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## EXPLANATORY NOTE

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

These Regulations impose requirements in relation to the disposal, hiring out or sale of a company's property by an administrator of that company to a connected person. The requirements only apply in the first 8 weeks of administration, and where the disposal, hiring out or sale involves all or a substantial part of the company's business or assets. This could involve one or more transactions.

"Connected person" is defined in paragraph 61A(3) of Schedule B1 to the Insolvency (Northern Ireland) Order 1989 (1989 No. 2405 (N.I. 19)). Included within the definition are specified "relevant persons"; including directors, shadow directors or other officers of the company, non-employee associates, as well as "connected companies". Under that definition a company is connected with another if a relevant person in respect of one of the companies is, or has been a relevant person in respect of the other.

The administrator cannot effect the disposal, hiring out or sale unless creditor approval or an independent report has been obtained. The Regulations set out the requirements relating to creditor approval and the independent report.

These Regulations apply to administration proceedings in Northern Ireland.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen. An Explanatory Memorandum has been prepared and is available alongside these Regulations at [www.legislation.gov.uk](http://www.legislation.gov.uk).