of the Insolvency (Northern Ireland) Order 1989, has the same meaning as in Article 148A of that Order;
- “priority pre-moratorium debt”—
- (a) in the case of a moratorium under Part A1 of the Insolvency Act 1986, has the same meaning as in section 174A of that Act;
 - (b) in the case of a moratorium under Part 1A of the Insolvency (Northern Ireland) Order 1989, has the same meaning as in Article 148A of that Order.

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Pension schemes

- 90(1) In a case where the company in respect of which a compromise or arrangement is proposed is or has been an employer in respect of an occupational pension scheme that is not a money purchase scheme, any notice or other document required to be sent to a creditor of the company must also be sent to the Pensions Regulator.
- (2) In a case where the company in respect of which a compromise or arrangement is proposed is an employer in respect of an eligible scheme, any notice or other document required to be sent to a creditor of the company must also be sent to the Board of the Pension Protection Fund (“the Board”).
- (3) The Secretary of State may by regulations provide that, in a case where—
- the company in respect of which a compromise or arrangement is proposed is an employer in respect of an eligible scheme, and
 - the trustees or managers of the scheme are a creditor of the company,
- the Board may exercise any rights, or any rights of a specified description, that are exercisable under this Part by the trustees or managers as a creditor of the company.
- (4) Regulations under this section may provide that the Board may exercise any such rights—
- to the exclusion of the trustees or managers of the scheme, or
 - in addition to the exercise of those rights by the trustees or managers of the scheme.
- (5) Regulations under this section—
- may specify conditions that must be met before the Board may exercise any such rights;
 - may provide for any such rights to be exercisable by the Board for a specified period;
 - may make provision in connection with any such rights ceasing to be so exercisable at the end of such a period.
- (6) Regulations under this section are subject to affirmative resolution procedure (but see subsection (7)).
- (7) During the period of six months beginning with the day on which this section comes into force, regulations under this section are subject to approval after being made (and subsection (6) does not apply).
- (8) For the purposes of subsection (7), section 1291 has effect as if any reference in that section to a period of 28 days were to a period of 40 days.
- (9) In this section—
- “eligible scheme” means any pension scheme that is an eligible scheme for the purposes of section 126 of the Pensions Act 2004 or Article 110 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1));
- “employer”—

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- (a) in subsection (1), means an employer within the meaning of section 318(1) of the Pensions Act 2004 or Article 2(2) of the Pensions (Northern Ireland) Order 2005;
- (b) in subsections (2) and (3)—
 - (i) in the case of a pension scheme that is an eligible scheme for the purposes of section 126 of the Pensions Act 2004, has the same meaning as it has for the purposes of Part 2 of that Act (see section 318(1) and (4) of that Act);
 - (ii) in the case of a pension scheme that is an eligible scheme for the purposes of Article 110 of the Pensions (Northern Ireland) Order 2005, has the same meaning as it has for the purposes of Part 3 of that Order (see Article 2(2) and (5) of that Order);

“money purchase scheme” means a pension scheme that is a money purchase scheme for the purposes of the Pension Schemes Act 1993 (see section 181(1) of that Act) or the Pension Schemes (Northern Ireland) Act 1993 (see section 176(1) of that Act);

“occupational pension scheme” and “pension scheme” have the meaning given by section 1 of the Pension Schemes Act 1993;

“specified” means specified in regulations under this section.

Reconstructions and amalgamations

Powers of court to facilitate reconstruction or amalgamation

901(I) This section applies where application is made to the court under section 901F to sanction a compromise or arrangement and it is shown that—

- (a) the compromise or arrangement is proposed in connection with a scheme for the reconstruction of any company or companies, or the amalgamation of any two or more companies, and
 - (b) under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (a “transferor company”) is to be transferred to another company (“the transferee company”).
- (2) The court may, either by the order sanctioning the compromise or arrangement or by a subsequent order, make provision for all or any of the following matters—
- (a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any transferor company;
 - (b) the allotting or appropriation by the transferee company of any shares, debentures, policies or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;
 - (c) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;
 - (d) the dissolution, without winding up, of any transferor company;

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- (e) the provision to be made for any persons who, within such time and in such manner as the court directs, dissent from the compromise or arrangement;
 - (f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation is fully and effectively carried out.
- (3) If an order under this section provides for the transfer of property or liabilities—
- (a) the property is by virtue of the order transferred to, and vests in, the transferee company, and
 - (b) the liabilities are, by virtue of the order, transferred to and become liabilities of that company.
- (4) The property (if the order so directs) vests freed from any charge that is by virtue of the compromise or arrangement to cease to have effect.
- (5) In this section—
- “property” includes property, rights and powers of every description; and
 - “liabilities” includes duties.
- (6) Every company in relation to which an order is made under this section must cause a copy of the order to be delivered to the registrar within seven days after its making.
- (7) If default is made in complying with subsection (6) an offence is committed by—
- (a) the company, and
 - (b) every officer of the company who is in default.
- (8) A person guilty of an offence under subsection (7) is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

