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DRAFT STATUTORY INSTRUMENTS

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**2017 No.**

**The Risk Transformation Regulations 2017**

**PART 4**

**Protected Cell Companies**

**CHAPTER 15**

**Insolvency**

**Insolvency of a cell**

**166.**—(1) A cell of a protected cell company may be—

- (a) put into administration as if it were a company under Schedule B1 (administration) to the Insolvency Act 1986<sup>(1)</sup> or Schedule B1 (administration) to the Insolvency (Northern Ireland) Order 1989<sup>(2)</sup>; or
- (b) wound up as if it were an unregistered company under Part 5 (winding up of unregistered companies) of the Insolvency Act 1986 or Part 6 (winding up of unregistered companies) of the Insolvency (Northern Ireland) Order 1989.

(2) For these purposes, the insolvency legislation applies in relation to the cell with the modifications set out in Schedule 2.

(3) Where a written demand is served on a cell by a creditor in accordance with section 222(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency Act 1986 or Article 186(1)(a) (inability to pay debts: unpaid creditor of £750 or more) of the Insolvency (Northern Ireland) Order 1989, the cell may apply to the High Court (or in Scotland the Court of Session) for an injunction restraining (or in Scotland an interdict prohibiting) the creditor from presenting or giving notice of a winding-up petition as if the cell has distinct legal personality.

(4) The entry of a cell of a protected cell company into administration or liquidation does not affect the power of the protected cell company or the directors of the protected cell company to act in relation to the core or the cells.

(5) But the protected cell company and the directors of the protected cell company may not exercise a management power in relation to a cell in administration or liquidation without the consent of the administrator or liquidator of the cell.

(6) For the purposes of paragraph (5)—

- (a) “management power” means a power which could be exercised so as to interfere with the exercise of the powers of the administrator or liquidator;
- (b) it is immaterial whether the power is conferred on the protected cell company or the directors by an enactment or an instrument; and
- (c) consent may be general or specific.

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(1) Schedule B1 was inserted by section 248 of and schedule 16 to the Enterprise Act 2002 (ch. 40).  
(2) Schedule B1 was inserted by Article 3 of, and Schedule 1 to, S.I. 2005/1455 (N.I. 10).

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**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Risk Transformation Regulations 2017 No. 1212

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