
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations establish a new insolvency procedure to be known as payment institution special administration or electronic money institution special administration (as the case may be) to operate as an alternative to the liquidation or administration of those institutions under the Insolvency Act 1986 (c. 45) (see regulations 7 to 47 and Schedules 1 to 4).

The main features of special administration are that—

- (a) an administrator is appointed, and the institution enters special administration, by court order (see regulations 7 to 10),
- (b) special administration objectives and procedures apply (see regulations 12 to 35),
- (c) specific provision is made about how those procedures apply to small institutions (see regulation 12(10)),
- (d) the administrator is to pursue the special administration objectives in accordance with the statement of proposals (see paragraph 49 of Schedule B1 of the Insolvency Act 1986 as applied and modified by regulation 37), and
- (e) in other respects the procedure is the same as for administration under Schedule B1 to the Insolvency Act 1986, subject to modifications and the inclusion of certain liquidation provisions of that Act (see regulation 37 and Schedules 1 and 2).

These Regulations also apply with modifications Part 24 of Financial Services and Markets Act 2000 (c. 8) (which makes provision about insolvency) to payment institutions and electronic money institutions except in respect of special administration (see regulation 48).

These Regulations also correct a defect relating to the United Kingdom's withdrawal from the European Union and bank recovery and resolution in the Bank Recovery and Resolution (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1350) (see regulation 49).

A de minimis impact assessment of the effect these Regulations will have on business and the voluntary sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ or on www.gov.uk and is published alongside these Regulations on www.legislation.gov.uk.