

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

SCHEDULES

[^{F1}SCHEDULE A1

MORATORIUM WHERE DIRECTORS PROPOSE VOLUNTARY ARRANGEMENT

Textual Amendments

- F1** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)

Modifications etc. (not altering text)

- C1** Sch. A1 applied (with modifications) (E.W.) (1.1.2003) by S.I. 1994/2421, **art. 4(1)**, **Sch. 1** (as amended (1.1.2003) by S.I. 2002/2708, **arts. 4-6** (with transitional provisions in **art. 11**) and (1.7.2005) by S.I. 2005/1516, **art. 6**)
- C2** Sch. A1 extended (24.6.2003) by The Uncertificated Securities (Amendment) (Eligible Debt Securities) Regulations 2003 (S.I. 2003/1633), regs. 1, 15, **Sch. 2 para. 7**

PART I

INTRODUCTORY

Interpretation

^{F2}₁

In this Schedule—

“the beginning of the moratorium” has the meaning given by paragraph 8(1),

“the date of filing” means the date on which the documents for the time being referred to in paragraph 7(1) are filed or lodged with the court,

“hire-purchase agreement” includes a conditional sale agreement, a chattel leasing agreement and a retention of title agreement,

“market contract” and “market charge” have the meanings given by Part VII of the ^{M1}Companies Act 1989,

^{F3}
...

“moratorium” means a moratorium under section 1A,

“the nominee” includes any person for the time being carrying out the functions of a nominee under this Schedule,

^{F3}
...

“the settlement finality regulations” means the ^{M2}Financial Markets and Insolvency (Settlement Finality) Regulations 1999,

“system-charge” has the meaning given by the ^{M3}Financial Markets and Insolvency Regulations 1996.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

- F2** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F3** Sch. A1 para. 1: definitions of “money market contract” and “money market charge” and “related contract” repealed (3.7.2002) by S.I. 2002/1555, **art. 28(2)**

Marginal Citations

- M1** 1989 c. 40.
M2 S.I. 1999/2979.
M3 S.I. 1996/1469

Eligible companies

- ^{F4}2 (1) A company is eligible for a moratorium if it meets the requirements of paragraph 3, unless—
- (a) it is excluded from being eligible by virtue of paragraph 4, or
 - (b) it falls within sub-paragraph (2).
- (2) A company falls within this sub-paragraph if—
- [it effects or carries out contracts of insurance, but is not exempt from
 - ^{F5}(a) the general prohibition, within the meaning of section 19 of the Financial Services and Markets Act 2000, in relation to that activity,
 - (b) it has permission under Part IV of that Act to accept deposits,
 - (bb) it has a liability in respect of a deposit which it accepted in accordance with the Banking Act 1979 (c. 37) or 1987 (c. 22),]
 - (c) it is a party to a market contract ^{F6}. . . or any of its property is subject to a market charge ^{F6}. . . or a system-charge, or
 - (d) it is a participant (within the meaning of the settlement finality regulations) or any of its property is subject to a collateral security charge (within the meaning of those regulations).
- [Paragraphs (a), (b) and (bb) of sub-paragraph (2) must be read with—
- ^{F7}(3) (a) section 22 of the Financial Services and Markets Act 2000;
- (b) any relevant order under that section; and
 - (c) Schedule 2 to that Act.]

Textual Amendments

- F4** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, ss. 1, 16, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions **arts. 3-5**)
- F5** Sch. A1 para. 2(a)-(bb) substituted for Sch. A1 para. 2(a)-(b) (3.7.2002) by S.I. 2002/1555, **art. 29(2)**
- F6** Words in Sch. A1 para. 2(2)(c) omitted (3.7.2002) by virtue of S.I. 2002/1555, **art. 28(3)**
- F7** Sch. A1 para. 2(3) inserted (3.7.2002) by S.I. 2002/1555, **art. 29(3)**

- ^{F8}3 (1) A company meets the requirements of this paragraph if the qualifying conditions are met—
- (a) in the year ending with the date of filing, or

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (b) in the financial year of the company which ended last before that date.
- (2) For the purposes of sub-paragraph (1)—
- (a) the qualifying conditions are met by a company in a period if, in that period, it satisfies two or more of the requirements for being a small company specified for the time being in [F⁹section 382(3) of the Companies Act 2006], and
- (b) a company's financial year is to be determined in accordance with that Act.
- (3) [F¹⁰Section 382(4), (5) and (6)] of that Act apply for the purposes of this paragraph as they apply for the purposes of that section.
- [A company does not meet the requirements of this paragraph if it is a [F¹²parent F¹¹(4) company] of a group of companies which does not qualify as a small group or a medium-sized group [F¹³in relation to] the financial year of the company which ended last before the date of filing.
- [F¹⁴(5) For the purposes of sub-paragraph (4)—
- (a) “group” has the same meaning as in Part 15 of the Companies Act 2006 (see section 474(1) of that Act); and
- (b) a group qualifies as small in relation to a financial year if it so qualifies under section 383(2) to (7) of that Act, and qualifies as medium-sized in relation to a financial year if it so qualifies under section 466(2) to (7) of that Act.]]
- [Expressions used in this paragraph that are defined expressions in Part 15 of the F¹⁵(6) Companies Act 2006 (accounts and reports) have the same meaning in this paragraph as in that Part.]

Textual Amendments

- F8** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions arts. 3-5)
- F9** Words in Sch. A1 para. 3(2) substituted (6.4.2008 with application in accordance with Sch. 1 para. 99(6)) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008* (S.I. 2008/948), **art. 3(1)**, **Sch. 1 para. 99(2)** (with arts. 6, 11, 12)
- F10** Words in Sch. A1 para. 3(3) substituted (6.4.2008 with application in accordance with Sch. 1 para. 99(6)) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008* (S.I. 2008/948), **art. 3(1)**, **Sch. 1 para. 99(3)** (with arts. 6, 11, 12)
- F11** Sch. A1 para. 3(4)(5) inserted (1.1.2003) by S.I. 2002/1990, **regs. 2, 3(2)**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5 of the commencing S.I.)
- F12** Words in Sch. A1 para. 3(4) substituted (6.4.2008 with application in accordance with Sch. 1 para. 99(6)) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008* (S.I. 2008/948), **art. 3(1)**, **Sch. 1 para. 99(4)(a)** (with arts. 6, 11, 12)
- F13** Words in Sch. A1 para. 3(4) substituted (6.4.2008 with application in accordance with Sch. 1 para. 99(6)) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008* (S.I. 2008/948), **art. 3(1)**, **Sch. 1 para. 99(4)(b)** (with arts. 6, 11, 12)
- F14** Sch. A1 para. 3(5) substituted (6.4.2008) by *The Companies Act 2006 (Consequential Amendments etc) Order 2008* (S.I. 2008/948), **art. 3(1)**, **Sch. 1 para. 99(5)** (with arts. 6, 11, 12)
- F15** Sch. A1 para. 3(6) inserted (1.10.2009) by *The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009*, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 71(4)(a)} (with art. 10, Sch. 1 para. 84)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- ^{F16}4 (1) A company is excluded from being eligible for a moratorium if, on the date of filing—
- [the company is in administration,]
 - ^{F17}(a) (b) the company is being wound up,
 - (c) there is an administrative receiver of the company,
 - (d) a voluntary arrangement has effect in relation to the company,
 - (e) there is a provisional liquidator of the company,
 - (f) a moratorium has been in force for the company at any time during the period of 12 months ending with the date of filing and—
 - (i) no voluntary arrangement had effect at the time at which the moratorium came to an end, or
 - (ii) a voluntary arrangement which had effect at any time in that period has come to an end prematurely, or
 - [an administrator appointed under paragraph 22 of Schedule B1 has held office in the period of 12 months ending with the date of filing,]
 - ^{F18}(fa) (g) a voluntary arrangement in relation to the company which had effect in pursuance of a proposal under section 1(3) has come to an end prematurely and, during the period of 12 months ending with the date of filing, an order under section 5(3)(a) has been made.
- (2) Sub-paragraph (1)(b) does not apply to a company which, by reason of a winding-up order made after the date of filing, is treated as being wound up on that date.

Textual Amendments

- F16** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F17** Sch. A1 para. 4(1)(a) substituted (15.9.2003) by 2002 c. 40, ss. 248(3), 279, Sch. 17 para. 37(2)(a) (with s. 249(1)-(3)(6)); S.I. 2003/2093, **art. 2(1)**, Sch. 1 (subject to arts. 3-8 (as amended by S.I. 2003/2332, art. 2))
- F18** Sch. A1 para. 4(1)(fa) inserted (15.9.2003) by 2002 c. 40, ss. 248(3), 279, Sch. 17 para. 37(2)(b) (with s. 249(1)-(3)(6)); S.I. 2003/2093, **art. 2(1)**, Sch. 1 (subject to arts. 3-8 (as amended by S.I. 2003/2332, art. 2))

Capital market arrangement

- [^{F19}4A A company is also excluded from being eligible for a moratorium if, on the date of filing, it is a party to an agreement which is or forms part of a capital market arrangement under which—
- (i) a party has incurred, or when the agreement was entered into was expected to incur, a debt of at least £10 million under the arrangement, and
 - (ii) the arrangement involves the issue of a capital market investment.]

Textual Amendments

- F19** Sch. A1 paras. 4A-4K inserted (1.1.2003) by S.I. 2002/1990, **art. 3(3)**; S.I. 2002/2711, **art. 2** (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Public private partnership

- [^{F20}4B A company is also excluded from being eligible for a moratorium if, on the date of filing, it is a project company of a project which—
- (i) is a public-private partnership project, and
 - (ii) includes step-in rights.]

Textual Amendments

F20 Sch. A1 paras. 4A-4K inserted (1.1.2003) by S.I. 2002/1990, **art. 3(3)**; S.I. 2002/2711, **art. 2** (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Liability under an arrangement

- [^{F21}4C (1) A company is also excluded from being eligible for a moratorium if, on the date of filing, it has incurred a liability under an agreement of £10 million or more.
- (2) Where the liability in sub-paragraph (1) is a contingent liability under or by virtue of a guarantee or an indemnity or security provided on behalf of another person, the amount of that liability is the full amount of the liability in relation to which the guarantee, indemnity or security is provided.
- (3) In this paragraph—
- (a) the reference to “liability” includes a present or future liability whether, in either case, it is certain or contingent,
 - (b) the reference to “liability” includes a reference to a liability to be paid wholly or partly in foreign currency (in which case the sterling equivalent shall be calculated as at the time when the liability is incurred).]

