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## EXPLANATORY NOTE

*(This note is not part of the Rules)*

These Rules set out the procedure for the payment institution special administration process or electronic money institution special administration process (as the case may be) under the Payment and Electronic Money Institution Insolvency Regulations 2021 (“the Regulations”).

The main features of the special administration process in each case are that:

- (a) an administrator is appointed, and the institution enters special administration, by court order;
- (b) special administration objectives and procedures apply;
- (c) specific provision is made about how those procedures apply to small institutions;
- (d) the administrator is to pursue the special administration objectives in accordance with the statement of proposals; and

in other respects the procedure is the same as for administration under Schedule B1 to the Insolvency Act 1986, subject to modifications and the inclusion of certain liquidation provisions of that Act. Part 2 of the Rules sets out the procedure for applying for a special administration order.

Part 3 of the Rules sets out the process of the special administration.

Part 4 of the Rules provides for the expenses of the special administration.

Part 5 of the Rules sets out the rules concerning relevant funds claims.

Part 6 of the Rules provides for the pursuit of Objective 1.

Part 7 of the Rules provides for distributions to creditors.

Part 8 of the Rules sets out rules concerning the administrator.

Part 9 of the Rules provides for the end of the special administration.

Part 10 of the Rules sets out court procedure and practice.

Part 11 of the Rules provides for the application of section 216 of the Insolvency Act 1986 (prohibited names).

Part 12 of the Rules contains provisions of general effect.

Part 13 of the Rules provides for general interpretation and application.

The Rules apply to institutions incorporated as companies as well as to institutions that are:

- (a) limited liability partnerships by virtue of paragraph 5 of Schedule 1 of the Regulations which applies the Rules with such modifications as the context requires for giving effect to the Regulations; or
- (b) partnerships by virtue of paragraph 9 of Schedule 2 to the Regulations which applies Article 18 of and Schedule 10 to the Insolvent Partnerships Order 1994 (S.I. 1994/2421).

A de minimis impact assessment of the effect these Rules will have on business and the voluntary sector is available from HM Treasury, 1 Horseguards Road, London SW1A 2HQ or on [www.gov.uk](http://www.gov.uk) and is published alongside these Rules on [www.legislation.gov.uk](http://www.legislation.gov.uk).