

**EXPLANATORY MEMORANDUM TO**  
**Corporate Insolvency and Governance Act 2020 (Amendment of Certain**  
**Relevant Periods) Regulations (Northern Ireland) 2020**

**S.R. 2020 No. 199**

**1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under the powers conferred by section 42(1)(b) of the Corporate Insolvency and Governance Act 2020 ("the Act) and is subject to the Confirmatory resolution procedure.

**2. Purpose**

- 2.1. This Statutory Rule will extend some of the temporary modifications to corporate insolvency legislation that were included in the Act until 31 December 2020 and others until 30 March 2021

**3. Background**

- 3.1. The Act was made at Westminster as a piece of emergency legislation and extends to the whole of the UK. Provision for Northern Ireland was included under a Legislative Consent Motion passed by the Northern Ireland Assembly.
- 3.2. The Act contains provisions to help companies and mutual societies deal with the serious economic consequences resulting from the Covid-19 pandemic and includes both corporate insolvency and company measures.
- 3.3. Some of these measures take the form of temporary modifications to corporate insolvency legislation applying in Northern Ireland, corresponding to modifications made to that applying in GB, specifically to address the crisis. There are also temporary rules which are needed to work with new primary legislation contained in the Act. It is likely that permanent rules to take their place will not be available for another six months.
- 3.4. The Act provides for these modifications and the temporary rules to expire on 30 September 2020. However, there is also provision enabling the Department to extend the period during which they will apply by up to six months if the Department considers it reasonable to do so to mitigate the effect of coronavirus.
- 3.5. The Department is proposing to extend most of the temporary modifications relating to corporate insolvency, as follows -
- 3.6. The temporary suspension of statutory demands and restrictions on petitions to wind up companies – to be extended to 31 December 2020
- 3.7. Temporary modifications to the new moratorium for companies and associated procedural rules – to be extended to 30 March 2021.

- 3.8. The temporary exemption for small companies from the requirement to continue supplying companies which have entered into an insolvency procedure – to be extended to 30 March 2021.

#### **4. Consultation**

- 4.1. It is not intended to carry out any consultation. The proposed Regulations are to extend measures already included in primary legislation and are needed so that companies and mutual societies in Northern Ireland can continue to avail of the same relief as available to their counterparts in the rest of the United Kingdom. A number of the insolvency measures in the CIG Act were the result of UK Government consultation in 2016 and were brought forward as a matter of urgency to assist businesses during this time of financial difficulty and economic uncertainty.

#### **5. Equality Impact**

- 5.1. Due to the urgency to bring the Act into force, screening was carried out retrospectively. It was determined that there is no undue impact on section 75 groups and therefore no mitigation is required, and no change to policy is required.
- 5.2. The proposed Regulations do not alter what is in the Act, they simply extend the time period during which some of the provisions in the Act will apply.

#### **6. Regulatory Impact**

- 6.1. Impact assessment was fully addressed at the making of the primary legislation.

#### **7. Financial Implications**

- 7.1. None.

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. The Regulations extend the period during which certain provisions in the Act are to have effect. It is the view of the Secretary of State for Business, Energy and Industrial Strategy, that the provisions of the Act are compatible with the Convention rights, under section 19 of the Human Rights Act 1998.

#### **9. EU Implications**

- 9.1. None.

#### **10. Parity or Replicatory Measure**

- 10.1. These regulations will replicate similar regulations to be made in GB.

#### **11. Additional Information**

- 11.1. The Regulations were laid in breach of the 21 day rule. This had to be done, as otherwise the temporary measures contained in the Act, to assist companies affected by coronavirus would have expired on 30 September 2020 with no possibility of renewal.