Textual Amendments

F21 Sch. A1 paras. 4A-4K inserted (1.1.2003) by S.I. 2002/1990, **art. 3(3)**; S.I. 2002/2711, **art. 2** (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Interpretation of capital market arrangement

- [^{F22}4D (1) For the purposes of paragraph 4A an arrangement is a capital market arrangement if—
- (a) it involves a grant of security to a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement, or
 - (b) at least one party guarantees the performance of obligations of another party, or
 - (c) at least one party provides security in respect of the performance of obligations of another party, or
 - (d) the arrangement involves an investment of a kind described in articles 83 to 85 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (options, futures and contracts for differences).
- (2) For the purposes of sub-paragraph (1)—

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (a) a reference to holding as trustee includes a reference to holding as nominee or agent,
 - (b) a reference to holding for a person who holds a capital market investment includes a reference to holding for a number of persons at least one of whom holds a capital market investment, and
 - (c) a person holds a capital market investment if he has a legal or beneficial interest in it.
- (3) In paragraph 4A, 4C, 4J and this paragraph—
- “agreement” includes an agreement or undertaking effected by—
- (a) contract,
 - (b) deed, or
 - (c) any other instrument intended to have effect in accordance with the law of England and Wales, Scotland or another jurisdiction, and
- “party” to an arrangement includes a party to an agreement which—
- (a) forms part of the arrangement,
 - (b) provides for the raising of finance as part of the arrangement, or
 - (c) is necessary for the purposes of implementing the arrangement.]

Textual Amendments

F22 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Capital market investment

- [^{F23}4E (1) For the purposes of paragraphs 4A and 4D, an investment is a capital market investment if—
- (a) it is within article 77 [^{F24}or 77A] of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (debt instruments) and
 - (b) it is rated, listed or traded or designed to be rated, listed or traded.
- (2) In sub-paragraph (1)—
- “listed” means admitted to the official list within the meaning given by section 103(1) of the Financial Services and Markets Act 2000 (c. 8) (interpretation),
- “rated” means rated for the purposes of investment by an internationally recognised rating agency,
- “traded” means admitted to trading on a market established under the rules of a recognised investment exchange or on a foreign market.
- (3) In sub-paragraph (2)—
- “foreign market” has the same meaning as “relevant market” in article 67(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (S.I. 2001/1335) (foreign markets),
- “recognised investment exchange” has the meaning given by section 285 of the Financial Services and Markets Act 2000 (recognised investment exchange).]

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

- F23** Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)
- F24** Words in Sch. A1 para. 4E(1)(a) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\), art. 4, Sch. para. 1\(a\)](#)

- [^{F25}4F (1) For the purposes of paragraphs 4A and 4D an investment is also a capital market investment if it consists of a bond or commercial paper issued to one or more of the following—
- (a) an investment professional within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001,
 - (b) a person who is, when the agreement mentioned in paragraph 4A is entered into, a certified high net worth individual in relation to a communication within the meaning of article 48(2) of that order,
 - (c) a person to whom article 49(2) of that order applies (high net worth company, &c.),
 - (d) a person who is, when the agreement mentioned in paragraph 4A is entered into, a certified sophisticated investor in relation to a communication within the meaning of article 50(1) of that order, and
 - (e) a person in a State other than the United Kingdom who under the law of that State is not prohibited from investing in bonds or commercial paper.
- (2) For the purposes of sub-paragraph (1)—
- (a) in applying article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 for the purposes of sub-paragraph (1)(a)
—
 - (i) in article 19(5)(b), ignore the words after “exempt person”,
 - (ii) in article 19(5)(c)(i), for the words from “the controlled activity” to the end substitute “a controlled activity”, and
 - (iii) in article 19(5)(e) ignore the words from “where the communication” to the end, and
 - (b) in applying article 49(2) of that order for the purposes of sub-paragraph (1)(c), ignore article 49(2)(e).
- (3) In sub-paragraph (1)—
- “bond” shall be construed in accordance with article 77 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 [^{F26}, and includes any instrument falling within article 77A of that Order] (S.I. 2001/544), and
- “commercial paper” has the meaning given by article 9(3) of that order.]

Textual Amendments

- F25** Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)
- F26** Words in Sch. A1 para. 4F(3) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\), art. 4, Sch. para. 1\(b\)](#)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Debt

- [^{F27}4G The debt of at least £10 million referred to in paragraph 4A—
- (a) may be incurred at any time during the life of the capital market arrangement, and
 - (b) may be expressed wholly or partly in a foreign currency (in which case the sterling equivalent shall be calculated as at the time when the arrangement is entered into).]

Textual Amendments

F27 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Interpretation of project company

- [^{F28}4H (1) For the purposes of paragraph 4B a company is a “project company” of a project if—
- (a) it holds property for the purpose of the project,
 - (b) it has sole or principal responsibility under an agreement for carrying out all or part of the project,
 - (c) it is one of a number of companies which together carry out the project,
 - (d) it has the purpose of supplying finance to enable the project to be carried out, or
 - (e) it is the holding company of a company within any of paragraphs (a) to (d).
- (2) But a company is not a “project company” of a project if—
- (a) it performs a function within sub-paragraph (1)(a) to (d) or is within sub-paragraph (1)(e), but
 - (b) it also performs a function which is not—
 - (i) within sub-paragraph (1)(a) to (d),
 - (ii) related to a function within sub-paragraph (1)(a) to (d), or
 - (iii) related to the project.
- (3) For the purposes of this paragraph a company carries out all or part of a project whether or not it acts wholly or partly through agents.]

Textual Amendments

F28 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Public-private partnership project

- [^{F29}4I (1) In paragraph 4B “public-private partnership project” means a project—
- (a) the resources for which are provided partly by one or more public bodies and partly by one or more private persons, or
 - (b) which is designed wholly or mainly for the purpose of assisting a public body to discharge a function.
- (2) In sub-paragraph (1) “resources” includes—

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (a) funds (including payment for the provision of services or facilities),
 - (b) assets,
 - (c) professional skill,
 - (d) the grant of a concession or franchise, and
 - (e) any other commercial resource.
- (3) In sub-paragraph (1) “public body” means—
- (a) a body which exercises public functions,
 - (b) a body specified for the purposes of this paragraph by the Secretary of State, and
 - (c) a body within a class specified for the purposes of this paragraph by the Secretary of State.
- (4) A specification under sub-paragraph (3) may be—
- (a) general, or
 - (b) for the purpose of the application of paragraph 4B to a specified case.]

Textual Amendments

F29 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Step-in rights

- [^{F30}4J (1) For the purposes of paragraph 4B a project has “step-in rights” if a person who provides finance in connection with the project has a conditional entitlement under an agreement to—
- (i) assume sole or principal responsibility under an agreement for carrying out all or part of the project, or
 - (ii) make arrangements for carrying out all or part of the project.
- (2) In sub-paragraph (1) a reference to the provision of finance includes a reference to the provision of an indemnity.]

Textual Amendments

F30 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

“Person”

- [^{F31}4K For the purposes of paragraphs 4A to 4J, a reference to a person includes a reference to a partnership or another unincorporated group of persons.]

Textual Amendments

F31 Sch. A1 paras. 4A-4K inserted (1.1.2003) by [S.I. 2002/1990, art. 3\(3\)](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provision in arts. 3-5 of the commencing S.I.)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- ^{F32}5 The Secretary of State may by regulations modify the qualifications for eligibility of a company for a moratorium.

Textual Amendments

F32 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

PART II

OBTAINING A MORATORIUM

Nominee's statement

- 6 (1) Where the directors of a company wish to obtain a moratorium, they shall submit to the nominee—
- (a) a document setting out the terms of the proposed voluntary arrangement,
 - (b) a statement of the company's affairs containing—
 - (i) such particulars of its creditors and of its debts and other liabilities and of its assets as may be prescribed, and
 - (ii) such other information as may be prescribed, and
 - (c) any other information necessary to enable the nominee to comply with sub-paragraph (2) which he requests from them.
- (2) The nominee shall submit to the directors a statement in the prescribed form indicating whether or not, in his opinion—
- (a) the proposed voluntary arrangement has a reasonable prospect of being approved and implemented,
 - (b) the company is likely to have sufficient funds available to it during the proposed moratorium to enable it to carry on its business, and
 - [^{F33}(c) the proposed voluntary arrangement should be considered by a meeting of the company and by the company's creditors.]
- (3) In forming his opinion on the matters mentioned in sub-paragraph (2), the nominee is entitled to rely on the information submitted to him under sub-paragraph (1) unless he has reason to doubt its accuracy.
- (4) The reference in sub-paragraph (2)(b) to the company's business is to that business as the company proposes to carry it on during the moratorium.

Textual Amendments

F33 Sch. A1 para. 6(2)(c) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(2)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Documents to be submitted to court

- 7 (1) To obtain a moratorium the directors of a company must file (in Scotland, lodge) with the court—
- (a) a document setting out the terms of the proposed voluntary arrangement,
 - (b) a statement of the company’s affairs containing—
 - (i) such particulars of its creditors and of its debts and other liabilities and of its assets as may be prescribed, and
 - (ii) such other information as may be prescribed,
 - (c) a statement that the company is eligible for a moratorium,
 - (d) a statement from the nominee that he has given his consent to act, and
 - (e) a statement from the nominee that, in his opinion—
 - (i) the proposed voluntary arrangement has a reasonable prospect of being approved and implemented,
 - (ii) the company is likely to have sufficient funds available to it during the proposed moratorium to enable it to carry on its business, and
 - [the proposed voluntary arrangement should be considered by a^{F34}(iii) meeting of the company and by the company's creditors.]
- (2) Each of the statements mentioned in sub-paragraph (1)(b) to (e), except so far as it contains the particulars referred to in paragraph (b)(i), must be in the prescribed form.
- (3) The reference in sub-paragraph (1)(e)(ii) to the company’s business is to that business as the company proposes to carry it on during the moratorium.
- (4) The Secretary of State may by regulations modify the requirements of this paragraph as to the documents required to be filed (in Scotland, lodged) with the court in order to obtain a moratorium.

