MODERNISED UK INSOLVENCY RULES ARRIVING APRIL 2017

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Restructuring & Insolvency Alert

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- The updated UK Insolvency Rules 2016 will come into force on 6 April 2017.
- The new rules have four aims:
  - to reflect modern business practice and increase efficiency;
  - to restructure and modernise the 1986 Rules;
  - to implement policy changes; and
  - to consolidate the 1986 Rules and subsequent amendments.

The Insolvency Rules 2016 (the "2016 Rules") were laid before the UK Parliament on 25 October 2016, and will come into force on 6 April 2017. The Insolvency Rules 1986 (the "1986 Rules") and all amending legislation will be repealed. There will be significant changes in the way insolvency practitioners conduct insolvency procedures. The structure and layout of the 2016 Rules are very different to the 1986 Rules and they seek to recognise the use of technology and electronic communication in modern business life.

RESTRUCTURING

The language used in the 2016 Rules has been modernised and the structure updated to make navigation simpler. To avoid repetition, there is greater use of common parts applicable to multiple insolvency procedures. Since the 1986 Rules were introduced, they have been amended by 28 different statutory instruments. The 2016 Rules consolidate all of these amendments. Where possible, this results in a single regime under the 2016 Rules applicable to all types of procedures.

The table below shows the structure of the 2016 Rules. For example, Part 15 contains all the decision making rules.

Part Number	Title of Part
1	Interpretation, Time and Rules about Documents
2	Company Voluntary Arrangements
3	Administration

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4	Receivership
5	Members' Voluntary Winding Up
6	Creditors' Voluntary Winding Up
7	Winding Up by the Court
8	Individual Voluntary Arrangements
9	Debt Relief Orders
10	Bankruptcy
11	Bankruptcy Restrictions and Debt Relief Restrictions Orders and Undertakings and Insolvency Registers
12	Court Procedure and Practice
13	Official Receivers
14	Claims by and Distributions to Creditors
15	Decision Making
16	Proxies and Corporate Representation
17	Creditors' and Liquidation Committees
18	Progress Reports and Remuneration
19	Disclaimer
20	Persons at risk of violence and non-disclosure of addresses
21	The EC Regulation
22	Permission to Act as Director etc. of Company with a Prohibited Name

ABOLITION OF STATUTORY FORMS

The 2016 Rules no longer prescribe any statutory forms. Instead, Part 1 sets out general rules about documents and specific rules set out the exact requirements for particular notices. For example, rule 1.35 sets out the contents of application notices. The required information must be provided in the order listed in the relevant rule or in another order which the author considers would be convenient for the intended recipient.

In practice, it is likely that commercial providers will develop forms that become the market practice. It is expected that Companies House will continue to use prescribed forms for documents that are required to be submitted to the Registrar of Companies and these are currently being updated.

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