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STATUTORY INSTRUMENTS

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**2005 No. 524**

**INSOLVENCY**

**INSOLVENCY PRACTITIONERS**

**The Insolvency Practitioners Regulations 2005**

<i>Made</i>	- - - -	<i>8th March 2005</i>
<i>Laid before Parliament</i>		<i>8th March 2005</i>
<i>Coming into force</i>	- -	<i>1st April 2005</i>

The Secretary of State, in exercise of the powers conferred upon her by sections 390, 392, 393 and 419 of the Insolvency Act 1986(1) hereby makes the following Regulations:

**PART 1**

Introductory

**Citation and commencement.**

1. These Regulations may be cited as the Insolvency Practitioners Regulations 2005 and shall come into force on 1st April 2005.

**Interpretation: general**

2.—(1) In these Regulations—

“the Act” means the Insolvency Act 1986;

“commencement date” means the date on which these Regulations come into force;

“initial capacity” shall be construed in accordance with regulation 3;

“insolvency practitioner” means a person who is authorised to act as an insolvency practitioner by virtue of—

(a) membership of a body recognised pursuant to section 391 of the Act; or

(b) an authorisation granted pursuant to section 393 of the Act;

“insolvent” means a person in respect of whom an insolvency practitioner is acting;

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(1) 1986 c. 45; section 390 of the Insolvency Act 1986 was amended by section 8 of, and paragraph 16 of Schedule 4 to, the Insolvency Act 2000 (c. 39).

“interim trustee”, “permanent trustee” and “trust deed for creditors” have the same meanings as in the Bankruptcy (Scotland) Act 1985(2);

“subsequent capacity” shall be construed in accordance with regulation 3.

(2) In these Regulations a reference to the date of release or discharge of an insolvency practitioner includes—

- (a) where the insolvency practitioner acts as nominee in relation to proposals for a voluntary arrangement under Part I or VIII of the Act, whichever is the earlier of the date on which—
  - (i) the proposals are rejected by creditors;
  - (ii) he is replaced as nominee by another insolvency practitioner; or
  - (iii) the arrangement takes effect without his becoming supervisor in relation to it; and
- (b) where an insolvency practitioner acts as supervisor of a voluntary arrangement, whichever is the earlier of the date on which —
  - (i) the arrangement is completed or terminated; or
  - (ii) the insolvency practitioner otherwise ceases to act as supervisor in relation to the arrangement.

### **Interpretation - meaning of initial and subsequent capacity**

3.—(1) In these Regulations an insolvency practitioner holds office in relation to an insolvent in a “subsequent capacity” where he holds office in relation to that insolvent in one of the capacities referred to in paragraph (3) and immediately prior to his holding office in that capacity, he held office in relation to that insolvent in another of the capacities referred to in that paragraph.

(2) The first office held by the insolvency practitioner in the circumstances referred to in paragraph (1) is referred to in these Regulations as the “initial capacity”.

(3) The capacities referred to in paragraph (1) are, nominee in relation to proposals for a voluntary arrangement under Part I of the Act, supervisor of a voluntary arrangement under Part I of the Act, administrator, provisional liquidator, liquidator, nominee in relation to proposals for a voluntary arrangement under Part VIII of the Act, supervisor of a voluntary arrangement under Part VIII of the Act, trustee, interim trustee and permanent trustee.

### **Revocations and transitional and saving provisions**

4.—(1) Subject to paragraphs (2), (3) and (4), the Regulations listed in Schedule 1 are revoked.

(2) Parts I and II of the Insolvency Practitioners Regulations 1990(3) shall continue to apply in relation to an application for authorisation under section 393 of the Act to act as an insolvency practitioner made to the Secretary of State before the commencement date and accordingly nothing in these Regulations shall apply to such an application.

(3) Parts I, III and IV of the Insolvency Practitioners Regulations 1990 shall continue to apply in relation to any case in respect of which an insolvency practitioner is appointed —

- (a) before the commencement date; or
- (b) in a subsequent capacity and he was appointed in an initial capacity in that case before the commencement date.

(4) Only regulations 16 and 17 of these Regulations shall apply in relation to the cases mentioned in paragraph (3).

(2) 1985 c. 66.