Textual Amendments

F34 Sch. A1 para. 7(1)(e)(iii) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(3\)](#); [S.I. 2015/1329, reg. 3\(d\)](#); [S.I. 2016/1020, reg. 4\(e\)](#) (with [reg. 5](#)) (as amended by [S.I. 2017/363, reg. 3](#))

Duration of moratorium

- 8 (1) A moratorium comes into force when the documents for the time being referred to in paragraph 7(1) are filed or lodged with the court and references in this Schedule to “the beginning of the moratorium” shall be construed accordingly.
- [A moratorium ends with the later of—
- ^{F35}(2) (a) the day on which the company meeting summoned under paragraph 29 is first held, and
- (b) the day on which the company's creditors decide whether to approve the proposed voluntary arrangement,
- unless it is extended under paragraph 32; but this is subject to the rest of this paragraph.
- (3) In this paragraph the “initial period” means the period of 28 days beginning with the day on which the moratorium comes into force.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (3A) If the company meeting has not first met before the end of the initial period the moratorium ends at the end of that period, unless before the end of that period it is extended under paragraph 32.
- (3B) If the company's creditors have not decided whether to approve the proposed voluntary arrangement before the end of the initial period the moratorium ends at the end of that period, unless before the end of that period—
- (a) the moratorium is extended under paragraph 32, or
 - (b) a meeting of the company's creditors is summoned in accordance with section 246ZE.
- (3C) Where sub-paragraph (3B)(b) applies, the moratorium ends with the day on which the meeting of the company's creditors is first held, unless it is extended under paragraph 32.
- (4) The moratorium ends at the end of the initial period if the nominee has not before the end of that period—
- (a) summoned a meeting of the company, and
 - (b) sought a decision from the company's creditors,
- as required by paragraph 29(1).]
- (5) If the moratorium is extended (or further extended) under paragraph 32, it ends at the end of the day to which it is extended (or further extended).
- (6) Sub-paragraphs (2) to (5) do not apply if the moratorium comes to an end before the time concerned by virtue of—
- (a) paragraph 25(4) (effect of withdrawal by nominee of consent to act),
 - (b) an order under paragraph 26(3), 27(3) or 40 (challenge of actions of nominee or directors), or
- [a decision of one or both of—
- ^{F36}(c) (i) the meeting of the company summoned under paragraph 29, or
 - (ii) the company's creditors.]
- (7) If the moratorium has not previously come to an end in accordance with sub-paragraphs (2) to (6), it ends at the end of the day on which a decision under paragraph 31 to approve a voluntary arrangement takes effect under paragraph 36.
- (8) The Secretary of State may by order increase or reduce the period for the time being specified in sub-paragraph (3).

Textual Amendments

F35 Sch. A1 para. 8(2)-(4) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(4\)](#); [S.I. 2015/1329, reg. 3\(d\)](#); [S.I. 2016/1020, reg. 4\(e\)](#) (with [reg. 5](#)) (as amended by [S.I. 2017/363, reg. 3](#))

F36 Sch. A1 para. 8(6)(c) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(5\)](#); [S.I. 2015/1329, reg. 3\(d\)](#); [S.I. 2016/1020, reg. 4\(e\)](#) (with [reg. 5](#)) (as amended by [S.I. 2017/363, reg. 3](#))

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Notification of beginning of moratorium

- ^{F37}9 (1) When a moratorium comes into force, the directors shall notify the nominee of that fact forthwith.
- (2) If the directors without reasonable excuse fail to comply with sub-paragraph (1), each of them is liable to imprisonment or a fine, or both.

Textual Amendments

F37 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by [2000 c. 39, s. 1, Sch. 1 para. 4](#); [S.I. 2001/1751, art. 2](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provisions in [arts. 3-5](#))

- ^{F38}10 (1) When a moratorium comes into force, the nominee shall, in accordance with the rules—
- (a) advertise that fact forthwith, and
- (b) notify the registrar of companies, the company and any petitioning creditor of the company of whose claim he is aware of that fact.
- (2) In sub-paragraph (1)(b), “petitioning creditor” means a creditor by whom a winding-up petition has been presented before the beginning of the moratorium, as long as the petition has not been dismissed or withdrawn.
- (3) If the nominee without reasonable excuse fails to comply with sub-paragraph (1)(a) or (b), he is liable to a fine.

Textual Amendments

F38 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 so far as not already in force) by [2000 c. 39, s. 1, Sch. 1 para. 4](#); [S.I. 2001/1751, art. 2](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provisions in [arts. 3-5](#))

Notification of end of moratorium

- ^{F39}11 (1) When a moratorium comes to an end, the nominee shall, in accordance with the rules—
- (a) advertise that fact forthwith, and
- (b) notify the court, the registrar of companies, the company and any creditor of the company of whose claim he is aware of that fact.
- (2) If the nominee without reasonable excuse fails to comply with sub-paragraph (1)(a) or (b), he is liable to a fine.

Textual Amendments

F39 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by [2000 c. 39, s. 1, Sch. 1 para. 4](#); [S.I. 2001/1751, art. 2](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provisions in [arts. 3-5](#))

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

F40 PART III

EFFECTS OF MORATORIUM

Textual Amendments

F40 Sch. A1 (Pts. I-VI) inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 para. 5, 45(1)-(3) (5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)

Effect on creditors, etc.

- F41** 12 (1) During the period for which a moratorium is in force for a company—
- (a) no petition may be presented for the winding up of the company,
 - (b) no meeting of the company may be called or requisitioned except with the consent of the nominee or the leave of the court and subject (where the court gives leave) to such terms as the court may impose,
 - (c) no resolution may be passed or order made for the winding up of the company,
 - [no administration application may be made in respect of the company,
 - F42**(d) no administrator of the company may be appointed under paragraph 14 or 22 of Schedule B1,]
 - (e) no administrative receiver of the company may be appointed,
 - (f) no landlord or other person to whom rent is payable may exercise any right of forfeiture by peaceable re-entry in relation to premises let to the company in respect of a failure by the company to comply with any term or condition of its tenancy of such premises, except with the leave of the court and subject to such terms as the court may impose,
 - (g) no other steps may be taken to enforce any security over the company's property, or to repossess goods in the company's possession under any hire-purchase agreement, except with the leave of the court and subject to such terms as the court may impose, and
 - (h) no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied, against the company or its property except with the leave of the court and subject to such terms as the court may impose.
- (2) Where a petition, other than an excepted petition, for the winding up of the company has been presented before the beginning of the moratorium, section 127 shall not apply in relation to any disposition of property, transfer of shares or alteration in status made during the moratorium or at a time mentioned in paragraph 37(5)(a).
- (3) In the application of sub-paragraph (1)(h) to Scotland, the reference to execution being commenced or continued includes a reference to diligence being carried out or continued, and the reference to distress being levied is omitted.
- (4) Paragraph (a) of sub-paragraph (1) does not apply to an excepted petition and, where such a petition has been presented before the beginning of the moratorium or is presented during the moratorium, paragraphs (b) and (c) of that sub-paragraph do not apply in relation to proceedings on the petition.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (5) For the purposes of this paragraph, “excepted petition” means a petition under—
- (a) section 124A [^{F43}or 124B] of this Act,
 - (b) section 72 of the ^{M4}Financial Services Act 1986 on the ground mentioned in subsection (1)(b) of that section, or
 - (c) section 92 of the ^{M5}Banking Act 1987 on the ground mentioned in subsection (1)(b) of that section.
- [section 367 of the Financial Services and Markets Act 2000 on the ground ^{F44}(d) mentioned in subsection (3)(b) of that section.]

Textual Amendments

- F41** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F42** Sch. A1 para. 12(1)(d)(da) substituted (15.9.2003) for Sch. A1 para. 12(1)(d) by 2002 c. 40, ss. 248(3), 279, Sch. 17 para. 37(3) (with s. 249(1)-(3)(6)); S.I. 2003/2093, **art. 2(1)**, Sch. 1 (subject to arts. 3-8 (as amended by S.I. 2003/2332, art. 2))
- F43** Words in Sch. A1 para. 12(5)(a) inserted (8.10.2004) by The European Public Limited-Liability Company Regulations 2004 (S.I. 2004/2326), **reg. 73(4)(b)**
- F44** Sch. A1 para. 12(5)(d) inserted (3.7.2002) by S.I. 2002/1555, **art. 30**

Modifications etc. (not altering text)

- C3** Sch. A1 para. 12(1)(g) excluded (26.12.2003) by The Financial Collateral Arrangements (No.2) Regulations 2003 (S.I. 2003/3226), **reg. 8(5)**
- C4** Sch. A1 para. 12(1)(g) excluded by The Financial Market and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999/2979), reg. 19(4) (as inserted (1.10.2009) by The Financial Markets and Insolvency (Settlement Finality) (Amendment) Regulations 2009 (S.I. 2009/1972), **reg. 7(c)**)

Marginal Citations

- M4** 1986 c. 60.
M5 1987 c. 22.

- 13 (1) This paragraph applies where there is an uncrystallised floating charge on the property of a company for which a moratorium is in force.
- (2) If the conditions for the holder of the charge to give a notice having the effect mentioned in sub-paragraph (4) are met at any time, the notice may not be given at that time but may instead be given as soon as practicable after the moratorium has come to an end.
- (3) If any other event occurs at any time which (apart from this sub-paragraph) would have the effect mentioned in sub-paragraph (4), then—
- (a) the event shall not have the effect in question at that time, but
 - (b) if notice of the event is given to the company by the holder of the charge as soon as is practicable after the moratorium has come to an end, the event is to be treated as if it had occurred when the notice was given.
- (4) The effect referred to in sub-paragraphs (2) and (3) is—
- (a) causing the crystallisation of the floating charge, or
 - (b) causing the imposition, by virtue of provision in the instrument creating the charge, of any restriction on the disposal of any property of the company.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (5) Application may not be made for leave under paragraph 12(1)(g) or (h) with a view to obtaining—
- (a) the crystallisation of the floating charge, or
 - (b) the imposition, by virtue of provision in the instrument creating the charge, of any restriction on the disposal of any property of the company.

Modifications etc. (not altering text)

- C5** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

- ^{F45}14 Security granted by a company at a time when a moratorium is in force in relation to the company may only be enforced if, at that time, there were reasonable grounds for believing that it would benefit the company.

Textual Amendments

- F45** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Effect on company

- ^{F46}15 (1) Paragraphs 16 to 23 apply in relation to a company for which a moratorium is in force.
- (2) The fact that a company enters into a transaction in contravention of any of paragraphs 16 to 22 does not—
- (a) make the transaction void, or
 - (b) make it to any extent unenforceable against the company.

Textual Amendments

- F46** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Company invoices, etc.