Obligations of company with respect to articles etc

Obligations of company with respect to articles etc

- 901K) This section applies—
- (a) to any order under section 901F (order sanctioning compromise or arrangement), and
 - (b) to any order under section 901J (order facilitating reconstruction or amalgamation) that alters the company's constitution.
- (2) If—
- (a) the order amends—
 - (i) the company's articles, or
 - (ii) any resolution or agreement to which Chapter 3 of Part 3 applies (resolution or agreement affecting a company's constitution), and

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- (b) a copy of the order is required to be delivered to the registrar by the company under section 901F(6)(b) or section 901J(6),
the copy of the order delivered to the registrar must be accompanied by a copy of the company's articles, or the resolution or agreement in question, as amended.
- (3) Every copy of the company's articles issued by the company after the order is made must be accompanied by a copy of the order, unless the effect of the order has been incorporated into the articles by amendment.
- (4) In this section—
- (a) references to the effect of the order include the effect of the compromise or arrangement to which the order relates, and
- (b) in the case of a company not having articles, references to its articles are to be read as references to the instrument constituting the company or defining its constitution.
- (5) If a company makes default in complying with this section an offence is committed by—
- (a) the company, and
- (b) every officer of the company who is in default.
- (6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Power to amend Act

Power to amend Act

- 901(1) The Secretary of State may by regulations make any amendment of this Act which the Secretary of State considers necessary or expedient for the purposes of, in consequence of, or for giving full effect to this Part.
- (2) Regulations under this section are subject to affirmative resolution procedure.”

PART 2

CONSEQUENTIAL AMENDMENTS

Finance Act 1986

- 2 The Finance Act 1986 is amended as follows.
- 3 In section 80D (repurchases and stock lending: replacement stock on insolvency), in subsection (9)(f), after “Part 26” insert “ or 26A ”.
- 4 In section 89AB (stamp duty reserve tax: exception for repurchases and stock lending in case of insolvency), in subsection (9)(f), after “Part 26” insert “ or 26A ”.

Insolvency Act 1986

- 5 The Insolvency Act 1986 is amended as follows.

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- 6 (1) In Part 4 (winding up of companies registered under the Companies Acts), Chapter 8 (provisions of general application in winding up) is amended as follows.
- (2) In section 176ZB (application of proceeds of office-holder claims), in subsection (4)(b), after “Part 26” insert “ or 26A ”.
- (3) In section 176A (share of assets for unsecured creditors), in subsection (4)(b), after “Part 26” insert “ or 26A ”.
- 7 (1) Schedule B1 (administration) is amended as follows.
- (2) In paragraph 49 (administrator's proposals), in sub-paragraph (3)(b), after “Part 26” insert “ or 26A ”.
- (3) In paragraph 73 (protection for priority creditor), in sub-paragraph (2)(c), after “Part 26” insert “ or 26A ”.
- (4) In paragraph 74 (challenge to administrator's conduct of company), in sub-paragraph (6)(b), after “Part 26” insert “ or 26A ”.

Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19))

- 8 The Insolvency (Northern Ireland) Order 1989 is amended as follows.
- 9 In Article 150A (share of assets for unsecured creditors), in paragraph (4)(b), after “Part 26” insert “ or 26A ”.
- 10 (1) Schedule B1 (administration) is amended as follows.
- (2) In paragraph 50 (administrator's proposals), in sub-paragraph (3)(b), after “Part 26” insert “ or 26A ”.
- (3) In paragraph 74 (protection for secured or preferential creditor), in sub-paragraph (2)(c), after “Part 26” insert “ or 26A ”.
- (4) In paragraph 75 (challenge to administrator's conduct of company), in sub-paragraph (6)(b), after “Part 26” insert “ or 26A ”.

Water Industry Act 1991

- 11 In section 23 of the Water Industry Act 1991 (meaning and effect of special administration order), in subsection (2D)(b), after “Part 26” insert “ or 26A ”.

Taxation of Chargeable Gains Act 1992

- 12 The Taxation of Chargeable Gains Act 1992 is amended as follows.
- 13 In section 263CA (stock lending: insolvency etc of borrower), in subsection (9)(f), after “Part 26” insert “ or 26A ”.
- 14 In Schedule 5AA (meaning of “scheme of reconstruction” for purposes of section 136), in paragraph 5(a)(i), after “Part 26” insert “ or 26A ”.

Value Added Tax Act 1994

- 15 In section 26AA of the Value Added Tax Act 1994 (disapplication of disallowance under section 26A in insolvency), in subsection (8), after paragraph (k) insert—

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“(ka) a compromise or arrangement sanctioned by the court and delivered to the registrar or (as the case may be) published in the Gazette in accordance with section 901F of the Companies Act 2006 is in place in relation to that person.”.

Housing Act 1996

- 16 (1) In Part 2 of Schedule 1 to the Housing Act 1996 (registered social landlords: constitution, change of rules, amalgamation and dissolution), paragraph 13 (arrangement, reconstruction, etc of company) is amended as follows.
- (2) After sub-paragraph (3) insert—
- “(3A) If a court makes an order under section 901F of the Companies Act 2006 (sanction of compromise or arrangement with creditors or members) in relation to the company, the company must notify the Welsh Ministers of the order.
- (3B) If a court makes an order under section 901J of the Companies Act 2006 (powers of court to facilitate reconstruction or amalgamation) in relation to the company, the company must notify the Welsh Ministers of the order.”
- (3) In sub-paragraph (8), after “sub-paragraph (3)” insert “, (3B)”.