(3) S.I.1990/439 amended by S.I. 1993/221, S.I 2002/2710 and S.I. 2004/473

## PART 2

### Authorisation of Insolvency Practitioners by Competent Authorities

#### Interpretation of Part

5. In this Part—

“advisory work experience” means experience obtained in providing advice to the office-holder in insolvency proceedings or anyone who is a party to, or whose interests are affected by, those proceedings;

“application” means an application made by an individual to the competent authority for authorisation under section 393 of the Act to act as an insolvency practitioner and “applicant” shall be construed accordingly;

“authorisation” means an authorisation to act as an insolvency practitioner granted under section 393 of the Act;

“continuing professional development” has the meaning given to it by regulation 8(3);

“higher insolvency work experience” means engagement in work in relation to insolvency proceedings where the work involves the management or supervision of the conduct of those proceedings on behalf of the office-holder acting in relation to them;

“insolvency legislation” means the provisions of, or any provision made under, the Act, the Bankruptcy (Scotland) Act 1985(4) or the Deeds of Arrangement Act 1914(5) and any other enactment past or present applying to Great Britain (or any part of it) that relates to the insolvency of any person;

“insolvency practice” means the carrying on of the business of acting as an insolvency practitioner or in a corresponding capacity under the law of any country or territory outside Great Britain, and for this purpose acting as an insolvency practitioner shall include acting as a judicial factor on the bankrupt estate of a deceased person;

“insolvency proceedings” means any proceedings in which an office-holder acts under any provision of insolvency legislation or the corresponding provision of the law of any country or territory outside Great Britain;

“insolvency work experience” means engagement in work related to the administration of insolvency proceedings—

- (a) as the office-holder in those proceedings;
- (b) in the employment of a firm or body whose members or employees act as insolvency practitioners; or
- (c) in the course of employment in the Insolvency Service of the Department of Trade and Industry.

“office-holder” means a person who acts as an insolvency practitioner or a judicial factor on the bankrupt estate of a deceased person or in a corresponding capacity under the law of any country or territory outside Great Britain and includes the official receiver acting as liquidator, provisional liquidator, trustee, interim receiver or nominee or supervisor of a voluntary arrangement; and

“regulatory work experience” means experience of work relating to the regulation of insolvency practitioners for or on behalf of a competent authority or a body recognised pursuant to section 391 of the Act or experience of work in connection with any function of the Secretary of State under that section.

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(4) 1985 c. 66.

(5) 1914 c. 47.

**Matters for determining whether an applicant for an authorisation is a fit and proper person**

6. The matters to be taken into account by a competent authority in deciding whether an individual is a fit and proper person to act as an insolvency practitioner for the purpose of section 393(2)(a) or 393(4)(a) shall include :—

- (a) whether the applicant has been convicted of any offence involving fraud or other dishonesty or violence;
- (b) whether the applicant has contravened any provision in any enactment contained in insolvency legislation;
- (c) whether the applicant has engaged in any practices in the course of carrying on any trade, profession or vocation or in the course of the discharge of any functions relating to any office or employment appearing to be deceitful or oppressive or otherwise unfair or improper, whether unlawful or not, or which otherwise cast doubt upon his probity or competence for discharging the duties of an insolvency practitioner;
- (d) whether in respect of any insolvency practice carried on by the applicant at the date of or at any time prior to the making of the application, there were established adequate systems of control of the practice and adequate records relating to the practice, including accounting records, and whether such systems of control and records have been or were maintained on an adequate basis;
- (e) whether the insolvency practice of the applicant is, has been or, where the applicant is not yet carrying on such a practice, will be, carried on with the independence, integrity and the professional skills appropriate to the range and scale of the practice and the proper performance of the duties of an insolvency practitioner and in accordance with generally accepted professional standards, practices and principles;
- (f) whether the applicant, in any case where he has acted as an insolvency practitioner, has failed to disclose fully to such persons as might reasonably be expected to be affected thereby circumstances where there is or appears to be a conflict of interest between his so acting and any interest of his own, whether personal, financial or otherwise, without having received such consent as might be appropriate to his acting or continuing to act despite the existence of such circumstances.

**Requirements as to education and training – applicants who have never previously been authorised to act as insolvency practitioners**

7.—(1) The requirements as to education, training and practical experience prescribed for the purposes of section 393(2)(b) of the Act in relation to an applicant who has never previously been authorised to act as an insolvency practitioner (whether by virtue of membership of a body recognised under section 391 of the Act or by virtue of an authorisation granted by a competent authority under section 393 of the Act) shall be as set out in this regulation.

