
STATUTORY INSTRUMENTS

2014 No. 229

**The Industrial and Provident Societies
and Credit Unions (Arrangements,
Reconstructions and Administration) Order 2014**

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Industrial and Provident Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014, and comes into force on 6th April 2014.

(2) In this Order—

“the 1965 Act” means the Industrial and Provident Societies Act 1965(1);

“the 1967 Act” means the Industrial and Provident Societies Act 1967(2);

“the 1986 Act” means the Insolvency Act 1986(3);

“the 2006 Act” means the Companies Act 2006(4);

“authorised person” has the meaning given in section 31(2) of FSMA;

“authorised deposit taker” has the meaning given in section 359(4) of FSMA(5);

“committee”, in relation to a relevant society, has the meaning given in section 74(1) of the 1965 Act;

“deposit” has the meaning given by article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(6);

“the FCA” means the Financial Conduct Authority;

“FSMA” means the Financial Services and Markets Act 2000(7);

“member”, in relation to a relevant society, means a person whose name is entered as a member in the register kept by the society in accordance with section 44(1) of the 1965 Act(8);

“officer”, in relation to a relevant society, has the meaning given in section 74(1) of the 1965 Act;

“relevant person” has the meaning given in section 213(9)(a) of FSMA(9); and

“relevant society” means a society which is registered under the 1965 Act and is not—

(a) a private registered provider of social housing; or

(1) 1965 c.12.

(2) 1967 c. 48.

(3) 1986 c. 45.

(4) 2006 c. 46.

(5) The definition was amended by the Financial Services Act 2012 (c. 21), Schedule 14, paragraphs 1 and 6(1) and (5).

(6) S.I. 2001/544.

(7) 2000 c. 8.

(8) Section 44(1) was amended by S.I. 2011/593.

(9) Section 213(9)(a) was amended by the Financial Services Act 2012, Schedule 10, paragraphs 1 and 3(1) and (6).

- (b) registered as a social landlord under Part 1 of the Housing Act 1996(10) or under Part 2 of the Housing (Scotland) Act 2010(11).
- (3) The definition of “authorised deposit taker” is to be construed in accordance with—
 - (a) section 22 of, and Schedule 2 to, FSMA(12); and
 - (b) any relevant order under section 22(13).
- (4) For the purposes of this Order a relevant society is “in administration” while the appointment of an administrator of the society under Schedule B1 to the 1986 Act(14) has effect.

Application to relevant societies of law about company arrangements and administration

2.—(1) Part 1 of the 1986 Act (company voluntary arrangements) applies in relation to a relevant society with the modifications set out in Parts 1 and 2 of Schedule 1.

(2) Part 2 of the 1986 Act (administration)(15) applies in relation to a relevant society with the modifications set out in Parts 1, 3 and 4 of Schedule 1.

(3) Part 26 of the 2006 Act (arrangements and reconstructions) applies in relation to a relevant society with the modifications set out in Schedule 2.

Application of section 176A of the 1986 Act

3. Section 176A of the 1986 Act (share of assets for unsecured creditors)(16) applies in relation to a relevant society which is in administration, and for that purpose—

- (a) a reference to a company includes a reference to a relevant society;
- (b) a reference to a receiver is to be ignored; and
- (c) in subsection (4)(b)(17) the reference to Part 26 of the 2006 Act is a reference to that Part as applied in relation to a relevant society.

Application of other provisions of the 1986 Act

4. The following provisions of the 1986 Act, so far as they have effect for the purposes of Part 1 or Part 2 of that Act as applied in relation to a relevant society, apply with the modifications set out in Schedule 3—

- (a) Part 6 (miscellaneous provisions applying to companies which are insolvent or in liquidation);
- (b) Part 7 (interpretation for first group of Parts); and
- (c) Parts 12 to 19 (the third group of Parts).

(10) 1996 c. 52.

(11) 2010 asp 17.

(12) Section 22 and Schedule 2 were amended by the Financial Services Act 2012, section 7.

(13) The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) is relevant.

(14) Schedule B1 was inserted by the Enterprise Act 2002, section 248(2) and Schedule 16; and was amended by the Financial Services Act 2012, Schedule 18, paragraphs 51 and 55, and by S.I. 2003/2096, 2008/948 and 2008/1897. There are other amendments not relevant to this Order.

(15) Part 2, substituted by the Enterprise Act 2002, section 248(1), gives effect to Schedule B1, which is inserted in the 1986 Act by the Enterprise Act 2002, section 248(2) and Schedule 16.

(16) Section 176A was inserted by the Enterprise Act 2002, section 252.

(17) Subsection (4)(b) was amended by S.I. 2008/948.