- ^{F47}1^{F48}(1) Every invoice, order for goods or services, business letter or order form (whether in hard copy, electronic or any other form) issued by or on behalf of the company, and all the company's websites, must also contain the nominee's name and a statement that the moratorium is in force for the company.]
- (2) If default is made in complying with sub-paragraph (1), the company and (subject to sub-paragraph (3)) any officer of the company is liable to a fine.
- (3) An officer of the company is only liable under sub-paragraph (2) if, without reasonable excuse, he authorises or permits the default.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

- F47** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)
- F48** Sch. A1 para. 16(1) substituted (1.10.2008) by **The Companies (Trading Disclosures) (Insolvency) Regulations 2008 (S.I. 2008/1897)**, **reg. 3(1)**

Obtaining credit during moratorium

- ^{F49}17 (1) The company may not obtain credit to the extent of £250 or more from a person who has not been informed that a moratorium is in force in relation to the company.
- (2) The reference to the company obtaining credit includes the following cases—
- (a) where goods are bailed (in Scotland, hired) to the company under a hire-purchase agreement, or agreed to be sold to the company under a conditional sale agreement, and
 - (b) where the company is paid in advance (whether in money or otherwise) for the supply of goods or services.
- (3) Where the company obtains credit in contravention of sub-paragraph (1)—
- (a) the company is liable to a fine, and
 - (b) if any officer of the company knowingly and wilfully authorised or permitted the contravention, he is liable to imprisonment or a fine, or both.
- (4) The money sum specified in sub-paragraph (1) is subject to increase or reduction by order under section 417A in Part XV.

Textual Amendments

- F49** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Disposals and payments

- ^{F50}18 (1) Subject to sub-paragraph (2), the company may only dispose of any of its property if—
- (a) there are reasonable grounds for believing that the disposal will benefit the company, and
 - (b) the disposal is approved by the committee established under paragraph 35(1) or, where there is no such committee, by the nominee.
- (2) Sub-paragraph (1) does not apply to a disposal made in the ordinary way of the company's business.
- (3) If the company makes a disposal in contravention of sub-paragraph (1) otherwise than in pursuance of an order of the court—
- (a) the company is liable to a fine, and
 - (b) if any officer of the company authorised or permitted the contravention, without reasonable excuse, he is liable to imprisonment or a fine, or both.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

F50 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

- ^{F51}19 (1) Subject to sub-paragraph (2), the company may only make any payment in respect of any debt or other liability of the company in existence before the beginning of the moratorium if—
- (a) there are reasonable grounds for believing that the payment will benefit the company, and
 - (b) the payment is approved by the committee established under paragraph 35(1) or, where there is no such committee, by the nominee.
- (2) Sub-paragraph (1) does not apply to a payment required by paragraph 20(6).
- (3) If the company makes a payment in contravention of sub-paragraph (1) otherwise than in pursuance of an order of the court—
- (a) the company is liable to a fine, and
 - (b) if any officer of the company authorised or permitted the contravention, without reasonable excuse, he is liable to imprisonment or a fine, or both.

Textual Amendments

F51 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Disposal of charged property, etc.

- ^{F52}20 (1) This paragraph applies where—
- (a) any property of the company is subject to a security, or
 - (b) any goods are in the possession of the company under a hire-purchase agreement.
- (2) If the holder of the security consents, or the court gives leave, the company may dispose of the property as if it were not subject to the security.
- (3) If the owner of the goods consents, or the court gives leave, the company may dispose of the goods as if all rights of the owner under the hire-purchase agreement were vested in the company.
- (4) Where property subject to a security which, as created, was a floating charge is disposed of under sub-paragraph (2), the holder of the security has the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the security.
- (5) Sub-paragraph (6) applies to the disposal under sub-paragraph (2) or (as the case may be) sub-paragraph (3) of—
- (a) any property subject to a security other than a security which, as created, was a floating charge, or

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (b) any goods in the possession of the company under a hire-purchase agreement.
- (6) It shall be a condition of any consent or leave under sub-paragraph (2) or (as the case may be) sub-paragraph (3) that—
- (a) the net proceeds of the disposal, and
- (b) where those proceeds are less than such amount as may be agreed, or determined by the court, to be the net amount which would be realised on a sale of the property or goods in the open market by a willing vendor, such sums as may be required to make good the deficiency,
- shall be applied towards discharging the sums secured by the security or payable under the hire-purchase agreement.
- (7) Where a condition imposed in pursuance of sub-paragraph (6) relates to two or more securities, that condition requires—
- (a) the net proceeds of the disposal, and
- (b) where paragraph (b) of sub-paragraph (6) applies, the sums mentioned in that paragraph,
- to be applied towards discharging the sums secured by those securities in the order of their priorities.
- (8) Where the court gives leave for a disposal under sub-paragraph (2) or (3), the directors shall, within 14 days after leave is given, send [^{F53}a copy] of the order giving leave to the registrar of companies.
- (9) If the directors without reasonable excuse fail to comply with sub-paragraph (8), they are liable to a fine.

Textual Amendments

F52 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

F53 Words in Sch. A1 para. 20(8) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 71(4)(b)} (with art. 10, Sch. 1 para. 84)

Modifications etc. (not altering text)

C6 Sch. A1 para. 20 excluded (26.12.2003) by The Financial Collateral Arrangements (No.2) Regulations 2003 (S.I. 2003/3226, **reg. 8(5)**)

C7 Sch. A1 para. 20 excluded by **The Financial Market and Insolvency (Settlement Finality) Regulations 1999** (S.I. 1999/2979), **reg. 19(4)** (as inserted (1.10.2009) by **The Financial Markets and Insolvency (Settlement Finality) (Amendment) Regulations 2009** (S.I. 2009/1972), **reg. 7(c)**)

- ^{F54}21 (1) Where property is disposed of under paragraph 20 in its application to Scotland, the company shall grant to the disponee an appropriate document of transfer or conveyance of the property, and
- (a) that document, or
- (b) where any recording, intimation or registration of the document is a legal requirement for completion of title to the property, that recording, intimation or registration,

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

has the effect of disencumbering the property of, or (as the case may be) freeing the property from, the security.

- (2) Where goods in the possession of the company under a hire-purchase agreement are disposed of under paragraph 20 in its application to Scotland, the disposal has the effect of extinguishing, as against the donee, all rights of the owner of the goods under the agreement.

Textual Amendments

F54 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

^{F55}22 (1) If the company—

- (a) without any consent or leave under paragraph 20, disposes of any of its property which is subject to a security otherwise than in accordance with the terms of the security,
- (b) without any consent or leave under paragraph 20, disposes of any goods in the possession of the company under a hire-purchase agreement otherwise than in accordance with the terms of the agreement, or
- (c) fails to comply with any requirement imposed by paragraph 20 or 21,

it is liable to a fine.

- (2) If any officer of the company, without reasonable excuse, authorises or permits any such disposal or failure to comply, he is liable to imprisonment or a fine, or both.

Textual Amendments

F55 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Market contracts, etc.

^{F56}23 (1) If the company enters into any transaction to which this paragraph applies—

- (a) the company is liable to a fine, and
- (b) if any officer of the company, without reasonable excuse, authorised or permitted the company to enter into the transaction, he is liable to imprisonment or a fine, or both.

(2) A company enters into a transaction to which this paragraph applies if it—

- (a) enters into a market contract, ^{F57} . . .
- (b) gives a transfer order,
- (c) grants a market charge ^{F57} . . . or a system-charge, or
- (d) provides any collateral security.

(3) The fact that a company enters into a transaction in contravention of this paragraph does not—

- (a) make the transaction void, or

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (b) make it to any extent unenforceable by or against the company.
- (4) Where during the moratorium a company enters into a transaction to which this paragraph applies, nothing done by or in pursuance of the transaction is to be treated as done in contravention of paragraphs 12(1)(g), 14 or 16 to 22.
- (5) Paragraph 20 does not apply in relation to any property which is subject to a market charge,^{F57} . . . a system-charge or a collateral security charge.
- (6) In this paragraph, “transfer order”, “collateral security” and “collateral security charge” have the same meanings as in the settlement finality regulations.

Textual Amendments

- F56** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F57** Words in Sch. A1 para. 23(2)(a)(c)(5) omitted (3.7.2002) by virtue of S.I. 2002/1555, **art. 28(4)(a)(b)(c)**

PART IV

NOMINEES

Monitoring of company's activities

- ^{F58}24 (1) During a moratorium, the nominee shall monitor the company's affairs for the purpose of forming an opinion as to whether—
- (a) the proposed voluntary arrangement or, if he has received notice of proposed modifications under paragraph 31(7), the proposed arrangement with those modifications has a reasonable prospect of being approved and implemented, and
- (b) the company is likely to have sufficient funds available to it during the remainder of the moratorium to enable it to continue to carry on its business.
- (2) The directors shall submit to the nominee any information necessary to enable him to comply with sub-paragraph (1) which he requests from them.
- (3) In forming his opinion on the matters mentioned in sub-paragraph (1), the nominee is entitled to rely on the information submitted to him under sub-paragraph (2) unless he has reason to doubt its accuracy.
- (4) The reference in sub-paragraph (1)(b) to the company's business is to that business as the company proposes to carry it on during the remainder of the moratorium.

Textual Amendments

- F58** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Withdrawal of consent to act

- ^{F59}25 (1) The nominee may only withdraw his consent to act in the circumstances mentioned in this paragraph.
- (2) The nominee must withdraw his consent to act if, at any time during a moratorium—
- (a) he forms the opinion that—
 - (i) the proposed voluntary arrangement or, if he has received notice of proposed modifications under paragraph 31(7), the proposed arrangement with those modifications no longer has a reasonable prospect of being approved or implemented, or
 - (ii) the company will not have sufficient funds available to it during the remainder of the moratorium to enable it to continue to carry on its business,
 - (b) he becomes aware that, on the date of filing, the company was not eligible for a moratorium, or
 - (c) the directors fail to comply with their duty under paragraph 24(2).
- (3) The reference in sub-paragraph (2)(a)(ii) to the company’s business is to that business as the company proposes to carry it on during the remainder of the moratorium.
- (4) If the nominee withdraws his consent to act, the moratorium comes to an end.
- (5) If the nominee withdraws his consent to act he must, in accordance with the rules, notify the court, the registrar of companies, the company and any creditor of the company of whose claim he is aware of his withdrawal and the reason for it.
- (6) If the nominee without reasonable excuse fails to comply with sub-paragraph (5), he is liable to a fine.

Textual Amendments

F59 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Challenge of nominee’s actions, etc.