(2) An applicant must at the date of the making of his application have passed the Joint Insolvency Examination set by the Joint Insolvency Examination Board or have acquired in, or been awarded in, a country or territory outside Great Britain professional or vocational qualifications which indicate that the applicant has the knowledge and competence that is attested by a pass in that examination.

(3) An applicant must either—

- (a) have held office as an office-holder in not less than 30 cases during the period of 10 years immediately preceding the date on which he made his application for authorisation; or
- (b) have acquired not less than 7000 hours of insolvency work experience of which no less than 1400 hours must have been acquired within the period of two years immediately prior to the date of the making of his application and show that he satisfies one of the three requirements set out in paragraph (4).

- (4) The three requirements referred to in paragraph (3)(b) are—
- (a) the applicant has become an office-holder in at least 5 cases within the period of 5 years immediately prior to the date of the making of his application;
  - (b) the applicant has acquired 1,000 hours or more of higher insolvency work experience or experience as an office-holder within the period referred to in sub-paragraph (a); and
  - (c) the applicant can show that within the period referred to in sub-paragraph (a) he has achieved one of the following combinations of positions as an office-holder and hours acquired of higher insolvency work experience—
    - (i) 4 cases and 200 hours;
    - (ii) 3 cases and 400 hours;
    - (iii) 2 cases and 600 hours; or
    - (iv) 1 case and 800 hours.

(5) Where in order to satisfy all or any of the requirements set out in paragraphs (3) and (4) an applicant relies on appointment as an office-holder or the acquisition of insolvency work experience or higher insolvency work experience in relation to cases under the laws of a country or territory outside the United Kingdom, he shall demonstrate that he has no less than 1,400 hours of insolvency work experience in cases under the law of any part of the United Kingdom acquired within the period of two years immediately prior to the date of the making of his application.

(6) In ascertaining whether an applicant meets all or any of the requirements of paragraphs (3) and (4)—

- (a) no account shall be taken of any case where—
  - (i) he was appointed to the office of receiver (or to a corresponding office under the law of a country or territory outside Great Britain) by or on behalf of a creditor who at the time of the appointment was an associate of the applicant; or
  - (ii) in a members' voluntary winding up or in a corresponding procedure under the laws of a country or territory outside Great Britain he was appointed liquidator at a general meeting where his associates were entitled to exercise or control the exercise of one third or more of the voting power at that general meeting;
- (b) where the applicant has been an office-holder in relation to—
  - (i) two or more companies which were associates at the time of appointment; or
  - (ii) two or more individuals who were carrying on business in partnership with each other at the time of appointment,

he shall be treated as having held office in only one case in respect of all offices held in relation to the companies which were associates or in respect of all offices held in relation to the individuals who were in partnership, as the case may be.

(7) An applicant must have a good command of the English language.

**Requirements relating to education and training etc. – applicants previously authorised to act as insolvency practitioners**

8.—(1) The requirements prescribed for the purposes of section 393(2)(b) of the Act in relation to an applicant who has at any time been authorised to act as an insolvency practitioner (whether by virtue of membership of a body recognised under section 391 of the Act or an authorisation granted by a competent authority under section 393 of the Act) shall be as set out in this regulation.

(2) The applicant must—

- (a) satisfy the requirements set out in regulation 7(3) to (5) or have acquired within the period of three years preceding the date of the making of his application 500 hours of any combination of the following types of experience—
    - (i) experience as an office-holder;
    - (ii) higher insolvency work experience;
    - (iii) regulatory work experience; or
    - (iv) advisory work experience; and
  - (b) subject to paragraph (4), have completed at least 108 hours of continuing professional development in the period of three years ending on the day before the date of the making of his application of which—
    - (i) a minimum of 12 hours must be completed in each of those years; and
    - (ii) 54 hours must fall into the categories in paragraphs (3)(b)(i) to (v).
- (3) “Continuing professional development” means any activities which—
- (a) relate to insolvency law or practice or the management of the practice of an insolvency practitioner; and
  - (b) fall into any of the following categories—
    - (i) the production of written material for publication;
    - (ii) attendance at courses, seminars or conferences;
    - (iii) the viewing of any recording of a course, seminar or conference;
    - (iv) the giving of lectures or the presentation of papers at courses, seminars or conferences;
    - (v) the completion of on-line tests; and
    - (vi) the reading of books or periodical publications (including any on-line publication).
- (4) The requirement in paragraph (2)(b) shall only apply in relation to any application made on or after the third anniversary of the commencement date.
- (5) For the purposes of paragraph (3)(b)(i), “publication” includes making material available to a body recognised in pursuance of section 391 of the Act or any association or body representing the interests of those who act as insolvency practitioners.