Application of section 215 of FSMA

5.—(1) Section 215 of FSMA (rights of the compensation scheme in insolvency)(**18**) applies in relation to a relevant society—

- (a) which is a relevant person; and
- (b) in relation to which an administration application is made, an administrator is appointed or a copy of notice of intention to appoint an administrator is filed with the court under Schedule B1 to the 1986 Act.

(2) For that purpose in subsection (3) the reference to a company includes a reference to a relevant society.

Application of section 356 of FSMA

6.—(1) Section 356 of FSMA (powers of FCA and PRA to participate in proceedings: company voluntary arrangements)(**19**) applies in relation to a relevant society—

- (a) which is an authorised person; and
- (b) in relation to which a voluntary arrangement has effect under Part 1 of the 1986 Act.

(2) For that purpose—

- (a) in subsection (1) the reference to a company includes a reference to a relevant society; and
- (b) in subsection (3) the reference to an application to the court in relation to the company is a reference to an application to the court under section 6(**20**) or 7(**21**) of the 1986 Act in relation to a relevant society of the kind described in paragraph (1).

Application of section 359 of FSMA

7.—(1) Section 359 of FSMA (administration order)(**22**) applies in relation to a relevant society which—

- (a) is or has been an authorised person; or
- (b) is carrying on or has carried on a regulated activity in contravention of the general prohibition.

(2) For that purpose—

- (a) in subsection (1) the words from “which” to the end are to be ignored; and
- (b) except in the definition of “company” in subsection (4), a reference to a company is a reference to a relevant society of the kind described in paragraph (1).

Application of section 361 of FSMA

8. Section 361 of FSMA (administrator’s duty to report to FCA and PRA)(**23**) applies in relation to a relevant society, and for that purpose a reference to a company includes a reference to a relevant society.

(18) Section 215 was amended by the Banking Act 2009 (c. 1), section 175; by the Enterprise Act 2002, Schedule 17, paragraph 54(2), and by the Finance Act 2012, Schedule 10, paragraph 5. There are other amendments not relevant to this Order.

(19) Section 356 was amended by the Insolvency Act 2000 (c.39), section 15(3), and by the Financial Services Act 2012, Schedule 14, paragraphs 1 and 3.

(20) Section 6 was amended by the Insolvency Act 2000, Schedule 2, paragraphs 1 and 7, and by the Enterprise Act 2002, Schedule 17, paragraphs 9 and 12. There are other amendments not relevant to this Order.

(21) Section 7 was amended by the Insolvency Act 2000, Schedule 2, paragraphs 1 and 9.

(22) Section 359 was substituted by the Enterprise Act 2002, Schedule 17, paragraphs 53 and 55; and was amended by the Financial Services Act 2012, Schedule 14, paragraphs 1 and 6. There are other amendments not relevant to this Order.

(23) Section 361 was substituted by the Enterprise Act 2002, Schedule 17, paragraphs 53 and 56; and was amended by the Financial Services Act 2012, Schedule 14, paragraphs 1 and 7. There are other amendments not relevant to this Order.

Application of sections 362 and 362A of FSMA

9.—(1) Section 362 of FSMA (powers of FCA and PRA to participate in proceedings)(**24**) and section 362A (administrator appointed by company or directors)(**25**) apply in relation to a relevant society which—

- (a) is or has been an authorised person; or
 - (b) is carrying on or has carried on a regulated activity in contravention of the general prohibition.
- (2) For that purpose—
- (a) in section 362—
 - (i) in subsection (1) the words from “which” to the end are to be ignored;
 - (ii) in subsection (1A) the words “of a kind described in subsection (1)(a) to (c)” are to be ignored;
 - (iii) a reference to a company is a reference to a relevant society of the kind described in paragraph (1); and
 - (b) in section 362A—
 - (i) in subsection (1) the words “of a kind described in section 362(1)(a) to (c)” are to be ignored;
 - (ii) a reference to a company is a reference to a relevant society of the kind described in paragraph (1).

Application of provisions of FSMA: general provision

10.—(1) In the application in relation to a relevant society of any of the provisions applied by articles 5 to 9, except sections 359(4) and 362(1B)—

- (a) a reference to a provision of the 1986 Act is a reference to that provision as applied in relation to a relevant society; and
 - (b) a reference to Schedule B1 to the Insolvency (Northern Ireland) Order 1989(**26**) is to be ignored.
- (2) In articles 5 to 9—
- (a) a reference to a provision of the 1986 Act is a reference to that provision as applied in relation to a relevant society;
 - (b) “general prohibition” has the meaning given in section 19(2) of FSMA; and
 - (c) “regulated activity” has the meaning given in section 22 of FSMA(**27**).

Application of insolvency rules

11.—(1) Part 1 (company voluntary arrangements) and, so far as applicable to voluntary arrangements, Parts 7 to 13 (the third group of Parts) of the Insolvency Rules 1986(**28**) apply where—

(24) Section 362 was amended by the Enterprise Act 2002, Schedule 17, paragraphs 53 and 57, by the Financial Services Act 2012, Schedule 14, paragraphs 1 and 8, and by [S.I. 2008/948](#). There are other amendments not relevant to this Order.