Financial Services and Markets Act 2000

- 17 The Financial Services and Markets Act 2000 is amended as follows.
- 18 In section 105 (insurance business transfer schemes), in subsection (5), for “Part 26 of that Act” substitute “ Part 26 or 26A of that Act, as the case may be ”.
- 19 In Schedule 17A (further provision in relation to exercise of Part 18 functions by Bank of England), in paragraph 24 (insolvency)—
- (a) in sub-paragraph (1), before paragraph (a) insert—
- “(za) sections 355A and 355B (powers to participate in proceedings under Part 26A of the Companies Act 2006);”;
- (b) in sub-paragraph (2), after “recognised investment exchange” insert “ (other than the reference to “an authorised person” in section 355B(2)(a)) ”.
- 20 (1) Part 24 (insolvency) is amended as follows.
- (2) After section 355 insert—

“Arrangements and reconstructions: companies in financial difficulty

355A Powers of FCA and PRA to participate in proceedings

- (1) This section applies where Part 26A of the Companies Act 2006 (“the 2006 Act”) (arrangements and reconstructions: companies in financial difficulty) applies in relation to a company which—
- (a) is, or has been, an authorised person or recognised investment exchange;

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- (b) is, or has been, any of the following—
 - (i) an electronic money institution;
 - (ii) an authorised payment institution;
 - (iii) a small payment institution;
 - (iv) a registered account information service provider;
 - (c) is, or has been, an appointed representative; or
 - (d) is carrying on, or has carried on, a regulated activity in contravention of the general prohibition.
- (2) A relevant applicant must give notice to the appropriate regulator of—
- (a) any application which the relevant applicant intends to make under section 901C(1) of the 2006 Act, and
 - (b) any application which the relevant applicant believes a creditor or member of the company has made, or intends to make, under section 901C(1) of that Act in relation to the company.
- (3) A relevant applicant may not make an application under section 901C(1) of the 2006 Act in relation to a company that is a PRA-regulated person without the consent of the PRA.
- (4) In this section “relevant applicant”, in relation to a company, means—
- (a) the company;
 - (b) if the company is being wound up, the liquidator;
 - (c) if the company is in administration, the administrator.
- (5) The appropriate regulator is entitled to be heard at any hearing of an application made under section 901C or 901F of the 2006 Act in relation to the company.
- (6) Any notice or other document required to be sent to a creditor of the company must also be sent to the appropriate regulator.
- (7) A person appointed for the purpose by the appropriate regulator is entitled—
- (a) to attend any meeting of creditors of the company summoned under section 901C of the 2006 Act;
 - (b) to make representations as to any matter for decision at such a meeting.
- (8) In this section—
- “the appropriate regulator” means—
 - (a) where the company is a PRA-regulated person, each of the FCA and the PRA, except that the reference in subsection (7) to a person appointed by the appropriate regulator is to be read as a reference to a person appointed by either the FCA or the PRA;
 - (b) in any other case, the FCA;
 - “authorised payment institution”, “small payment institution” and “registered account information service provider” have the same meaning as in the Payment Services Regulations 2017 (S.I. 2017/752) (see regulation 2 of those Regulations);

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“electronic money institution” has the same meaning as in the Electronic Money Regulations 2011 (S.I. 2011/99) (see regulation 2 of those Regulations).

355B Enforcement of requirements imposed by section 355A

- (1) For the purpose of enforcing a requirement imposed on a company by section 355A(2) or (3), the appropriate regulator may exercise any of the following powers (so far as it would not otherwise be exercisable)—
 - (a) the power to publish a statement under section 205 (public censure);
 - (b) the power to impose a financial penalty under section 206.
 - (2) Accordingly, sections 205 and 206, and so much of this Act as relates to either of those sections, have effect in relation to a requirement imposed by section 355A(2) or (3) as if—
 - (a) any reference to an authorised person included (so far as would not otherwise be the case) a reference to a company falling within any of paragraphs (a) to (d) of section 355A(1),
 - (b) any reference to a relevant requirement included (so far as would not otherwise be the case) a reference to a requirement imposed by section 355A(2) or (3), and
 - (c) “the appropriate regulator” had the same meaning as in section 355A.
 - (3) In this section “the appropriate regulator” has the same meaning as in section 355A.”
- (3) In section 362 (powers of FCA and PRA to participate in administration proceedings)—
- (a) in subsection (6)—
 - (i) after “arrangement” insert “ in relation to which Part 26 of the Companies Act 2006 applies ”, and
 - (ii) for “the Companies Act 2006” substitute “ that Act ”;
 - (b) after that subsection insert—

“(6A) If, during the course of the administration of a company, a compromise or arrangement in relation to which Part 26A of the Companies Act 2006 applies is proposed between the company and its creditors, or any class of them, the appropriate regulator may apply to the court under section 901C or 901F of that Act.”
- (4) In section 365 (powers of FCA and PRA to participate in voluntary winding up proceedings)—
- (a) in subsection (7)—
 - (i) after “arrangement” insert “ in relation to which Part 26 of the Companies Act 2006 applies ”, and
 - (ii) for “the Companies Act 2006” substitute “ that Act ”;
 - (b) after that subsection insert—

“(7A) If, during the course of the winding up of the company, a compromise or arrangement in relation to which Part 26A of the Companies Act 2006 applies is proposed between the company and

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its creditors, or any class of them, the appropriate regulator may apply to the court under section 901C or 901F of that Act.”