### **Records of continuing professional development activities**

9.—(1) Every holder of an authorisation granted by the Secretary of State shall maintain a record of each continuing professional development activity undertaken by him for a period of six years from the date on which the activity was completed.

- (2) The record shall contain details of—
  - (a) which of the categories in regulation 8(3)(b) the activity comes within;
  - (b) the date that the activity was undertaken;
  - (c) the duration of the activity; and
  - (d) the topics covered by the activity.
- (3) Where the continuing professional development comprises—
  - (a) attendance at a course, seminar or conference; or
  - (b) the giving of a lecture or presentation of a paper at a course, seminar or conference,

the holder of the authorisation shall keep with the record evidence from the organiser of the course, seminar or conference of the attendance of the holder at the course, seminar or conference.

(4) The Secretary of State may, on the giving of reasonable notice, inspect and take copies of any records or evidence maintained pursuant to this regulation.

#### **Maximum period of authorisation**

**10.** For the purposes of section 393(3) of the Act, the maximum period that an authorisation may continue in force shall be three years.

#### **Returns by insolvency practitioners authorised by the Secretary of State**

**11.**—(1) Every holder of an authorisation granted by the Secretary of State shall make a return to the Secretary of State in respect of each period of 12 months ending on 31st December during the whole or any part of which he held an authorisation granted by the Secretary of State containing the following information—

- (a) the number of cases in respect of whom the holder of the authorisation has acted as an insolvency practitioner during the period;
- (b) in respect of each case where the holder of the authorisation has acted as an insolvency practitioner—
  - (i) the name of the person in respect of whom the insolvency practitioner is acting,
  - (ii) the date of the appointment of the holder of the authorisation,
  - (iii) the type of proceedings involved, and
  - (iv) the number of hours worked in relation to the case by the holder of the authorisation and any person assigned to assist him in the case; and
- (c) the following details of any continuing professional development undertaken activity during the period by the holder of the authorisation—
  - (i) the nature of the activity;
  - (ii) the date that the activity was undertaken;
  - (iii) the duration of the activity; and
  - (iv) the topics covered by the activity.

(2) Every return required to be submitted pursuant to this regulation shall be submitted within one month of the end of the period to which it relates.

(3) The Secretary of State may at any time request the holder of an authorisation to provide any information relating to any matters of the kind referred to in paragraph (1) and any such request shall be complied with by the holder of the authorisation within one month of its receipt or such longer period as the Secretary of State may allow.

## **PART 3**

### **The Requirements for Security and Caution for the Proper Performance of the Functions of an Insolvency Practitioner etc.**

**12.**—(1) Schedule 2 shall have effect in respect of the requirements prescribed for the purposes of section 390(3)(b) in relation to security or caution for the proper performance of the functions of an insolvency practitioner and for related matters.

(2) Where two or more persons are appointed jointly to act as insolvency practitioners in relation to any person, the provisions of this regulation shall apply to each of them individually.

## PART 4

### Records to be maintained by Insolvency Practitioners — Inspection of Records

#### Records to be maintained by insolvency practitioners

**13.**—(1) In respect of each case in which he acts, an insolvency practitioner shall maintain records containing at least the information specified in Schedule 3 to these Regulations as is applicable to the case.

(2) Where at any time the records referred to in paragraph (1) do not contain all the information referred to in Schedule 3 as is applicable to the case, the insolvency practitioner shall forthwith make such changes to the records as are necessary to ensure that the records contains all such information.

(3) References in Schedule 3 to “the Accountant in Bankruptcy” shall be construed in accordance with section 1 of the Bankruptcy (Scotland) Act 1985<sup>(6)</sup>.

(4) Each record maintained pursuant to paragraph (1) shall be capable of being produced by the insolvency practitioner separately from any other record.

(5) Any records created in relation to a case pursuant to this regulation shall be preserved by the insolvency practitioner until whichever is the later of—

- (a) the sixth anniversary of the date of the grant to the insolvency practitioner of his release or discharge in that case; or
- (b) the sixth anniversary of the date on which any security or caution maintained in that case expires or otherwise ceases to have effect.