- ^{F60}26 (1) If any creditor, director or member of the company, or any other person affected by a moratorium, is dissatisfied by any act, omission or decision of the nominee during the moratorium, he may apply to the court.
- (2) An application under sub-paragraph (1) may be made during the moratorium or after it has ended.
- (3) On an application under sub-paragraph (1) the court may—
- (a) confirm, reverse or modify any act or decision of the nominee,
 - (b) give him directions, or
 - (c) make such other order as it thinks fit.
- (4) An order under sub-paragraph (3) may (among other things) bring the moratorium to an end and make such consequential provision as the court thinks fit.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

F60 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

- ^{F61}27 (1) Where there are reasonable grounds for believing that—
- (a) as a result of any act, omission or decision of the nominee during the moratorium, the company has suffered loss, but
 - (b) the company does not intend to pursue any claim it may have against the nominee,
- any creditor of the company may apply to the court.
- (2) An application under sub-paragraph (1) may be made during the moratorium or after it has ended.
- (3) On an application under sub-paragraph (1) the court may—
- (a) order the company to pursue any claim against the nominee,
 - (b) authorise any creditor to pursue such a claim in the name of the company, or
 - (c) make such other order with respect to such a claim as it thinks fit,
- unless the court is satisfied that the act, omission or decision of the nominee was in all the circumstances reasonable.
- (4) An order under sub-paragraph (3) may (among other things)—
- (a) impose conditions on any authority given to pursue a claim,
 - (b) direct the company to assist in the pursuit of a claim,
 - (c) make directions with respect to the distribution of anything received as a result of the pursuit of a claim,
 - (d) bring the moratorium to an end and make such consequential provision as the court thinks fit.
- (5) On an application under sub-paragraph (1) the court shall have regard to the interests of the members and creditors of the company generally.

Textual Amendments

F61 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Replacement of nominee by court

- 28 (1) The court may—
- (a) on an application made by the directors in a case where the nominee has failed to comply with any duty imposed on him under this Schedule or has died, or
 - (b) on an application made by the directors or the nominee in a case where it is impracticable or inappropriate for the nominee to continue to act as such,
- direct that the nominee be replaced as such by another person qualified to act as an insolvency practitioner, ^{F62}... in relation to the voluntary arrangement.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (2) A person may only be appointed as a replacement nominee under this paragraph if he submits to the court a statement indicating his consent to act.

Textual Amendments

- F62** Words in Sch. A1 para. 28(1) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), s. 115(7), [Sch. 6 para. 20\(2\)\(e\)\(i\)](#); S.I. 2015/1732, art. 2(e)(vi)

PART V

CONSIDERATION AND IMPLEMENTATION OF VOLUNTARY ARRANGEMENT

*[^{F63}Summoning of meetings][^{F63}Duty to summon
company meeting and seek creditors' decision]*

Textual Amendments

- F63** Words in Sch. A1 para. 29 heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 9\(6\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)

- 29 (1) Where a moratorium is in force, the nominee [^{F64}shall summon meetings of the company and its creditors for such a time, date (within the period for the time being specified in paragraph 8(3)) and place as he thinks fit.][^{F64}shall—
- (a) summon a meeting of the company to consider the proposed voluntary arrangement for such a time, date (within the period of time for the time being specified in paragraph 8(3)) and place as he thinks fit, and
 - (b) seek a decision from the company's creditors as to whether they approve the proposed voluntary arrangement.]

[The decision of the company's creditors is to be made by a qualifying decision ^{F65}(2) procedure.

- (3) Notice of the qualifying decision procedure must be given to every creditor of the company of whose claim the nominee is aware.]

Textual Amendments

- F64** Words in Sch. A1 para. 29(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 9\(7\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)
- F65** Sch. A1 para. 29(2)(3) substituted for Sch. A1 para. 29(2) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 9 para. 9\(8\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Conduct of [F66 meetings][F66 company meeting and qualifying decision procedure]

Textual Amendments

F66 Words in Sch. A1 para. 30 heading substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(9\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)

- 30 (1) Subject to the provisions of paragraphs 31 to 35, the [F67 meetings summoned under paragraph 29][F67 company meeting summoned under paragraph 29 and the qualifying decision procedure instigated under that paragraph] shall be conducted in accordance with the rules.
- (2) [F68 A meeting so summoned][F68 The company meeting summoned under paragraph 29] may resolve that it be adjourned (or further adjourned).
- (3) After the conclusion of [F69 either][F69 the company] meeting in accordance with the rules, the chairman of the meeting shall report the result of the meeting to the court, and, immediately after reporting to the court, shall give notice of the result of the meeting to such persons as may be prescribed.
- [After the company's creditors have decided whether to approve the proposed
F70 (4) voluntary arrangement the nominee must—
- (a) report the decision to the court, and
 - (b) immediately after reporting to the court, give notice of the decision to such persons as may be prescribed.]

Textual Amendments

- F67** Words in Sch. A1 para. 30(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(10\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)
- F68** Words in Sch. A1 para. 30(2) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(11\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)
- F69** Words in Sch. A1 para. 30(3) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(12\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)
- F70** Sch. A1 para. 30(4) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(13\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)

Approval of voluntary arrangement

- 31 [This paragraph applies where under paragraph 29—
F71 (1)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (a) a meeting of the company is summoned to consider the proposed voluntary arrangement, and
 - (b) the nominee seeks a decision from the company's creditors as to whether they approve the proposed voluntary arrangement.
- (1A) The company and its creditors may approve the proposed voluntary arrangement with or without modifications.]
- (2) The modifications may include one conferring the functions proposed to be conferred on the nominee on another person qualified to act as an insolvency practitioner^{F72} ... in relation to the voluntary arrangement.
- (3) The modifications shall not include one by virtue of which the proposal ceases to be a proposal such as is mentioned in section 1.
- (4) [^{F73}A meeting summoned under paragraph 29 shall not][^{F73}Neither the company nor its creditors may] approve any proposal or modification which affects the right of a secured creditor of the company to enforce his security, except with the concurrence of the creditor concerned.
- (5) Subject to sub-paragraph (6), [^{F74}a meeting so summoned shall not][^{F74}neither the company nor its creditors may] approve any proposal or modification under which—
- (a) any preferential debt of the company is to be paid otherwise than in priority to such of its debts as are not preferential debts, ^{F75} ...
 - [any ordinary preferential debt of the company is to be paid otherwise than
 - ^{F76}(aa) in priority to any secondary preferential debts that it may have,]
 - (b) a preferential creditor of the company is to be paid an amount in respect of [^{F77}an ordinary preferential debt] that bears to that debt a smaller proportion than is borne to [^{F78}another ordinary] preferential debt by the amount that is to be paid in respect of that other debt [^{F79}, or
 - (c) a preferential creditor of the company is to be paid an amount in respect of a secondary preferential debt that bears to that debt a smaller proportion than is borne to another secondary preferential debt by the amount that is to be paid in respect of that other debt.]
- (6) [^{F80}The meeting may approve such a proposal or modification][^{F80}Such a proposal or modification may be approved] with the concurrence of the preferential creditor concerned.
- (7) The directors of the company may, before the beginning of the [^{F81}period of seven days which ends with the meetings (or either of them) summoned under paragraph 29 being held][^{F81}relevant period] , give notice to the nominee of any modifications of the proposal for which the directors intend to seek the approval of [^{F82}those meetings][^{F82}the company and its creditors] .
- [The “relevant period” is—
- ^{F83}(7A) (a) in relation to the company, the period of seven days ending with the company meeting summoned under paragraph 29 being held;
- (b) in relation to the company's creditors, the period of 14 days ending with the end of the period mentioned in paragraph 8(3).
- (7B) Where under sub-paragraph (7) the nominee is given notice of proposed modifications, the nominee must seek a decision from the company's creditors (using

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

a qualifying decision procedure) as to whether the proposed voluntary arrangement should be approved with those modifications.]

- (8) References in this paragraph to preferential debts [^{F84}, ordinary preferential debts, secondary preferential debts] and preferential creditors are to be read in accordance with section 386 in Part XII of this Act.

Textual Amendments

- F71** Sch. A1 para. 31(1)(1A) substituted for Sch. A1 para. 31(1) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(14\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F72** Words in Sch. A1 para. 31(2) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\), s. 115\(7\)](#), [Sch. 6 para. 20\(2\)\(e\)\(ii\)](#); S.I. 2015/1732, art. 2(e)(vi)
- F73** Words in Sch. A1 para. 31(4) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(15\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F74** Words in Sch. A1 para. 31(5) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(16\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F75** Word in Sch. A1 para. 31(5)(a) omitted (1.1.2015) by virtue of [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(2\)\(a\)](#) (with art. 3)
- F76** Sch. A1 para. 31(5)(aa) inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(2\)\(b\)](#) (with art. 3)
- F77** Words in Sch. A1 para. 31(5)(b) substituted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(2\)\(c\)\(i\)](#) (with art. 3)
- F78** Words in Sch. A1 para. 31(5)(b) substituted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(2\)\(c\)\(ii\)](#) (with art. 3)
- F79** Sch. A1 para. 31(5)(c) and word inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(2\)\(d\)](#) (with art. 3)
- F80** Words in Sch. A1 para. 31(6) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(17\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F81** Words in Sch. A1 para. 31(7) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(18\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F82** Words in Sch. A1 para. 31(7) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(18\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F83** Sch. A1 para. 31(7A)(7B) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(19\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F84** Words in Sch. A1 para. 31(8) inserted (1.1.2015) by [The Banks and Building Societies \(Depositor Preference and Priorities\) Order 2014 \(S.I. 2014/3486\)](#), arts. 1(2), [9\(3\)](#) (with art. 3)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Extension of moratorium

- 32 (1) Subject to sub-paragraph (2), a [^{F85}company] meeting summoned under paragraph 29 which resolves that it be adjourned (or further adjourned) may resolve that the moratorium be extended (or further extended), with or without conditions.
- [Subject to sub-paragraph (2) the company's creditors may, by a qualifying decision
^{F86}(1A) procedure, decide to extend (or further extend) the moratorium, with or without conditions.]
- [The moratorium may not be extended (or further extended) to a day later than the end
^{F87}(2) of the period of two months beginning with the day after the last day of the period mentioned in paragraph 8(3).]
- (3) [^{F88}At any meeting where][^{F88}Where] it is proposed to extend (or further extend) the moratorium, before a decision is taken with respect to that proposal, the nominee shall inform the meeting [^{F89}of the company or (as the case may be) inform the company's creditors] —
- (a) of what he has done in order to comply with his duty under paragraph 24 and the cost of his actions for the company, and
 - (b) of what he intends to do to continue to comply with that duty if the moratorium is extended (or further extended) and the expected cost of his actions for the company.
- (4) Where, in accordance with sub-paragraph (3)(b), the nominee informs a meeting [^{F90}of the company or informs the company's creditors,] of the expected cost of his intended actions, the meeting shall resolve [^{F91}, or (as the case may be) the creditors by a qualifying decision procedure shall decide,] whether or not to approve that expected cost.
- (5) If a decision not to approve the expected cost of the nominee's intended actions has effect under paragraph 36, the moratorium comes to an end.
- (6) A meeting [^{F92}may resolve][^{F92}of the company may resolve, and the creditors by a qualifying decision procedure may decide,] that a moratorium which has been extended (or further extended) be brought to an end before the end of the period of the extension (or further extension).
- (7) The Secretary of State may by order increase or reduce the period for the time being specified in sub-paragraph (2).

