

**EXPLANATORY MEMORANDUM TO THE
THE CREDIT INSTITUTIONS (REORGANISATION AND WINDING UP)
(AMENDMENT) REGULATIONS 2007 (“THE 2007 REGULATIONS”)**

2007 No. 830

1. This explanatory memorandum has been prepared by Her Majesty’s Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

2.1 The Insolvency (Northern Ireland) Order 2005 (S.I. 2005/1455 (N.I.10)) (“the 2005 Order”) substantially revised the administration regime for Northern Ireland companies. Regulation 2 of the 2007 Regulations amends the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, S.I. 2004/1045 (“the 2004 Regulations”) which implement the Credit Institutions Reorganisation and Winding up Directive, 2001/24/EC merely to update the references to the new administration procedure.

3. **Legislative Background**

4.1 The 2005 Order amends among other things the administration regime in Part III of the Insolvency (Northern Ireland) Order 1989, S.I. 1989/2405 (N.I.) (“the 1989 Order”) which is the principle piece of insolvency law in Northern Ireland.

4.2 The 2005 Order inserts into the 1989 Order new Schedule B1 which contains the new administration regime.

4.3 Directive 2001/24/EC applies to insolvencies and reorganisation measures of credit institutions, including the administration procedure. The 2004 Regulations implement the Directive and the administration procedure falls within them. These Regulations update the references contained in the 2004 Regulations to be consistent with the new administration procedure.

4.5 The 2004 Regulations are made under the power in section 2(2) of the European Communities Act 1972. These regulations also made under section 2(2) ensure that those regulations continue properly to implement the Directive.

5. **Extent**

5.1 This instrument applies to the UK.

6. **European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The administration regime is a process through which a company in financial difficulties can benefit from a moratorium on legal action against it for a period during which it can seek to work through its financial difficulties under the control of the administrator who is an insolvency practitioner and is, or is deemed to be, an officer of the court. The changes made by the 2005 Order in Northern Ireland reflect those made to the administration regime in Great Britain by virtue of the Enterprise Act 2002. As noted above the regulations which implement the Credit Institutions Reorganisation and Winding up Directive need to be amended to update references to the new administration procedure.

8. Impact

8.1 No Regulatory Impact Assessment has been prepared for this instrument as these amendments are consequential on the changes made to the administration procedure in Northern Ireland by the 2005 Order. A Regulatory Impact Assessment was prepared for the 2005 Order and was placed in the library of each House of Parliament. Copies can be obtained from the Insolvency Service Fermanagh House, Ormeau Avenue, Belfast, BT2 8NJ or are available at www.insolvencyservice.detini.gsi.gov.uk.

9. Contact

9.1 Gillian Hood at the Her Majesty's Treasury Tel: 020-7270 5468 or e-mail: Gillian.Hood@hm.treasury.x.gsi.gov.uk can answer any queries regarding the instrument.