#### Notification of whereabouts of records

**14.** The insolvency practitioner shall notify the persons referred to in regulation 15(1)(a) and 15(1)(b) of the place where the records required to be maintained under this Part are so maintained and the place (if different) where they may be inspected pursuant to regulation 15.

#### Inspection of records

**15.**—(1) Any records maintained by an insolvency practitioner pursuant to this Part shall on the giving of reasonable notice be made available by him for inspection by—

- (a) any professional body recognised under section 391 of the Act of which he is a member and the rules of membership of which entitle him to act as an insolvency practitioner;
- (b) any competent authority by whom the insolvency practitioner is authorised to act pursuant to section 393 of the Act; and
- (c) the Secretary of State.

(2) Any person who is entitled to inspect any record pursuant to paragraph (1) shall also be entitled to take a copy of those records.

#### Inspection of practice records

**16.**—(1) This regulation applies to any relevant records which are held by—

- (a) the holder of an authorisation to act as an insolvency practitioner granted by the Secretary of State pursuant to section 393 of the Act;
- (b) his employer or former employer; or

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(6) 1985 c. 66.



(c) any firm or other body of which he is or was a member or partner.

(2) In this regulation “relevant records” mean any records which relate to any case where the holder of the authorisation mentioned in paragraph (1) has acted as an insolvency practitioner and which—

- (a) record receipts and payments made in relation to, or in connection with, that case;
- (b) record time spent on that case by the holder of the authorisation or any person assigned to assist the holder;
- (c) relate to any business carried on in the case by or at the direction of the holder of the authorisation; or
- (d) otherwise relate to the management of that case.

(3) The Secretary of State may, on the giving of reasonable notice to their holder, inspect and take copies of any records to which this regulation applies.

#### **Inspection of records in administration and administrative receiverships**

17. On the giving of reasonable notice to the insolvency practitioner, the Secretary of State shall be entitled to inspect and take copies of any records in the possession or control of that insolvency practitioner which—

- (a) were required to be created by or under any provision of the Act (or any provision made under the Act); and
- (b) relate to an administration or an administrative receivership.

*Gerry Sutcliffe*  
Parliamentary Under Secretary of State for  
Employment Relations, Consumers and Postal  
Services  
Department of Trade and Industry

8th March 2005

## SCHEDULE 1

Regulation 4

### REGULATIONS REVOKED

- The Insolvency Practitioners Regulations 1990(7)
- The Insolvency Practitioners (Amendment) Regulations 1993(8)
- The Insolvency Practitioners (Amendment) Regulations 2002(9)
- The Insolvency Practitioners (Amendment) (No 2) Regulations 2002(10)
- The Insolvency Practitioners (Amendment) Regulations 2004(11)

## SCHEDULE 2

Regulation 12

### REQUIREMENTS FOR SECURITY OR CAUTION AND RELATED MATTERS

## PART 1

### Interpretation

#### **Interpretation**

**1.** In this Schedule—

- “cover schedule” means the schedule referred to in paragraph 3(2)(c);
- “the insolvent” means the individual or company in relation to which an insolvency practitioner is acting;
- “general penalty sum” shall be construed in accordance with paragraph 3(2)(b);
- “insolvent’s assets” means all assets comprised in the insolvent’s estate together with any monies provided by a third party for the payment of the insolvent’s debts or the costs and expenses of administering the insolvent’s estate;
- “specific penalty sum” shall be construed in accordance with paragraph 3(2)(a).

## PART 2

### Requirements relating to security and caution

#### **Requirements in respect of security or caution**

**2.** The requirements in respect of security or caution for the proper performance of the duties of insolvency practitioners prescribed for the purposes of section 390(3)(b) shall be as set out in this Part.

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(7) S.I. 1990/439.  
(8) S.I. 1993/221.  
(9) S.I. 2002/2710.  
(10) S.I. 2002/2748.  
(11) S.I. 2004/473.

### **Requirement for Bonding – Terms of the Bond**

**3.—**(1) Where an insolvency practitioner is appointed to act in respect of an insolvent there shall be in force a bond in a form approved by the Secretary of State which—

- (a) contains provision whereby a surety or cautioner undertakes to be jointly and severally liable for losses in relation to the insolvent caused by—
  - (i) the fraud or dishonesty of the insolvency practitioner whether acting alone or in collusion with one or more persons; or
  - (ii) the fraud or dishonesty of any person committed with the connivance of the insolvency practitioner and
- (b) otherwise conforms to the requirements of this Part.