Textual Amendments

- F85** Word in Sch. A1 para. 32(1) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(20\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F86** Sch. A1 para. 32(1A) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(21\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F87** Sch. A1 para. 32(2) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(22\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- F88** Word in Sch. A1 para. 32(3) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(23\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F89** Words in Sch. A1 para. 32(3) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(23\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F90** Words in Sch. A1 para. 32(4) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(24\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F91** Words in Sch. A1 para. 32(4) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(24\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F92** Words in Sch. A1 para. 32(6) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(25\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

- 33 (1) The conditions which may be imposed when a moratorium is extended (or further extended) include a requirement that the nominee be replaced as such by another person qualified to act as an insolvency practitioner^{F93} ... in relation to the voluntary arrangement.
- (2) A person may only be appointed as a replacement nominee by virtue of subparagraph (1) if he submits to the court a statement indicating his consent to act.
- (3) [^{F94}At any meeting where][^{F94}Where] it is proposed to appoint a replacement nominee as a condition of extending (or further extending) the moratorium—
- (a) the duty imposed by paragraph 32(3)(b) on the nominee shall instead be imposed on the person proposed as the replacement nominee, and
- (b) paragraphs 32(4) and (5) and 36(1)(e) apply as if the references to the nominee were to that person.

Textual Amendments

- F93** Words in Sch. A1 para. 33(1) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\), s. 115\(7\)](#), [Sch. 6 para. 20\(2\)\(e\)\(iii\)](#); S.I. 2015/1732, art. 2(e)(vi)
- F94** Word in Sch. A1 para. 33(3) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\)](#), [Sch. 9 para. 9\(26\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

- ^{F95}34 (1) If a decision to extend, or further extend, the moratorium takes effect under paragraph 36, the nominee shall, in accordance with the rules, notify the registrar of companies and the court.
- (2) If the moratorium is extended, or further extended, by virtue of an order under paragraph 36(5), the nominee shall, in accordance with the rules, send [^{F96}a copy] of the order to the registrar of companies.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (3) If the nominee without reasonable excuse fails to comply with this paragraph, he is liable to a fine.

Textual Amendments

- F95** Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in arts. 3-5)
- F96** Words in Sch. A1 para. 34(2) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009, (S.I. 2009/1941) arts. 2(1), 8, {Sch. 1 para. 71(4)(b)} (with art. 10, Sch. 1 para. 84)

Moratorium committee

- 35 [This paragraph applies where in accordance with paragraph 32 a meeting of the ^{F97}(1) company resolves, or the company's creditors decide, that the moratorium be extended (or further extended).
- (1A) The meeting may resolve, and the company's creditors may by a qualifying decision procedure decide, that a committee be established to exercise the functions conferred on it by the meeting or (as the case may be) by the company's creditors.
- (2) The meeting may resolve that such a committee be established only if—
- (a) the nominee consents, and
 - (b) the meeting approves an estimate of the expenses to be incurred by the committee in the exercise of the proposed functions.
- (2A) A decision of the company's creditors that such a committee be established is to be taken as made only if—
- (a) the nominee consents, and
 - (b) the creditors by a qualifying decision procedure approve an estimate of the expenses to be incurred by the committee in the exercise of the proposed functions.]

(3) Any expenses, not exceeding the amount of the estimate, incurred by the committee in the exercise of its functions shall be reimbursed by the nominee.

(4) The committee shall cease to exist when the moratorium comes to an end.

Textual Amendments

- F97** Sch. A1 para. 35(1)-(2A) substituted for Sch. A1 para. 35(1)(2) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), Sch. 9 para. 9(27)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Effectiveness of decisions

- 36 (1) Sub-paragraph (2) applies to references to one of the following decisions having effect, that is, a decision, under paragraph 31, 32 or 35, with respect to—
- (a) the approval of a proposed voluntary arrangement,

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (b) the extension (or further extension) of a moratorium,
 - (c) the bringing of a moratorium to an end,
 - (d) the establishment of a committee, or
 - (e) the approval of the expected cost of a nominee's intended actions.
- (2) The decision has effect if, in accordance with the rules—
- (a) it has been taken by [^{F98}both meetings summoned under paragraph 29][^{F98}the meeting of the company summoned under paragraph 29 and by the company's creditors] , or
 - (b) (subject to any order made under sub-paragraph (5)) it has been taken by the [^{F99}creditors' meeting summoned under that paragraph][^{F99}company's creditors] .
- (3) If a decision taken by the [^{F100}creditors' meeting][^{F100}company's creditors] under any of paragraphs 31, 32 or 35 with respect to any of the matters mentioned in sub-paragraph (1) differs from one so taken by the company meeting with respect to that matter, a member of the company may apply to the court.
- (4) An application under sub-paragraph (3) shall not be made after the end of the period of 28 days beginning with—
- (a) the day on which the decision was taken by the [^{F101}creditors' meeting][^{F101}company's creditors] , or
 - (b) where the decision of the company meeting was taken on a later day, that day.
- (5) On an application under sub-paragraph (3), the court may—
- (a) order the decision of the company meeting to have effect instead of the decision of the [^{F102}creditors' meeting][^{F102}company's creditors] , or
 - (b) make such other order as it thinks fit.

Textual Amendments

- F98** Words in Sch. A1 para. 36(2)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(28\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F99** Words in Sch. A1 para. 36(2)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(28\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F100** Words in Sch. A1 para. 36(3) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(29\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F101** Words in Sch. A1 para. 36(4)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(29\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F102** Words in Sch. A1 para. 36(5)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(29\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Effect of approval of voluntary arrangement

- 37 (1) This paragraph applies where a decision approving a voluntary arrangement has effect under paragraph 36.
- (2) The approved voluntary arrangement—
- (a) takes effect as if made by the company at the [^{F103}creditors' meeting][^{F103}time the creditors decided to approve the voluntary arrangement] , and
 - (b) binds every person who in accordance with the rules—
 - (i) was entitled to vote [^{F104}at that meeting (whether or not he was present or represented at it)][^{F104}in the qualifying decision procedure by which the creditors' decision to approve the voluntary arrangement was made] , or
 - (ii) would have been so entitled if he had had notice of it, as if he were a party to the voluntary arrangement.
- (3) If—
- (a) when the arrangement ceases to have effect any amount payable under the arrangement to a person bound by virtue of sub-paragraph (2)(b)(ii) has not been paid, and
 - (b) the arrangement did not come to an end prematurely,
- the company shall at that time become liable to pay to that person the amount payable under the arrangement.
- (4) Where a petition for the winding up of the company, other than an excepted petition within the meaning of paragraph 12, was presented before the beginning of the moratorium, the court shall dismiss the petition.
- (5) The court shall not dismiss a petition under sub-paragraph (4)—
- (a) at any time before the end of the period of 28 days beginning with the first day on which each of the reports [^{F105}of the meetings] required by paragraph 30(3) [^{F106}and (4)] has been made to the court, or
 - (b) at any time when an application under paragraph 38 or an appeal in respect of such an application is pending, or at any time in the period within which such an appeal may be brought.

Textual Amendments

F103 Words in Sch. A1 para. 37(2)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(30\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

F104 Words in Sch. A1 para. 37(2)(b)(i) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(30\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

F105 Words in Sch. A1 para. 37(5)(a) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(31\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

F106 Words in Sch. A1 para. 37(5)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch.](#)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

9 para. 9(31)(b); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Challenge of decisions

- 38 (1) Subject to the following provisions of this paragraph, any of the persons mentioned in sub-paragraph (2) may apply to the court on one or both of the following grounds—
- (a) that a voluntary arrangement [^{F107}approved at one or both of the meetings summoned under paragraph 29 and which has taken effect][^{F107}which has taken effect under paragraph 37] unfairly prejudices the interests of a creditor, member or contributory of the company,
 - (b) that there has been some material irregularity at or in relation to [^{F108}either of those meetings][^{F108}the meeting of the company summoned under paragraph 29, or in relation to the relevant qualifying decision procedure] .
- [In this paragraph—
- ^{F109}(1A) (a) the “relevant qualifying decision procedure” means the qualifying decision procedure in which the creditors decided whether to approve the voluntary arrangement;
- (b) references to a decision made in the relevant qualifying decision procedure include any other decision made in that qualifying decision procedure.]
- (2) The persons who may apply under this paragraph are—
- (a) a person entitled, in accordance with the rules, to vote at [^{F110}either of the meetings][^{F110}the meeting of the company or in the relevant qualifying decision procedure] ,
 - (b) a person who would have been entitled, in accordance with the rules, to vote [^{F111}at the creditors’ meeting][^{F111}in the relevant qualifying decision procedure] if he had had notice of it, and
 - (c) the nominee.
- (3) An application under this paragraph shall not be made—
- (a) after the end of the period of 28 days beginning with the first day on which each of the reports required by paragraph 30(3) [^{F112}and (4)] has been made to the court, or
 - (b) in the case of a person who was not given notice of the [^{F113}creditors’ meeting][^{F113}relevant qualifying decision procedure] , after the end of the period of 28 days beginning with the day on which he became aware that [^{F114}the meeting][^{F114}the relevant qualifying decision procedure] had taken place,
- but (subject to that) an application made by a person within sub-paragraph (2)(b) on the ground that the arrangement prejudices his interests may be made after the arrangement has ceased to have effect, unless it came to an end prematurely.
- (4) Where on an application under this paragraph the court is satisfied as to either of the grounds mentioned in sub-paragraph (1), it may do any of the following—
- (a) revoke or suspend—
 - (i) any decision approving the voluntary arrangement which has effect under paragraph 36, or

