



Companies Act 2006

2006 CHAPTER 46

[^{F1}PART 26A

ARRANGEMENTS AND RECONSTRUCTIONS: COMPANIES IN FINANCIAL DIFFICULTY

[^{F1}Court sanction for compromise or arrangement

Textual Amendments

- F1** Pt. 26A inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\), s. 49\(1\), Sch. 9 para. 1](#) (with ss. 2(2), 5(2))

901F Court sanction for compromise or arrangement

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

Status: Point in time view as at 01/12/2023.

*Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006,
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- (a) provide for the appointment of the administrator or liquidator to cease to have effect;
 - (b) stay or sist all proceedings in the administration or the winding up;
 - (c) impose any requirements with respect to the conduct of the administration or the winding up which the court thinks appropriate for facilitating the compromise or arrangement.
- (5) A compromise or arrangement sanctioned by the court is binding—
- (a) on all creditors or the class of creditors or on the members or class of members (as the case may be), and
 - (b) on the company or, in the case of a company in the course of being wound up, the liquidator and contributories of the company.
- (6) The court's order has no effect until a copy of it has been—
- (a) in the case of an overseas company that is not required to register particulars under section 1046, published in the Gazette, or
 - (b) in any other case, delivered to the registrar.

Modifications etc. (not altering text)

- C1** Ss. 901A-901J applied (with modifications) by [S.I. 2009/1804, reg. 45A](#) (as inserted (26.6.2020) by [The Limited Liability Partnerships \(Amendment etc.\) Regulations 2020 \(S.I. 2020/643\), reg. 1\(1\), Sch. 3 para. 3](#) (which amending S.I. is revoked (16.2.2021) by [S.I. 2021/60, reg. 1\(1\), 2](#)))
- C2** Ss. 901A-901J applied (with modifications) (16.2.2021) by [S.I. 2009/1804, reg. 45A](#) (as inserted by [The Limited Liability Partnerships \(Amendment etc.\) Regulations 2021 \(S.I. 2021/60\), reg. 1\(1\), Sch. 3 para. 3](#) (with [reg. 4\(2\)](#)))

901G Sanction for compromise or arrangement where one or more classes dissent

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

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- (6) The Secretary of State may by regulations amend this section for the purpose of—
- (a) adding to the conditions that must be met for the purposes of this section;
 - (b) removing or varying any of those conditions.
- (7) Regulations under subsection (6) are subject to affirmative resolution procedure.]

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