(2) The terms of the bond shall provide—

- (a) for the payment, in respect of each case where the insolvency practitioner acts, of claims in respect of liabilities for losses of the kind mentioned in sub-paragraph (1) up to an aggregate maximum sum in respect of that case (“the specific penalty sum”) calculated in accordance with the provisions of this Schedule;
- (b) in the event that any amounts payable under (a) are insufficient to meet all claims arising out of any case, for a further sum of £250,000 (“the general penalty sum”) out of which any such claims are to be met;
- (c) for a schedule containing the name of the insolvent and the value of the insolvent’s assets to be submitted to the surety or cautioner within such period as may be specified in the bond;
- (d) that where at any time before the insolvency practitioner obtains his release or discharge in respect of his acting in relation to an insolvent, he forms the opinion that the value of that insolvent’s assets is greater than the current specific penalty sum, a revised specific penalty sum shall be applicable on the submission within such time as may be specified in the bond of a cover schedule containing a revised value of the insolvent’s assets;
- (e) for the payment of losses of the kind mentioned in sub-paragraph (1), whether they arise during the period in which the insolvency practitioner holds office in the capacity in which he was initially appointed or a subsequent period where he holds office in a subsequent capacity;

(3) The terms of the bond may provide—

- (a) that total claims in respect of the acts of the insolvency practitioner under all bonds relating to him are to be limited to a maximum aggregate sum (which shall not be less than than £25,000,000); and
- (b) for a time limit within which claims must be made.

**4.** Subject to paragraphs 5, 6 and 7, the amount of the specific penalty in respect of a case in which the insolvency practitioner acts, shall equal at least the value of the insolvent’s assets as estimated by the insolvency practitioner as at the date of his appointment but ignoring the value of any assets—

- (a) charged to a third party to the extent of any amount which would be payable to that third party; or
- (b) held on trust by the insolvent to the extent that any beneficial interest in those assets does not belong to the insolvent.

**5.** In a case where an insolvency practitioner acts as a nominee or supervisor of a voluntary arrangement under Part I or Part VIII of the Act, the amount of the specific penalty shall be equal to at least the value of those assets subject to the terms of the arrangement (whether or not those assets are in his possession) including, where under the terms of the arrangement the debtor or a third party is to make payments, the aggregate of any payments to be made.

*Status: This is the original version (as it was originally made).*

6. Where the value of the insolvent's assets is less than £5,000, the specific penalty sum shall be £5,000.

7. Where the value of the insolvent's assets is more than £5,000,000 the specific penalty sum shall be £5,000,000.

8. In estimating the value of an insolvent's assets, unless he has reason to doubt their accuracy, the insolvency practitioner may rely upon—

- (a) any statement of affairs produced in relation to that insolvent pursuant to any provision of the Act; and
- (b) in the case of a sequestration—
  - (i) the debtor's list of assets and liabilities under section 19 of the Bankruptcy (Scotland) Act 1985<sup>(12)</sup>;
  - (ii) the preliminary statement under that Act; or
  - (iii) the final statement of the debtor's affairs by the interim trustee under section 23 of the Bankruptcy (Scotland) Act 1985.

## PART 3

### Records relating to bonding and connected matters

#### **Record of specific penalty sums to be maintained by insolvency practitioner**

9.—(1) An insolvency practitioner shall maintain a record of all specific penalty sums that are applicable in relation to any case where he is acting and such record shall contain the name of each person to whom the specific penalty sum relates and the amount of each penalty sum that is in force.

(2) Any record maintained by an insolvency practitioner pursuant to this paragraph shall, on the giving of reasonable notice, be made available for inspection by—

- (a) any professional body recognised under section 391 of the Act of which he is or was a member and the rules of membership of which entitle or entitled him to act as an insolvency practitioner;
- (b) any competent authority by whom the insolvency practitioner is or was authorised to act pursuant to section 393 of the Act; and
- (c) the Secretary of State.

#### **Retention of bond by recognised professional body or competent authority**

10. The bond referred to in paragraph 3 shall be sent by the insolvency practitioner to—

- (a) any professional body recognised under section 391 of the Act of which he is a member and the rules of membership of which entitle him to act as an insolvency practitioner; or
- (b) any competent authority by whom the insolvency practitioner is authorised to act pursuant to section 393 of the Act.