- (5) In section 371 (powers of FCA and PRA to participate in proceedings for winding up by court)—
- (a) in subsection (5)—
 - (i) after “arrangement” insert “ in relation to which Part 26 of the Companies Act 2006 applies ”, and
 - (ii) for “the Companies Act 2006” substitute “ that Act ”;
 - (b) after that subsection insert—

“(5A) If, during the course of the winding up of a company, a compromise or arrangement in relation to which Part 26A of the Companies Act 2006 applies is proposed between the company and its creditors, or any class of them, the appropriate regulator may apply to the court under section 901C or 901F of that Act.”

Limited Liability Partnerships Act 2000

- 21 In section 17 of the Limited Liability Partnerships Act 2000, in subsection (5)(b) (procedure for regulations applying provisions of Companies Act 2006)—
- (a) in the entry for Part 26 of the Companies Act 2006, after “reconstructions” insert “ : general ”;
 - (b) after that entry insert— “ Part 26A (arrangements and reconstructions: companies in financial difficulty); ”.

Enterprise Act 2002

- 22 In section 255 of the Enterprise Act 2002 (application of law about company arrangement or administration to non-company), in subsection (2), omit the “and” before paragraph (c) and after that paragraph insert “, and
- (d) Part 26A of that Act (compromise or arrangement with creditors where company in financial difficulty).”

Income Tax (Earnings and Pensions) Act 2003

- 23 The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.
- 24 (1) Schedule 3 (SAYE option schemes) is amended as follows.
- (2) In Part 6 (requirements etc relating to share options), in paragraph 37 (exercise of options: company events)—
- (a) in sub-paragraph (1), after “(4)” insert “, (4ZA) ”;
 - (b) after sub-paragraph (4) insert—

“(4ZA) The relevant date for the purposes of this sub-paragraph is the date when the court sanctions under section 901F of the Companies Act 2006 (court sanction for compromise or arrangement) a compromise or arrangement applicable to or affecting—

 - (a) all the ordinary share capital of the company or all the shares of the same class as the shares to which the option relates, or
 - (b) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than

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- by reference to their employment or directorships or their participation in a Schedule 3 SAYE option scheme.”;
- (c) in sub-paragraph (6C)(b), after “sub-paragraph (4)” insert “ or (4ZA) ”;
 - (d) in sub-paragraph (6E)(a), after “(4)” insert “ , (4ZA) ”;
 - (e) in sub-paragraph (6F)(a)(i) and (b)(i), after “(4)” insert “ , (4ZA) ”.
- (3) In Part 7 (exchange of share options), in paragraph 38 (exchange of options on company reorganisation), in sub-paragraph (2)(b), after “section 899” insert “ or 901F ”.
- 25 (1) Schedule 4 (CSOP schemes) is amended as follows.
- (2) In Part 5 (requirements etc relating to share options), in paragraph 25A (exercise of options: company events)—
- (a) in sub-paragraph (1), after “(6)” insert “ , (6ZA) ”;
 - (b) after sub-paragraph (6) insert—
 - “(6ZA) The relevant date for the purposes of this sub-paragraph is the date when the court sanctions under section 901F of the Companies Act 2006 (court sanction for compromise or arrangement) a compromise or arrangement applicable to or affecting—
 - (a) all the ordinary share capital of the company or all the shares of the same class as the shares to which the option relates, or
 - (b) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in a Schedule 4 CSOP scheme.”;
 - (c) in sub-paragraph (7C)(b), after “sub-paragraph (6)” insert “ or (6ZA) ”;
 - (d) in sub-paragraph (7E)(a), after “(6)” insert “ , (6ZA) ”;
 - (e) in sub-paragraph (7F)(a)(i) and (b)(i), after “(6)” insert “ , (6ZA) ”.
- (3) In Part 6 (exchange of share options), in paragraph 26 (exchange of options on company reorganisation), in sub-paragraph (2)(b), after “section 899” insert “ or 901F ”.
- 26 In Schedule 5 (enterprise management incentives), in paragraph 39 (company reorganisations), in sub-paragraph (2)(b), after “section 899” insert “ or 901F ”.

Energy Act 2004

- 27 In Part 2 of Schedule 20 to the Energy Act 2004 (conduct of energy administration: modifications of Schedule B1 to the Insolvency Act 1986), in paragraph 16(2), after “section 899” insert “ or 901F ”.