(25) Section 362A was inserted by the Enterprise Act 2002, Schedule 17, paragraphs 53 and 58; and was amended by the Financial Services Act 2012, Schedule 14, paragraphs 1 and 9.

(26) [S.I. 1989/2405 \(N.I. 19\)](#). Schedule B1 was inserted by [S.I. 2005/1455 \(N.I. 10\)](#) and amended by [S.R. 2006/370](#). There are other amendments not relevant to this Order.

(27) Section 22 was amended by section 7(1) of the Financial Services Act 2012.

(28) [S.I. 1986/1925](#) as amended by [S.I. 1987/1919](#); [1989/397](#); [2003/1730](#); [s004/584](#); [2005/527](#); [2006/1272](#); [2009/642](#) and [2010/686](#). There are other amendments not relevant to this Order.

- (a) it is intended to make, and there is made, a proposal to a relevant society and its creditors for a voluntary arrangement within the meaning given in section 1 of the 1986 Act⁽²⁹⁾ (as applied in relation to a relevant society); and
 - (b) the courts in England and Wales have jurisdiction to wind up the society.
- (2) Part 1 (company voluntary arrangements) and, so far as applicable to voluntary arrangements, Part 7 (provisions of general application) of the Insolvency (Scotland) Rules 1986⁽³⁰⁾ apply where—
- (a) it is intended to make, and there is made, a proposal to a relevant society and its creditors for a voluntary arrangement within the meaning given in section 1 of the 1986 Act (as applied in relation to a relevant society); and
 - (b) a sheriff court in Scotland has jurisdiction to wind up the society.
- (3) Part 2 (administration procedure) and, so far as applicable to administration procedure, Parts 7 to 13 of the Insolvency Rules 1986 apply in relation to the appointment of an administrator of a relevant society which the courts in England and Wales have jurisdiction to wind up.
- (4) Part 2 (administration procedure) and, so far as applicable to administration procedure, Part 7 of the Insolvency (Scotland) Rules 1986 apply in relation to the appointment of an administrator of a relevant society which a sheriff court in Scotland has jurisdiction to wind up.
- (5) Schedule 4 (which makes further provision about the application in relation to a relevant society of the Insolvency Rules 1986 and the Insolvency (Scotland) Rules 1986) has effect.

Application of other subordinate legislation

12. Schedule 5 applies other subordinate legislation in relation to a relevant society with the modifications set out in that Schedule.

Modified application of section 50 of the 1965 Act

13. Section 50 of the 1965 Act (amalgamation of societies)⁽³¹⁾ has effect in relation to a relevant society which is in administration as if at the end there were added—

“(7) Subsections (8) to (11) have effect where, in relation to a relevant society which is in administration, the administrator’s proposals under paragraph 49 or a revision to proposals under paragraph 54 include provision for amalgamation in pursuance of this section (“relevant provision”).

(8) The general meeting of the society held in accordance with subsection (2)(b) is to be treated as having been summoned by the administrator for consideration of the proposals or the revision under paragraph 53 or 54.

(9) If that meeting confirms the resolution passed in relation to the relevant provision in accordance with subsection (2)(a), the relevant provision is to be treated as approved for the purposes of paragraph 53(1) or 54(5).

(10) Subsection (5) does not apply to the special resolution which approves the relevant provision.

(11) In subsections (7) to (9) a reference to a numbered paragraph is a reference to the paragraph so numbered in Schedule B1 to the Insolvency Act 1986 as applied in relation to a relevant society by an order made under section 255 of the Enterprise Act 2002.”

⁽²⁹⁾ Section 1 was amended by the Insolvency Act 2000, Schedule 2, paragraphs 1 and 2, and by the Enterprise Act 2002, Schedule 17, paragraphs 9 and 10. There are other amendments not relevant to this Order.

⁽³⁰⁾ S.I. 1986/1915 as amended by S.I. 1987/1921; 2002/2709; 2003/2111; 2006/734; 2008/662; 2009/662; 2009/2375; and 2010/688. There are other amendments not relevant to this Order.

⁽³¹⁾ Section 50 was amended by S.I. 2001/2617 and 2013/496.

Modified application of section 51 of the 1965 Act

14. Section 51 of the 1965 Act (transfer of engagements between societies)(**32**) has effect in relation to a relevant society which is in administration as if for subsection (2) there were substituted—

“(2) Subsections (2) to (11) of section 50 have effect for the purposes of this section with the modification that in subsection (7) the reference to amalgamation in pursuance of section 50 is to be read as a reference to a transfer of engagements in pursuance of this section.”.

