
STATUTORY INSTRUMENTS

1986 No. 1925

The Insolvency Rules 1986

THE FIRST GROUP OF PARTS

PART 4

COMPANIES WINDING UP

CHAPTER 12

THE LIQUIDATION COMMITTEE

Dealings by committee-members and others

- 4.170.**—(1) This Rule applies to—
- (a) any member of the liquidation committee,
 - (b) any committee-member's representative,
 - (c) any person who is an associate of a member of the committee or a committee-member's representative, and
 - (d) any person who has been a member of the committee at any time in the last 12 months.
- (2) Subject as follows, a person to whom this Rule applies shall not enter into any transaction whereby he—
- (a) receives out of the company's assets any payment for services given or goods supplied in connection with the administration, or
 - (b) obtains any profit from the administration, or
 - (c) acquires any asset forming part of the estate.
- (3) Such a transaction may be entered into by a person to whom this Rule applies—
- (a) with the prior leave of the court, or
 - (b) if he does so as a matter of urgency, or by way of performance of a contract in force before the date on which the company went into liquidation, and obtains the court's leave for the transaction, having applied for it without undue delay, or
 - (c) with the prior sanction of the liquidation committee, where it is satisfied (after full disclosure of the circumstances) that the person will be giving full value in the transaction.
- (4) Where in the committee a resolution is proposed that sanction be accorded for a transaction to be entered into which, without that sanction or the leave of the court, would be in contravention of this Rule, no member of the committee, and no representative of a member, shall vote if he is to participate directly or indirectly in the transaction.
- (5) The court may, on the application of any person interested—
- (a) set aside a transaction on the ground that it has been entered into in contravention of this Rule, and

- (b) make with respect to it such other order as it thinks fit, including (subject to the following paragraph) an order requiring a person to whom this Rule applies to account for any profit obtained from the transaction and compensate the estate for any resultant loss.
- (6) In the case of a person to whom this Rule applies as an associate of a member of the committee or of a committee-member's representative, the court shall not make any order under paragraph (5), if satisfied that he entered into the relevant transaction without having any reason to suppose that in doing so he would contravene this Rule.
- (7) The costs of an application to the court for leave under this Rule are not payable out of the assets, unless the court so orders.