Income Tax (Trading and Other Income) Act 2005

- 28 In Part 2 of the Income Tax (Trading and Other Income) Act 2005 (trading income), in section 259 (meaning of “statutory insolvency arrangement”), in paragraph (b), after “Part 26” insert “ or 26A ”.

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Insolvency (Northern Ireland) Order 2005 (S.I. 2005/1455 (N.I. 10))

- 29 In Article 10 of the Insolvency (Northern Ireland) Order 2005 (application of law about company arrangement or administration to non-company), in paragraph (3), omit the “and” before sub-paragraph (c) and after that sub-paragraph insert “, and
- (d) Part 26A of that Act (compromise or arrangement with creditors where company in financial difficulty).”

Companies Act 2006

- 30 The Companies Act 2006 is amended as follows.
- 31 In section 32(1) (constitutional documents to be provided to members), after paragraph (d) insert—
- “(da) a copy of any court order under section 901F (order sanctioning compromise or arrangement for company in financial difficulty) or section 901J (order facilitating reconstruction or amalgamation);”.
- 32 In section 93 (recent allotment of shares for non-cash consideration), in subsection (7)(b)(i), after “Part 26” insert “ or 26A ”.
- 33 (1) Part 17 (a company's share capital) is amended as follows.
- (2) In section 549 (exercise by directors of powers to allot shares etc), after subsection (3) insert—
- “(3A) Subsection (1) does not apply to anything done for the purposes of a compromise or arrangement sanctioned in accordance with Part 26A (arrangements and reconstructions: companies in financial difficulty).”
- (3) In Chapter 3 (allotment of equity securities: existing shareholders' right of pre-emption)—
- (a) in section 561 (existing shareholders' right of pre-emption), in subsection (5) (a), for “566” substitute “ 566A ”;
- (b) after section 566 insert—

“566A Exception to pre-emption right: companies in financial difficulty

Section 561(1) (existing shareholders' right of pre-emption) does not apply to an allotment of equity securities that is carried out as part of a compromise or arrangement sanctioned in accordance with Part 26A (arrangements and reconstructions: companies in financial difficulty).”

- (4) In section 594 (exception to valuation requirement: arrangement with another company), in subsection (6)(a)(i), after “Part 26” insert “ or 26A ”.
- (5) In section 616(1) (interpretation of Chapter 7), in paragraph (a) of the definition of “arrangement”, after “Part 26” insert “ or 26A ”.
- (6) In section 617 (alteration of share capital of limited company), in subsection (5)(e) (i), after “Part 26” insert “ or 26A ”.
- (7) In section 632 (variation of class rights: saving for court's powers under other provisions)—

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- (a) in the entry for Part 26, after “reconstructions” insert “ : general ”;
 - (b) after that entry (but before the “or”) insert— “ Part 26A (arrangements and reconstructions: companies in financial difficulty), ”.
- (8) In section 641 (circumstances in which a company may reduce its share capital)—
- (a) in subsection (2C), in the definition of “scheme”, after “Part 26” insert “ or 26A ”;
 - (b) in subsection (7), for the words from “the phrase” to “Part 26” substitute “the phrases “sanctioned by the court under Part 26” and “sanctioned by the court under Part 26A””.
- (9) In section 649 (registration of order and statement of capital), in subsection (3)—
- (a) in paragraph (a), after “reconstructions” insert “ : general ”;
 - (b) after that paragraph insert—
 - “(aa) in the case of a reduction of share capital that forms part of a compromise or arrangement sanctioned by the court under Part 26A (arrangements and reconstructions: companies in financial difficulty)—
 - (i) in the case of any company other than one to which sub-paragraph (ii) applies, on delivery of the order and statement of capital to the registrar;
 - (ii) in the case of an overseas company that is not required to register particulars under section 1046, on publication of the order and statement of capital in the Gazette;
 - (iii) in either case, if the court so orders, on the registration of the order and statement of capital;”;
 - (c) in paragraph (b), for “any other case” substitute “ any case not falling within paragraph (a) or (aa) ”.
- 34 In section 681 (unconditional exceptions to prohibition against financial assistance), in subsection (2)(e), after “Part 26” insert “ or 26A ”.
- 35 (1) Part 26 (arrangements and reconstructions) is amended as follows.
- (2) The heading becomes “ ARRANGEMENTS AND RECONSTRUCTIONS: GENERAL ”.
- (3) In section 896, at the end insert—
- “(4) This section is subject to section 899A (moratorium debts, etc).”
- (4) In section 899 (court sanction for compromise or arrangement)—
- (a) after subsection (1) insert—
 - “(1A) Subsection (1) is subject to section 899A (moratorium debts, etc).”;
 - (b) omit subsection (5).
- (5) After section 899 insert—