#### **Inspection and retention requirements relating to cover schedule – England and Wales**

11.—(1) This regulation applies to an insolvency practitioner appointed in insolvency proceedings under the Act to act—

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(12) 1985 c. 66.

(a) in relation to a company which the courts in England and Wales have jurisdiction to wind up; or

(b) in respect of an individual.

(2) The insolvency practitioner shall retain a copy of the cover schedule submitted by him in respect of his acting in relation to the company or, as the case may be, individual until the second anniversary of the date on which he is granted his release or discharge in relation to that company or, as the case may be, that individual.

(3) The copy of a schedule kept by an insolvency practitioner in pursuance of sub-paragraph (2) shall be produced by him on demand for inspection by—

(a) any creditor of the person to whom the schedule relates;

(b) where the schedule relates to an insolvent who is an individual, that individual;

(c) where the schedule relates to an insolvent which is a company, any contributory or director or other officer of the company; and

(d) the Secretary of State.

### **Inspection and retention requirements relating to the cover schedule— Scotland**

**12.**—(1) Where an insolvency practitioner is appointed to act in relation to a company which the courts in Scotland have jurisdiction to wind up, he shall retain in the sederunt book kept under rule 7.33 of the Insolvency (Scotland) Rules 1986(**13**), the principal copy of any cover schedule containing entries in relation to his so acting.

(2) Where an insolvency practitioner is appointed to act as interim trustee or permanent trustee or as a trustee under a trust deed for creditors, he shall retain in the sederunt book kept for those proceedings, the principal copy of any cover schedule containing entries in relation to his so acting.

### **Requirements to submit cover schedule to authorising body**

**13.**—(1) Every insolvency practitioner shall submit to his authorising body not later than 20 days after the end of each month during which he holds office in a case—

(a) the information submitted to a surety or cautioner in any cover schedule related to that month;

(b) where no cover schedule is submitted in relation to the month, a statement either that there are no relevant particulars to be supplied or, as the case may be, that it is not practicable to supply particulars in relation to any appointments taken in that month; and

(c) a statement identifying any case in respect of which he has been granted his release or discharge.

(2) In this regulation “authorising body” means in relation to an insolvency practitioner—

(a) any professional body recognised under section 391 of the Act of which he is a member and the rules of membership of which entitle him to act as an insolvency practitioner; or

(b) any competent authority by whom he is authorised to act as an insolvency practitioner pursuant to section 393 of the Act.

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(13) 1986 c. 1915.

## SCHEDULE 3

Regulation 13

### RECORDS TO BE MAINTAINED - MINIMUM REQUIREMENTS

#### **Details of the insolvency practitioner acting in the case**

1. The name of the insolvency practitioner acting in the case.
2. The identifying number or reference issued to the insolvency practitioner by a competent authority or any body recognised under section 391 of the Act.
3. The principal business address of the insolvency practitioner.
4. The name of —
  - (a) any body by virtue of whose rules the insolvency practitioner is entitled to practice; or
  - (b) any competent authority by whom the insolvency practitioner is authorised.

#### **Details of the insolvent**

5. The name of the person in respect of whom the insolvency practitioner is acting.
6. The type of the insolvency proceedings.

#### **Progress of administration**

7. As regards the progress of the administration of the case the following details if applicable—
  - (a) the date of commencement of the proceedings;
  - (b) the date of appointment of the insolvency practitioner;
  - (c) the date on which the appointment was notified to—
    - (i) the Registrar of Companies; or
    - (ii) the Accountant in Bankruptcy.

#### **Bonding arrangements in the case**

8. As regards the arrangements for security or caution in the case—
  - (a) the date of submission of the cover schedule which has the details of the specific penalty sum applicable in the case;
  - (b) the amount of the specific penalty sum;
  - (c) the name of the surety or cautioner;
  - (d) the date of submission to surety or cautioner of a cover schedule with any increase in the amount of the specific penalty sum;
  - (e) the amount of any revised specific penalty sum; and
  - (f) the date of submission to the surety or cautioner of details of termination of the office held by the insolvency practitioner.

#### **Matters relating to remuneration**

9. As regards the remuneration of the insolvency practitioner—
  - (a) the basis on which the remuneration of the insolvency practitioner is to be calculated; and
  - (b) the date and content of any resolution of creditors in relation to the remuneration of the insolvency practitioner.