Modified application of section 52 of the 1965 Act

15. Section 52 of the 1965 Act (conversion into, amalgamation with, or transfer of engagements to company)(**33**) has effect in relation to a relevant society which is in administration as if after subsection (3B) there were inserted—

“(3C) Subsections (7) to (11) of section 50 have effect for the purposes of this section with the following modifications—

- (a) in subsection (7) the reference to amalgamation in pursuance of section 50 is a reference to conversion into, amalgamation with or a transfer of engagements to, a company in pursuance of this section;
- (b) in subsection (8) the reference to subsection (2)(b) is a reference to subsection (3) (d) of this section; and
- (c) in subsection (9) the reference to subsection (2)(a) is a reference to subsection (3) (a) of this section.”.

Modified application of section 59 of the 1965 Act

16. Section 59 of the 1965 Act (restriction on dissolution or cancellation of registration)(**34**) has effect in relation to a relevant society which is in administration as if the reference to the liquidator included a reference to the administrator.

Amendment of the 1965 Act

17.—(1) The 1965 Act is amended as follows.

(2) After section 43 (duties of receiver or manager of society’s property) insert—

“Floating charge holder not to appoint administrative receiver

43A.—(1) The holder of a qualifying floating charge in respect of the property of a relevant society whose registered office is situated in England and Wales may not appoint an administrative receiver of the society.

(2) This section applies to a floating charge which is created by a relevant society on or after 6th April 2014 and is either—

- (a) a charge in respect of which an application has been made for the purposes of section 1 of the Industrial and Provident Societies Act 1967(**35**); or

(32) Section 51 was amended by [S.I. 2013/496](#).

(33) Section 52 was amended by the Industrial and Provident Societies Act 2002 ([c. 20](#)), section 1(2), and by [S.I. 2001/2617](#), [2009/1941](#) and [2013/496](#).

(34) Section 59 was amended by [S.I. 2001/2617](#) and [2013/496](#).

(35) Section 1 was amended by [S.I. 1996/1738](#), [2001/2617](#) and [2001/3649](#).

- (b) created by a debenture registered under section 9 of the Agricultural Credits Act 1928⁽³⁶⁾ as applied by section 14 of that Act.
- (3) This section applies in spite of any provision of an agreement or instrument which purports to empower a person to appoint an administrative receiver (by whatever name).
- (4) In this section—
- “administrative receiver”, in relation to a relevant society, means—
- (a) a receiver or manager of the whole (or substantially the whole) of the society’s property appointed by or on behalf of the holder of a floating charge; or
- (b) a person who would be such a receiver or manager but for the appointment of some other person as the receiver of part of the society’s property; and
- “holder of a qualifying floating charge in respect of the property of a relevant society” has the meaning given in paragraph 14 of Schedule B1 to the Insolvency Act 1986 as applied in relation to a relevant society by an order made under section 255 of the Enterprise Act 2002.”.
- (3) In section 49 (appointment of inspectors and calling of special meetings)⁽³⁷⁾ after subsection (1) insert—
- “(1A) The power of the FCA to call a special meeting of a relevant society in respect of which a moratorium is in force under section 1A of the Insolvency Act 1986 is subject to paragraph 12(1)(b) of Schedule A1 to that Act⁽³⁸⁾ as applied in relation to a relevant society by an order made under section 255 of the Enterprise Act 2002.”.
- (4) In section 55 (dissolution of society)⁽³⁹⁾ after subsection (1C) insert—
- “(1D) A relevant society may also be dissolved under paragraph 84 of Schedule B1 to the 1986 Act as applied in relation to a relevant society by an order made under section 255 of the Enterprise Act 2002.”.
- (5) In section 74 (interpretation — general), in subsection (1) at the end insert—
- ““relevant society” means a registered society which is not—
- (a) a private registered provider of social housing; or
- (b) registered as a social landlord under Part 1 of the Housing Act 1996 or under Part 2 of the Housing (Scotland) Act 2010.”.

Sam Gyimah
Mark Lancaster
Two of the Lords Commissioners of Her
Majesty’s Treasury

4th February 2014

⁽³⁶⁾ 1928 c. 43. Section 9 was amended by the Land Charges Act 1972 (c. 61), Schedule 3, paragraph 7, and by S.I. 2011/2436.

⁽³⁷⁾ Section 49 was amended by S.I. 2001/2617 and 2013/496.

⁽³⁸⁾ Section 1A and Schedule A1 were inserted by the Insolvency Act 2000 (c. 39), section 1 and Schedule 1, paragraphs 1, 2 and 4.

⁽³⁹⁾ Section 55 was substituted by S.I. 2009/1941; and was amended by S.I. 2011/2687 and 2013/496.

I concur

4th February 2014

Jenny Willott
Parliamentary Under Secretary of State for
Employment Relations and Consumer Affairs
Department for Business, Innovation and Skills