“Special cases

899A Moratorium debts, etc

- (1) This section applies where—

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- (a) an application under section 896 in respect of a compromise or arrangement is made before the end of the period of 12 weeks beginning with the day after the end of any moratorium for the company under Part A1 of the Insolvency Act 1986 or Part 1A of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), and
 - (b) the creditors with whom the compromise or arrangement is proposed include any relevant creditors (see subsection (2)).
 - (2) In this section “relevant creditor” means—
 - (a) a creditor in respect of a moratorium debt, or
 - (b) a creditor in respect of a priority pre-moratorium debt.
 - (3) The relevant creditors may not participate in the meeting summoned under section 896.
 - (4) For the purposes of section 897 (statement to be circulated or made available)—
 - (a) the requirement in section 897(1)(a) is to be read as including a requirement to send each relevant creditor a statement complying with section 897;
 - (b) any reference to creditors entitled to attend the meeting summoned under section 896 includes a reference to relevant creditors.
 - (5) The court may not sanction the compromise or arrangement under section 899 if it includes provision in respect of any relevant creditor who has not agreed to it.
 - (6) In this section—
 - “moratorium debt”—
 - (a) in the case of a moratorium under Part A1 of the Insolvency Act 1986, has the same meaning as in section 174A of that Act;
 - (b) in the case of a moratorium under Part 1A of the Insolvency (Northern Ireland) Order 1989, has the same meaning as in Article 148A of that Order;
 - “priority pre-moratorium debt”—
 - (a) in the case of a moratorium under Part A1 of the Insolvency Act 1986, has the same meaning as in section 174A of that Act;
 - (b) in the case of a moratorium under Part 1A of the Insolvency (Northern Ireland) Order 1989, has the same meaning as in Article 148A of that Order.”
- 36 (1) Part 27 (mergers and divisions of public companies) is amended as follows.
- (2) In section 903 (relationship of Part 27 to Part 26)—
 - (a) in the heading, for “**Part 26**” substitute “ **Parts 26 and 26A** ”;
 - (b) in subsection (1), for “Part 26 (arrangements and reconstructions)” substitute “ Part 26 (arrangements and reconstructions: general) or Part 26A (arrangements and reconstructions: companies in financial difficulty) ”;
 - (c) in subsections (2) and (3), for “Part 26” substitute “ Parts 26 and 26A ”.
 - (3) In section 907 (approval of members of merging companies), in subsection (2), after “917” insert “ , 917A ”.

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- (4) In section 908 (directors' explanatory report (merger))—
- (a) in subsection (2), for paragraph (a) (but not the “and” following it) substitute—
 - “(a) the required statement explaining the effect of the compromise or arrangement,”;
 - (b) after that subsection insert—
 - “(2A) In subsection (2) “the required statement explaining the effect of the compromise or arrangement” means—
 - (a) in a case where a meeting is summoned under section 896 in relation to the compromise or arrangement, the statement required by section 897;
 - (b) in a case where a meeting is summoned under section 901C in relation to the compromise or arrangement, the statement required by section 901D.”
- (5) In section 912 (approval of articles of new transferee company (merger))—
- (a) the wording of the section becomes subsection (1) of that section;
 - (b) at the end of that subsection insert—
 - “This is subject to subsection (2).”;
 - (c) after that subsection insert—
 - “(2) In the case of a compromise or arrangement to be sanctioned under Part 26A, it is not necessary for the articles of the transferee company (or a draft of them) to be approved by ordinary resolution of the company in respect of which the compromise or arrangement is proposed.”
- (6) In section 915 (circumstances in which certain particulars and reports not required (merger))—
- (a) in subsection (3), for “Section 897” substitute “ In a case where a meeting has been summoned under section 896 in relation to the compromise or arrangement, section 897 ”;
 - (b) after that subsection insert—
 - “(3A) In a case where a meeting has been summoned under section 901C in relation to the compromise or arrangement, section 901D (explanatory statement to be circulated or made available) does not apply.”
- (7) In section 915A (other circumstances in which reports and inspection not required (merger)), in subsection (5), after “section 900(2)” insert “ or, as the case may be, section 901J(2) ”.
- (8) Before section 918 (but after the heading “*Other exceptions*”) insert—

Other circumstances in which meeting of members of transferor company not required (merger)

- “917A In the case of a compromise or arrangement to be sanctioned under Part 26A, it is not necessary for the scheme to be approved by the members of the company in respect of which the compromise or arrangement is proposed.”

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- (9) In section 918A (agreement to dispense with reports etc (merger))—
- (a) in subsection (2), for “the application to the court under section 896” substitute “ the relevant application ”;
 - (b) after that subsection insert—
 - “(3) In subsection (2) “the relevant application” means—
 - (a) in the case of a compromise or arrangement to be sanctioned under Part 26, the application to the court under section 896;
 - (b) in the case of a compromise or arrangement to be sanctioned under Part 26A, the application to the court under section 901C(1).”
- (10) In section 922 (approval of members of companies involved in the division)—
- (a) in subsection (1), for “compromise or arrangement” substitute “ scheme ”;
 - (b) in subsection (2), after “931” insert “ , 931A ”.
- (11) In section 923 (directors' explanatory report (division))—
- (a) in subsection (2), for paragraph (a) (but not the “and” following it) substitute—
 - “(a) the required statement explaining the effect of the compromise or arrangement,”;
 - (b) after that subsection insert—
 - “(2A) In subsection (2) “the required statement explaining the effect of the compromise or arrangement” means—
 - (a) in a case where a meeting is summoned under section 896 in relation to the compromise or arrangement, the statement required by section 897;
 - (b) in a case where a meeting is summoned under section 901C in relation to the compromise or arrangement, the statement required by section 901D.”
- (12) In section 925 (supplementary accounting statement (division)), in subsection (1)(b), after “931” insert “ , 931A ”.
- (13) In section 928 (approval of articles of new transferee company (division))—
- (a) the wording of the section becomes subsection (1) of that section;
 - (b) after that subsection insert—
 - “(2) Subsection (1) does not apply in the case of a compromise or arrangement to be sanctioned under Part 26A.”
- (14) Before section 932 (but after the heading “*Other exceptions*”) insert—

