
STATUTORY INSTRUMENTS

2017 No. 1212

The Risk Transformation Regulations 2017

PART 4

Protected Cell Companies

CHAPTER 4

Movements of assets, liabilities and obligations within a protected cell company

Meaning of “records and accounts”

51. In this Chapter, “records and accounts” of a protected cell company means the records and accounts of the protected cell company kept by the protected cell company in accordance with regulation 46.

Movement of assets between cells

52.—(1) Where an asset is recorded in the records and accounts of a protected cell company as an asset held by the protected cell company on behalf of a cell, the protected cell company may only amend its records and accounts so as to reallocate that asset to another cell where—

- (a) the amendment is made pursuant to enforceable arrangements made between the cells (see regulations 68 and 69);
 - (b) the records and accounts mistakenly allocate the asset to the incorrect cell and the amendment corrects that mistake; or
 - (c) the amendment is made pursuant to an order of the court.
- (2) An amendment made in contravention of paragraph (1) has no effect.

Movement of assets from a cell to core

53.—(1) Where an asset is recorded in the records and accounts of a protected cell company as an asset held by the protected cell company on behalf of a cell, the protected cell company may only amend its records and accounts so as to reallocate that asset to the core where—

- (a) the amendment is made pursuant to a contract which the protected cell company has entered into on behalf of the cell and the core;
- (b) the records and accounts mistakenly allocate the asset to the cell and the amendment corrects that mistake;
- (c) the asset is deemed to be moved to the core by virtue of regulation 179(1)(c) (dissolution of a cell: effect on property and liabilities);
- (d) the following conditions are satisfied—
 - (i) the protected cell company previously assumed a risk or a succession of risks from an undertaking, or risks from a succession of undertakings, on behalf of the cell or,

Changes to legislation: The Risk Transformation Regulations 2017, CHAPTER 4 is up to date with all changes known to be in force on or before 09 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- if the cell is a member of a group of cells, on behalf of any of the cells in that group of cells;
 - (ii) the protected cell company no longer has any liability to that undertaking or those undertakings on behalf of the cell or, if the cell is a member of a group of cells, on behalf of any of the cells in that group; and
 - (iii) all the investors holding investments issued on behalf of the cell have been paid in full; or
- (e) the amendment is made pursuant to an order of the court.
- (2) An amendment made in contravention of paragraph (1) has no effect.

Movement of liabilities and obligations

- 54.**—(1) Where a liability or obligation is recorded in the records and accounts of a protected cell company as a liability or obligation incurred on behalf of, or attributable to, a part of the protected cell company, the protected cell company may only amend its records and accounts so as to reallocate that liability or obligation to another part of the protected cell company—
- (a) with the consent of the person to whom the liability or obligation is owed;
 - (b) where the records and accounts mistakenly allocate the liability or obligation to the incorrect part of the protected cell company and the amendment corrects that mistake; or
 - (c) pursuant to an order of the court.
- (2) An amendment made in contravention of paragraph (1) has no effect.

Procedure for moving an asset, liability or obligation

- 55.**—(1) Any amendment to the protected cell company's records and accounts made in accordance with regulation 52, 53 or 54 must be approved by a written resolution of the directors of the protected cell company.
- (2) A copy of the written resolution referred to in paragraph (1) must be kept with the records and accounts of the protected cell company at its registered office or at an alternative inspection location notified to the FCA in accordance with regulation 67.

Reallocations pursuant to mistakes in the records and accounts

- 56.**—(1) This regulation applies where a protected cell company proposes to amend its records and accounts in accordance with regulation 52(1)(b), 53(1)(b) or 54(1)(b) so as to reallocate an asset, liability or obligation from one part of the protected cell company to another part of the protected cell company.
- (2) The protected cell company must give written notice of the proposed amendment to the following persons before the beginning of a period of 10 working days ending on the day the amendment is made—
- (a) the FCA;
 - (b) the PRA;
 - (c) any undertaking from whom the protected cell company has assumed a risk on behalf of a relevant part;
 - (d) any person to whom the protected cell company has a liability or obligation which has been incurred by the protected cell company on behalf of a relevant part or, so far as the protected cell company is aware, is attributable to a relevant part;

(e) any person holding an investment issued by the protected cell company on behalf of a relevant part.

(3) In paragraph (2), a “relevant part” is a part of the protected cell company referred to in paragraph (1) or, where such a part is a cell, any other cell which has entered into enforceable arrangements with that cell.

(4) The protected cell company may apply to court for an order abridging the time period of 10 working days referred to in paragraph (2) or dispensing with the requirement to notify some or all of the persons mentioned in that paragraph.

(5) On an application made pursuant to paragraph (4), the court may make any order it sees fit.

(6) A person may apply to court for an order—

(a) restraining the protected cell company from making the amendment referred to in paragraph (1); or

(b) if the amendment has already taken place, declaring the amendment to have no effect.

(7) On an application made pursuant to paragraph (6), the court may—

(a) make an order referred to in paragraph (6); or

(b) make any other order the court sees fit (including an order as to the amendment of the protected cell company's records and accounts).

(8) In this regulation, “court” means the High Court or, in Scotland, the Court of Session.

Changes to legislation:

The Risk Transformation Regulations 2017, CHAPTER 4 is up to date with all changes known to be in force on or before 09 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)