
STATUTORY INSTRUMENTS

2003 No. 3226

The Financial Collateral Arrangements (No.2) Regulations 2003

PART 3

Modification of insolvency law

Modification of the Insolvency Rules 1986 and the Insolvency Rules (Northern Ireland) 1991

14. Where the collateral-provider or the collateral-taker under a financial collateral arrangement goes into liquidation or administration and the arrangement or a close out netting provision provides for, or the mechanism provided under the arrangement permits, either—

- (a) the debt owed by the party in liquidation or administration under the arrangement, to be assessed or paid in a currency other than sterling; or
- (b) the debt to be converted into sterling at a rate other than the official exchange rate prevailing on the date when that party went into liquidation or administration;

then rule 4.91 (liquidation), or rule 2.86 (administration) of the Insolvency Rules 1986 **(1)** (debt in foreign currency), or rule 4.097 of the Insolvency Rules (Northern Ireland) 1991 **(2)** (liquidation, debt in foreign currency), as appropriate, shall not apply unless the arrangement provides for an unreasonable exchange rate or the collateral-taker uses the mechanism provided under the arrangement to impose an unreasonable exchange rate in which case the appropriate rule shall apply.

(1) S.I.1986/1925, amended by S.I. 2003/ 1730, S.I. 2002/1307, S.I. 2001/763, S.I. 1999/359, S.I. 1995/586, S.I. 1993/602, S.I. 1991/495, S.I. 1989/397, S.I. 1987/1919.
(2) S.R. 1991 No. 364.