Other circumstances in which meeting of members of transferor company not required (division)

“931A In the case of a compromise or arrangement to be sanctioned under Part 26A, it is not necessary for the scheme to be approved by the members of the transferor company.”

- (15) In section 933 (agreement to dispense with reports etc (division))—

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- (a) in subsection (3), for “the application to the court under section 896” substitute “ the relevant application ”;
- (b) after that subsection insert—
- “(4) In subsection (3) “the relevant application” means—
- (a) in the case of a compromise or arrangement to be sanctioned under Part 26, the application to the court under section 896;
- (b) in the case of a compromise or arrangement to be sanctioned under Part 26A, the application to the court under section 901C(1).”
- (16) In section 939 (court to fix date for transfer of undertaking etc of transferor company), in subsection (1)(b), after “section 900” insert “ or, as the case may be, section 901J ”.
- (17) In section 940 (liability of transferee companies for each other's defaults)—
- (a) in subsection (2), after “If” insert “ , in the case of a compromise or arrangement to be sanctioned under Part 26, ”;
- (b) after that subsection insert—
- “(2A) If, in the case of a compromise or arrangement to be sanctioned under Part 26A, a number representing 75% in value of the creditors or any class of creditors of the transferor company, present and voting either in person or by proxy at a meeting summoned for the purposes of agreeing to the scheme, so agree, subsection (1) does not apply in relation to the liabilities owed to the creditors or that class of creditors.”
- 37 (1) In Part 31 (dissolution and restoration to the register), Chapter 1 (striking off) is amended as follows.
- (2) In section 1005 (circumstances in which application for voluntary striking off may not be made: other proceedings not concluded), in subsection (1)(a), after “Part 26” insert “ or 26A ”.
- (3) In section 1009 (circumstances in which application for voluntary striking off to be withdrawn), in subsection (1)(b), after “Part 26” insert “ or 26A ”.
- 38 In section 1078 (documents subject to disclosure requirements), in subsection (3), for “section 899 or 900” substitute “ section 899, 900, 901F or 901J ”.
- 39 (1) Schedule 8 (index of defined expressions) is amended as follows.
- (2) In the entry for “arrangement”, after the entry for Part 26 insert—
-
- “—in Part 26A section 901A(4)”.
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- (3) In the entry for “company”, after the entry for Part 26 insert—
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- “—in Part 26A section 901A(4)”.
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- Housing and Regeneration Act 2008*
- 40 In Part 2 of the Housing and Regeneration Act 2008 (regulation of social housing), in section 160 (company: arrangements and reconstructions), at the end insert—

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- “(7) The registered provider must notify the regulator of any order under section 901F of the Companies Act 2006 (court sanction for compromise or arrangement).
- (8) An order under section 901F of the Companies Act 2006 does not take effect until the registered provider has confirmed to the registrar of companies that the regulator has been notified.
- (9) The registered provider must notify the regulator of any order under section 901J of the Companies Act 2006 (powers of court to facilitate reconstruction or amalgamation).
- (10) The requirement in section 901J(6) of the Companies Act 2006 (sending copy of order to registrar) is satisfied only if the copy is accompanied by confirmation that the regulator has been notified.”

Corporation Tax Act 2009

- 41 In section 1319 of the Corporation Tax Act 2009 (other definitions), in paragraph (b) of the definition of “statutory insolvency arrangement”, after “Part 26” insert “ or 26A ”.

Corporation Tax Act 2010

- 42 The Corporation Tax Act 2010 is amended as follows.
- 43 (1) Part 7ZA (restrictions on obtaining certain deductions) is amended as follows.
- (2) In section 269ZH (meaning of “insolvency procedures”), in subsection (5)(a), after “Part 26” insert “ or 26A ”.
- (3) In section 269ZY (meaning of “relevant reversal credit”), in subsection (8)(b), after “Part 26” insert “ or 26A ”.
- 44 In Part 14 (change in company ownership), in section 724A (disregard of change in parent company), in subsection (7)(a), after “Part 26” insert “ or 26A ”.

Third Parties (Rights against Insurers) Act 2010

- 45 In section 6 of the Third Parties (Rights against Insurers) Act 2010 (corporate bodies etc), in subsection (1), after “section 899” insert “ or 901F ”.

