

DEREGULATION ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Schedule 6: Insolvency and company law

Part 1: Deeds of arrangement

556. *Paragraphs 1 and 2* repeal the Deeds of Arrangement Act 1914 (“DOAA 1914”) and make consequential amendments to other legislation. A deed of arrangement is an alternative to bankruptcy. It is a contract between a debtor and the debtor’s creditors that provides for the assignment of the debtor’s assets for the benefit of the creditors or a composition where some or all creditors agree to accept a lesser sum in full satisfaction of their claims. The DOAA 1914 sets out the statutory scheme whereby an individual can execute a deed or other instrument.
557. In June 1982 *The Report of the Review Committee* (“the Cork Committee”) recommended that the DOAA 1914 be repealed and be replaced by introduction of a formal voluntary arrangement. This recommendation was based on the grounds that deeds of arrangement were legally complex, unreliable in practice and therefore little used. Individual voluntary arrangements were introduced by the Insolvency Act 1986, although the DOAA 1914 was not repealed at that time.
558. Since 1986, individual voluntary arrangements have increased in popularity and in 2014 there were 52,190 such arrangements. They have effectively replaced deeds of arrangement. There is only one deed of arrangement still in existence, which was registered in 2004. This deed of arrangement will have the benefit of the saving provision at *paragraph 3*. Individual voluntary arrangements better meet debtors’ requirements because they are binding on all creditors, even where a creditor was unaware of the proposal at the time it was approved.
559. The DOAA 1914 forms part of the law of England and Wales only and its repeal will have the same extent. Paragraphs 1 to 3 will come into force on a day to be appointed by the Secretary of State in a commencement order.