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (ii) in a case falling within sub-paragraph (1)(b), any decision taken by the meeting [F115; in question][F115 of the company, or in the relevant qualifying decision procedure,] which has effect under that paragraph,
- (b) give a direction to any person—
 - (i) for the summoning of [F116 further meetings][F116 a further company meeting] to consider any revised proposal for a voluntary arrangement which the directors may make, or
 - (ii) in a case falling within sub-paragraph (1)(b) [F117 and relating to the company meeting] , for the summoning of a further company [F118 or (as the case may be) creditors’] meeting to reconsider the original proposal.
- [direct any person—
 - F119(c) (i) to seek a decision from the company's creditors (using a qualifying decision procedure) as to whether they approve any revised proposal for a voluntary arrangement which the directors may make, or
 - (ii) in a case falling within sub-paragraph (1)(b) and relating to the relevant qualifying decision procedure, to seek a decision from the company's creditors (using a qualifying decision procedure) as to whether they approve the original proposal.]
- (5) Where at any time after giving a direction under sub-paragraph (4)(b)(i) [F120 or (c) (i)] the court is satisfied that the directors do not intend to submit a revised proposal, the court shall revoke the direction and revoke or suspend any decision approving the voluntary arrangement which has effect under paragraph 36.
- (6) Where the court gives a direction under sub-paragraph (4)(b) [F121 or (c)] , it may also give a direction continuing or, as the case may require, renewing, for such period as may be specified in the direction, the effect of the moratorium.
- (7) Sub-paragraph (8) applies in a case where the court, on an application under this paragraph—
 - (a) gives a direction under sub-paragraph (4)(b) [F122 or (c)] , or
 - (b) revokes or suspends a decision under sub-paragraph (4)(a) or (5).
- (8) In such a case, the court may give such supplemental directions as it thinks fit and, in particular, directions with respect to—
 - (a) things done under the voluntary arrangement since it took effect, and
 - (b) such things done since that time as could not have been done if a moratorium had been in force in relation to the company when they were done.
- (9) Except in pursuance of the preceding provisions of this paragraph,
 - [a decision taken at a [F124 company] meeting summoned under paragraph 29
 - F123(a)] is not invalidated by any irregularity at or in relation to the meeting.[F125, and
 - (b) a decision of the company's creditors made in the relevant qualifying decision procedure is not invalidated by any irregularity in relation to the relevant qualifying decision procedure.]

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

- F107** Words in Sch. A1 para. 38(1)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(32\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F108** Words in Sch. A1 para. 38(1)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(32\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F109** Sch. A1 para. 38(1A) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(33\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F110** Words in Sch. A1 para. 38(2)(a) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(34\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F111** Words in Sch. A1 para. 38(2)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(34\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F112** Words in Sch. A1 para. 38(3)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(35\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F113** Words in Sch. A1 para. 38(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(36\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F114** Words in Sch. A1 para. 38(3)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(36\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F115** Words in Sch. A1 para. 38(4)(a)(ii) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(37\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F116** Words in Sch. A1 para. 38(4)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(38\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F117** Words in Sch. A1 para. 38(4)(b) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(38\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F118** Words in Sch. A1 para. 38(4)(b) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(38\)\(c\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F119** Sch. A1 para. 38(4)(c) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para.](#)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- 9(39)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F120** Words in Sch. A1 para. 38(5) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(40)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F121** Words in Sch. A1 para. 38(6) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(41)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F122** Words in Sch. A1 para. 38(7)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(41)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F123** Words in Sch. A1 para. 38(9) renumbered as Sch. A1 para. 38(9)(a) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(42)(a)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F124** Word in Sch. A1 para. 38(9)(a) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force, 6.4.2019 for S. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(42)(b)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3); S.I. 2019/816, reg. 4(c) (with reg. 5)
- F125** Sch. A1 para. 38(9)(b) and preceding word inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by **Small Business, Enterprise and Employment Act 2015 (c. 26)**, s. 164(1), **Sch. 9 para. 9(42)(c)**; S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

Implementation of voluntary arrangement

- 39 (1) This paragraph applies where a voluntary arrangement [F126 approved by one or both of the meetings summoned under paragraph 29 has taken effect.][F126 has taken effect under paragraph 37.]
- (2) The person who is for the time being carrying out in relation to the voluntary arrangement the functions conferred—
- (a) by virtue of the approval of the arrangement, on the nominee, or
 - (b) by virtue of paragraph 31(2), on a person other than the nominee,
- shall be known as the supervisor of the voluntary arrangement.
- (3) If any of the company's creditors or any other person is dissatisfied by any act, omission or decision of the supervisor, he may apply to the court.
- (4) On an application under sub-paragraph (3) the court may—
- (a) confirm, reverse or modify any act or decision of the supervisor,
 - (b) give him directions, or
 - (c) make such other order as it thinks fit.
- (5) The supervisor—
- (a) may apply to the court for directions in relation to any particular matter arising under the voluntary arrangement, and
 - (b) is included among the persons who may apply to the court for the winding up of the company or for an administration order to be made in relation to it.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (6) The court may, whenever—
- (a) it is expedient to appoint a person to carry out the functions of the supervisor, and
 - (b) it is inexpedient, difficult or impracticable for an appointment to be made without the assistance of the court,
- make an order appointing a person who is qualified to act as an insolvency practitioner^{F127}... in relation to the voluntary arrangement, either in substitution for the existing supervisor or to fill a vacancy.
- (7) The power conferred by sub-paragraph (6) is exercisable so as to increase the number of persons exercising the functions of supervisor or, where there is more than one person exercising those functions, so as to replace one or more of those persons.

Textual Amendments

F126 Words in Sch. A1 para. 39(1) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(43\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)

F127 Words in Sch. A1 para. 39(6) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\), s. 115\(7\), Sch. 6 para. 20\(2\)\(e\)\(iv\)](#); S.I. 2015/1732, art. 2(e)(vi)

PART VI

MISCELLANEOUS

Challenge of directors' actions

- 40 (1) This paragraph applies in relation to acts or omissions of the directors of a company during a moratorium.
- (2) A creditor or member of the company may apply to the court for an order under this paragraph on the ground—
- (a) that the company's affairs, business and property are being or have been managed by the directors in a manner which is unfairly prejudicial to the interests of its creditors or members generally, or of some part of its creditors or members (including at least the petitioner), or
 - (b) that any actual or proposed act or omission of the directors is or would be so prejudicial.
- (3) An application for an order under this paragraph may be made during or after the moratorium.
- (4) On an application for an order under this paragraph the court may—
- (a) make such order as it thinks fit for giving relief in respect of the matters complained of,
 - (b) adjourn the hearing conditionally or unconditionally, or
 - (c) make an interim order or any other order that it thinks fit.
- (5) An order under this paragraph may in particular—

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (a) regulate the management by the directors of the company's affairs, business and property during the remainder of the moratorium,
 - (b) require the directors to refrain from doing or continuing an act complained of by the petitioner, or to do an act which the petitioner has complained they have omitted to do,
 - (c) require the summoning of a meeting of [^{F128}creditors or] members for the purpose of considering such matters as the court may direct,
 - [require a decision of the company's creditors to be sought (using a qualifying decision procedure) on such matters as the court may direct,]
 - ^{F129}(ca) (d) bring the moratorium to an end and make such consequential provision as the court thinks fit.
- (6) In making an order under this paragraph the court shall have regard to the need to safeguard the interests of persons who have dealt with the company in good faith and for value.
- [Sub-paragraph (8) applies where—
- ^{F130}(7)^{F131}(a) the appointment of an administrator has effect in relation to the company and that appointment was in pursuance of—
 - (i) an administration application made, or
 - (ii) a notice of intention to appoint filed,
before the moratorium came into force, or]
 - (b) the company is being wound up in pursuance of a petition presented before the moratorium came into force.
- (8) No application for an order under this paragraph may be made by a creditor or member of the company; but such an application may be made instead by the administrator or (as the case may be) the liquidator.]

Textual Amendments

- F128** Words in Sch. A1 para. 40(5)(c) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(44\)\(a\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F129** Sch. A1 para. 40(5)(ca) inserted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(44\)\(b\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F130** Sch. A1 para. 40(7)(8) substituted (15.9.2003) for Sch. A1 para. 40(7) by [2002 c. 40, ss. 248\(3\), 279, Sch. 17 para. 37\(4\)](#) (with s. 249(1)-(3)(6)); S.I. 2003/2093, [art. 2\(1\)](#), Sch. 1 (subject to arts. 3-8 (as amended by S.I. 2003/2332, art. 2))
- F131** Sch. A1 para. 40(7)(a) substituted (15.10.2004) by [The Enterprise Act 2002 \(Insolvency\) Order 2004 \(S.I. 2004/2312\), art. 2](#)

Offences

- ^{F132}41 (1) This paragraph applies where a moratorium has been obtained for a company.
- (2) If, within the period of 12 months ending with the day on which the moratorium came into force, a person who was at the time an officer of the company—

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (a) did any of the things mentioned in paragraphs (a) to (f) of sub-paragraph (4), or
 - (b) was privy to the doing by others of any of the things mentioned in paragraphs (c), (d) and (e) of that sub-paragraph,he is to be treated as having committed an offence at that time.
- (3) If, at any time during the moratorium, a person who is an officer of the company—
 - (a) does any of the things mentioned in paragraphs (a) to (f) of sub-paragraph (4), or
 - (b) is privy to the doing by others of any of the things mentioned in paragraphs (c), (d) and (e) of that sub-paragraph,he commits an offence.
- (4) Those things are—
 - (a) concealing any part of the company’s property to the value of £500 or more, or concealing any debt due to or from the company, or
 - (b) fraudulently removing any part of the company’s property to the value of £500 or more, or
 - (c) concealing, destroying, mutilating or falsifying any book or paper affecting or relating to the company’s property or affairs, or
 - (d) making any false entry in any book or paper affecting or relating to the company’s property or affairs, or
 - (e) fraudulently parting with, altering or making any omission in any document affecting or relating to the company’s property or affairs, or
 - (f) pawning, pledging or disposing of any property of the company which has been obtained on credit and has not been paid for (unless the pawning, pledging or disposal was in the ordinary way of the company’s business).
- (5) For the purposes of this paragraph, “officer” includes a shadow director.
- (6) It is a defence—
 - (a) for a person charged under sub-paragraph (2) or (3) in respect of the things mentioned in paragraph (a) or (f) of sub-paragraph (4) to prove that he had no intent to defraud, and
 - (b) for a person charged under sub-paragraph (2) or (3) in respect of the things mentioned in paragraph (c) or (d) of sub-paragraph (4) to prove that he had no intent to conceal the state of affairs of the company or to defeat the law.
- (7) Where a person pawns, pledges or disposes of any property of a company in circumstances which amount to an offence under sub-paragraph (2) or (3), every person who takes in pawn or pledge, or otherwise receives, the property knowing it to be pawned, pledged or disposed of in circumstances which—
 - (a) would, if a moratorium were obtained for the company within the period of 12 months beginning with the day on which the pawning, pledging or disposal took place, amount to an offence under sub-paragraph (2), or
 - (b) amount to an offence under sub-paragraph (3),commits an offence.
- (8) A person guilty of an offence under this paragraph is liable to imprisonment or a fine, or both.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (9) The money sums specified in paragraphs (a) and (b) of sub-paragraph (4) are subject to increase or reduction by order under section 417A in Part XV.