### **Meetings (other than any final meeting of creditors)**

**10.** The dates of —

- (a) the meeting of members;
- (b) the date of first meeting of creditors—
  - (i) to consider an administrator’s proposals;
  - (ii) to consider an administrative receiver’s report;
  - (iii) in liquidation or bankruptcy;
  - (iv) to consider a voluntary arrangement proposal; or
  - (v) according to a trust deed for creditors;
- (c) the date of the statutory meeting in sequestration; and
- (d) the dates and purposes of any subsequent meetings.

### **Disqualification of Directors**

**11.** As regards the insolvency practitioner’s duties under section 7 of the Company Directors Disqualification Act 1986(**14**) to report the conduct of directors—

- (a) the date a return under section 7 is due;
- (b) the date a return is submitted to the Secretary of State;
- (c) the date a conduct report is submitted to the Secretary of State; and
- (d) the date on which any further reports are submitted to the Secretary of State.

### **Vacation of office etc.**

**12.** The following details regarding the completion of the case—

- (a) the date of the final notice to, or meeting of, creditors ;
- (b) the date that the insolvency practitioner vacates office; and
- (c) the date of release or discharge of the insolvency practitioner (or if there is no final meeting of creditors, the date of the final return of receipts and payments to the Secretary of State).

### **Distributions to creditors etc.**

**13.** As regards distributions—

- (a) in relation to each payment to preferential or preferred creditors—
  - (i) the name of the person to whom the payment was made;
  - (ii) the date of the payment;
  - (iii) the amount of the payment;
- (b) in relation to each payment to unsecured creditors—
  - (i) the name of the person to whom the payment was made;
  - (ii) the date of the payment;
  - (iii) the amount of the payment; and
- (c) in relation to each return of capital—
  - (i) the name of the person to whom the return of capital was made;

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(14) 1986 c. 46.

*Status: This is the original version (as it was originally made).*

- (ii) the date of the payment; and
- (iii) the amount of capital returned or the value of any assets returned.

### **Statutory Returns**

**14.** As regards any returns or accounts to be made to the Secretary of State, the Registrar of Companies or the Accountant in Bankruptcy—

- (a) as regards each interim return or abstract of receipts and payments;
  - (i) the date the return or abstract is due;
  - (ii) the date on which the return is filed; and
- (b) as regards any final return or abstract of receipts and payments—
  - (i) the date that the return or abstract is due; and
  - (ii) the date on which the return is filed.

### **Time recording**

**15.** Records of the amount of time spent on the case by the insolvency practitioner and any persons assigned to assist in the administration of the case.

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## **EXPLANATORY NOTE**

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

These Regulations make provision in connection with the regulation of insolvency practitioners. These Regulations replace the Regulations listed in Schedule 1 subject to the transitional and saving provisions in regulation 4. Regulation 6 makes provision as regards the matters to be taken into account by a competent authority in determining whether an individual is a fit and proper person to hold an authorisation under section 393 of the Insolvency Act 1986. Regulations 7 and 8 set out prescribed requirements as to education and training in relation to insolvency practitioners seeking an authorisation from a competent authority. Regulation 9 sets out obligations imposed on insolvency practitioners authorised by the Secretary of State with regard to the keeping of records relating to continuing professional development. Regulation 10 sets the maximum period for an insolvency authorisation granted by a competent authority at 3 years. Regulation 11 makes provision in relation to annual returns to be made to the Secretary of State by insolvency practitioners authorised by her in relation to their insolvency practice. Regulation 12 and Schedule 2 make provision in relation to the security or caution that an insolvency practitioner must obtain for the proper performance of his duties. This is in the form of a bond against which claims may be made in the event of losses caused or facilitated by the fraud or dishonesty of the insolvency practitioner.

Regulation 13 makes provision for the creation and maintenance of records containing the details set out in Schedule 3 to the Regulations. Regulations 14 and 15 make provision about the inspection of those records by the Secretary of State and others. Regulation 16 allows the Secretary of State to inspect and take copies of the records of any person which record receipts and payments, time spent on the case and other management matters in relation to any case where an insolvency practitioner



authorised by the Secretary of State acts. Regulation 17 makes provision for the inspection by the Secretary of State of records relating to an administration or an administrative receivership.

No Regulatory Impact Assessment has been prepared in relation to these Regulations as they will not impose any significant costs on business.