Housing (Scotland) Act 2010 (asp 17)

- 46 Part 8 of the Housing (Scotland) Act 2010 (registered social landlords: organisational change etc) is amended as follows.
- 47 (1) Section 100A (restructuring by company: proposed restructuring) is amended as follows.
- (2) In subsection (1)—
- (a) for “This section applies” substitute “ Subsections (2) and (3) apply ”;
 - (b) omit the “and” after paragraph (b);
 - (c) for paragraph (c) substitute—

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- “(c) the restructuring will result in a tenant under a Scottish secure tenancy ceasing to be a tenant of the company in respect of which the order is made, and
- (d) the company is not being wound up and is not in administration.”

(3) In subsection (3), for “this section” substitute “ this subsection ”.

(4) After subsection (3) insert—

“(4) Subsections (5) and (6) apply where—

- (a) a court order is made in respect of the company under section 901C(1) of the Companies Act 2006,
- (b) the meeting summoned by the court order is to agree a restructuring of a type mentioned in section 901J(1) of that Act,
- (c) the restructuring will result in a tenant under a Scottish secure tenancy ceasing to be a tenant of the company in respect of which the order is made, and
- (d) the company is not being wound up and is not in administration.

(5) The company must comply with sections 115 to 120 (as applied by subsection (6)) in relation to the proposed restructuring.

(6) Sections 115 to 120 apply in relation to a proposed restructuring to which this subsection applies as they apply in relation to a proposed disposal to which section 107(4) applies, subject to the modification that section 115A(2) has effect as if, for paragraph (b), there were substituted—

- “(b) before the meeting summoned by the court order under section 901C of the Companies Act 2006 takes place,””

48 (1) Section 101 (restructuring of company) is amended as follows.

(2) After subsection (1) insert—

“(1A) This section also applies where—

- (a) a court order is made in respect of a company under section 901F or 901J of the Companies Act 2006, and
- (b) the restructuring to which the order relates is of a type mentioned in section 901J(1) of that Act.”

(3) In subsection (2)—

- (a) after “subsection (1)” insert “ or (1A) ”;
- (b) in paragraph (b), after “section 900(6)” insert “ or (as the case may be) section 901J(6) ”.

(4) In subsection (3)(a), after “section 100A(3)” insert “ or (6) (as the case may be) ”.

(5) In subsection (5), after “section 900” insert “ or 901J ”.

Financial Services (Banking Reform) Act 2013

49 (1) Part 6 of the Financial Services (Banking Reform) Act 2013 (special administration for operators of certain infrastructure systems) is amended as follows.

(2) In section 111 (financial market infrastructure administration)—

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- (a) omit the “and” after paragraph (a), and
- (b) after paragraph (b) insert “, and
- (c) confers power on the Bank of England to participate in proceedings under Part 26A of the Companies Act 2006 (arrangements and reconstructions: companies in financial difficulty).”

(3) After section 124 insert—

“Powers to participate in Part 26A proceedings

124A Powers of Bank to participate in Part 26A proceedings

- (1) This section applies where Part 26A of the Companies Act 2006 (“the 2006 Act”) (arrangements and reconstructions: companies in financial difficulty) applies in relation to an infrastructure company.
- (2) A relevant applicant must give notice to the Bank of England of—
 - (a) any application which the relevant applicant intends to make under section 901C(1) of the 2006 Act, and
 - (b) any application which the relevant applicant believes a creditor or member of the company has made, or intends to make, under section 901C(1) of that Act in relation to the company.
- (3) A relevant applicant may not make an application under section 901C(1) of the 2006 Act in relation to the company without the consent of the Bank of England.
- (4) In this section “relevant applicant”, in relation to a company, means—
 - (a) the company;
 - (b) if the company is being wound up, the liquidator;
 - (c) if the company is in administration, the administrator.
- (5) The Bank of England is entitled to be heard at any hearing of an application made under section 901C or 901F of the 2006 Act in relation to the company.
- (6) Any notice or other document required to be sent to a creditor of the company must also be sent to the Bank of England.
- (7) A person appointed for the purpose by the Bank of England is entitled—
 - (a) to attend any meeting of creditors of the company summoned under section 901C of the 2006 Act;
 - (b) to make representations as to any matter for decision at such a meeting.
- (8) Sections 197, 198 and 202A of the Banking Act 2009, and sections 201 and 202 of that Act, so far as relating to those sections, apply in relation to a failure by an infrastructure company to comply with subsection (2) or (3) above as they apply in relation to a compliance failure within the meaning of Part 5 of that Act.”

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Co-operative and Community Benefit Societies Act 2014

- 50 In section 118 of the Co-operative and Community Benefit Societies Act 2014 (power to apply provisions about company arrangements and administration in relation to registered societies), in subsection (2), after paragraph (c) insert—
- “(d) Part 26A of that Act (compromise or arrangement with creditors where company in financial difficulty).”

Mutuals' Deferred Shares Act 2015

- 51 In section 2 of the Mutuals' Deferred Shares Act 2015 (restriction on voting rights), in subsection (2)(b), after “section 896” insert “ or 901C ”.

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