Textual Amendments

F132 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

- ^{F133}42 (1) If, for the purpose of obtaining a moratorium, or an extension of a moratorium, for a company, a person who is an officer of the company—
- (a) makes any false representation, or
 - (b) fraudulently does, or omits to do, anything,
- he commits an offence.
- (2) Sub-paragraph (1) applies even if no moratorium or extension is obtained.
- (3) For the purposes of this paragraph, “officer” includes a shadow director.
- (4) A person guilty of an offence under this paragraph is liable to imprisonment or a fine, or both.

Textual Amendments

F133 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Void provisions in floating charge documents

- ^{F134}43 (1) A provision in an instrument creating a floating charge is void if it provides for—
- (a) obtaining a moratorium, or
 - (b) anything done with a view to obtaining a moratorium (including any preliminary decision or investigation),
- to be an event causing the floating charge to crystallise or causing restrictions which would not otherwise apply to be imposed on the disposal of property by the company or a ground for the appointment of a receiver.
- (2) In sub-paragraph (1), “receiver” includes a manager and a person who is appointed both receiver and manager.

Textual Amendments

F134 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by 2000 c. 39, s. 1, **Sch. 1 para. 4**; S.I. 2001/1751, **art. 2**; S.I. 2002/2711, **art. 2** (subject to transitional provisions in **arts. 3-5**)

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Functions of the ^{F135}Financial Conduct Authority and Prudential Regulation Authority

Textual Amendments

F135 Words in Sch. A1 para. 44 cross-heading substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 18 para. 54\(16\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

- 44 (1) This Schedule has effect in relation to a moratorium for a regulated company with the modifications in sub-paragraphs (2) to (16) below.
- (2) Any notice or other document required by virtue of this Schedule to be sent to a creditor of a regulated company must also be sent to the [^{F136}appropriate regulator].
- (3) The [^{F136}appropriate regulator] is entitled to be heard on any application to the court for leave under paragraph 20(2) or 20(3) (disposal of charged property, etc.).
- (4) Where paragraph 26(1) (challenge of nominee's actions, etc.) applies, the persons who may apply to the court include the [^{F136}appropriate regulator].
- (5) If a person other than [^{F137}a regulator] applies to the court under that paragraph, [^{F138}the appropriate regulator] is entitled to be heard on the application.
- (6) Where paragraph 27(1) (challenge of nominee's actions, etc.) applies, the persons who may apply to the court include the [^{F139}appropriate regulator].
- (7) If a person other than [^{F140}a regulator] applies to the court under that paragraph, [^{F141}the appropriate regulator] is entitled to be heard on the application.
- [The appropriate regulator must be given notice of any qualifying decision procedure ^{F142}(8) by which a decision of the company's creditors is sought for the purposes of this Schedule.
- (8A) The appropriate regulator, or a person appointed by the appropriate regulator, may in the way provided for by the rules participate in (but not vote in) any qualifying decision procedure by which a decision of the company's creditors is sought for the purposes of this Schedule.]
- (9) A person appointed for the purpose by the [^{F143}appropriate regulator] is entitled to attend and participate in (but not to vote at)—
- (a) [^{F144}any creditors' meeting summoned under that paragraph,]
- (b) any meeting of a committee established under paragraph 35 (moratorium committee).
- (10) The [^{F143}appropriate regulator] is entitled to be heard on any application under paragraph 36(3) (effectiveness of decisions).
- (11) Where paragraph 38(1) (challenge of decisions) applies, the persons who may apply to the court include the [^{F143}appropriate regulator].
- (12) If a person other than [^{F145}a regulator] applies to the court under that paragraph, [^{F146}the appropriate regulator] is entitled to be heard on the application.
- (13) Where paragraph 39(3) (implementation of voluntary arrangement) applies, the persons who may apply to the court include the [^{F147}appropriate regulator].

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

- (14) If a person other than [^{F148}a regulator] applies to the court under that paragraph, [^{F149}the appropriate regulator] is entitled to be heard on the application.
- (15) Where paragraph 40(2) (challenge of directors' actions) applies, the persons who may apply to the court include the [^{F150}appropriate regulator].
- (16) If a person other than [^{F151}a regulator] applies to the court under that paragraph, [^{F152}the appropriate regulator] is entitled to be heard on the application.
- [If either regulator makes an application to the court under any of the provisions
- ^{F153}(16A) mentioned in sub-paragraphs (5), (7), (12), (14) or (16) in relation to a PRA-regulated company, the other regulator is entitled to be heard on the application.]
- (17) This paragraph does not prejudice any right the [^{F154}appropriate regulator] has (apart from this paragraph) as a creditor of a regulated company.
- [The appropriate regulator” means—
- ^{F155}(17A) (a) for the purposes of sub-paragraphs (2) to (8) and (10) to (17)—
- (i) where the regulated company is a PRA-regulated company, each of the Financial Conduct Authority and the Prudential Regulation Authority, and
 - (ii) in any other case, the Financial Conduct Authority;
- (b) for the purposes of [^{F156}sub-paragraph][^{F156}sub-paragraphs (8A) and] (9)—
- (i) where the regulated company is a PRA-regulated company, the Financial Conduct Authority or the Prudential Regulation Authority, and
 - (ii) in any other case, the Financial Conduct Authority.]

(18) In this paragraph—

[^{F157}“PRA-authorized person” has the meaning given by section 2B(5) of the Financial Services and Markets Act 2000;

“PRA-regulated company” means a regulated company which—

 - (a) is, or has been, a PRA-authorized person,
 - (b) is, or has been, an appointed representative within the meaning given by section 39 of the the Financial Services and Markets Act 2000, whose principal (or one of whose principals) is, or was, a PRA-authorized person, or
 - (c) is carrying on, or has carried on, a PRA-regulated activity in contravention of the general prohibition;]

“regulated company” means a company which—

 - (a) is, or has been, an authorised person within the meaning given by section 31 of the ^{M6}Financial Services and Markets Act 2000,
 - (b) is, or has been, an appointed representative within the meaning given by section 39 of that Act, or
 - (c) is carrying on, or has carried on, a regulated activity, within the meaning given by section 22 of that Act, in contravention of the general prohibition within the meaning given by section 19 of that Act.

[^{F158}“regulator” means the Financial Conduct Authority or the Prudential Regulation Authority.]

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

Textual Amendments

- F136** Words in Sch. A1 para. 44(2)–(4) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(2\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F137** Words in Sch. A1 para. 44(5) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(3\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F138** Words in Sch. A1 para. 44(5) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(3\)\(b\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F139** Words in Sch. A1 para. 44(6) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(4\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F140** Words in Sch. A1 para. 44(7) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(5\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F141** Words in Sch. A1 para. 44(7) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(5\)\(b\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F142** Sch. A1 para. 44(8)(8A) substituted for Sch. A1 para. 44(8) (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(45\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F143** Words in Sch. A1 para. 44(8)–(11) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(6\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F144** Sch. A1 para. 44(9)(a) omitted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(46\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F145** Words in Sch. A1 para. 44(12) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(7\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F146** Words in Sch. A1 para. 44(12) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(7\)\(b\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F147** Words in Sch. A1 para. 44(13) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(8\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F148** Words in Sch. A1 para. 44(14) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(9\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F149** Words in Sch. A1 para. 44(14) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(9\)\(b\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F150** Words in Sch. A1 para. 44(15) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(10\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F151** Words in Sch. A1 para. 44(16) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(11\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F152** Words in Sch. A1 para. 44(16) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(11\)\(b\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F153** Sch. A1 para. 44(16A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(12\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F154** Words in Sch. A1 para. 44(17) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(13\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F155** Sch. A1 para. 44(17A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(14\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F156** Words in Sch. A1 para. 44(17A)(b) substituted (26.5.2015 for specified purposes, 6.4.2017 for E.W. in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\), s. 164\(1\), Sch. 9 para. 9\(47\)](#); S.I. 2015/1329, reg. 3(d); S.I. 2016/1020, reg. 4(e) (with reg. 5) (as amended by S.I. 2017/363, reg. 3)
- F157** Words in Sch. A1 para. 44(18) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 18 para. 54\(15\)\(a\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

Status: Point in time view as at 01/10/2015.

Changes to legislation: Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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)

F158 Words in Sch. A1 para. 44(18) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 18 para. 54\(15\)\(b\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Marginal Citations

M6 [2000 c. 8.](#)

Subordinate legislation

- ^{F159}45 (1) Regulations or an order made by the Secretary of State under this Schedule may make different provision for different cases.
- (2) Regulations so made may make such consequential, incidental, supplemental and transitional provision as may appear to the Secretary of State necessary or expedient.
- (3) Any power of the Secretary of State to make regulations under this Schedule may be exercised by amending or repealing any enactment contained in this Act (including one contained in this Schedule) or contained in the ^{M7}Company Directors Disqualification Act 1986.
- (4) Regulations (except regulations under paragraph 5) or an order made by the Secretary of State under this Schedule shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (5) Regulations under paragraph 5 of this Schedule are to be made by statutory instrument and shall only be made if a draft containing the regulations has been laid before and approved by resolution of each House of Parliament.]

Textual Amendments

F159 Sch. A1 inserted (11.5.2001 so far as is necessary to give effect to Sch. A1 paras. 5, 45(1)-(3)(5) and 1.1.2003 in so far as not already in force) by [2000 c. 39, s. 1](#), [Sch. 1 para. 4](#); [S.I. 2001/1751, art. 2](#); [S.I. 2002/2711, art. 2](#) (subject to transitional provisions in [arts. 3-5](#))

Marginal Citations

M7 [1986 c. 46.](#)

Status:

Point in time view as at 01/10/2015.

Changes to legislation:

Insolvency Act 1986, SCHEDULE A1 is up to date with all changes known to be in force on or before 26 May 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.