



Planned modernisation and consolidation of the Insolvency Rules 1986

There have been several updates, over the last couple of months, on recent changes to the companies' legislation. However, many of you are no doubt wondering what is happening in terms of reform to the insolvency legislation and in particular, the planned consolidation of the Insolvency Rules that was originally expected in October 2007. The aim of the consolidation project is to produce a new and restructured set of Insolvency Rules, which are presented in a more straightforward way and which remove some of the unnecessary duplication that currently exists.

The delay to the consolidation of the Rules has been caused by a new project, announced by the Insolvency Service, to modernise and streamline the Insolvency Rules. This has resulted in the implementation date for the consolidation project being pushed back, the Insolvency Service taking the view that the modernisation changes need to be introduced first so that they have a short time to bed in before the consolidated Rules are published. That way, the new Rules can consolidate both the modernisation changes and all of the other changes that have been made to the Rules since they came into force almost 25 years ago.

The modernisation project is primarily intended to streamline the various insolvency procedures with a view to producing estimated savings for creditors of at least £42 million per year. However, it will also address some of the many practical issues that had been raised by the insolvency profession over the years, not least the question of the recovery by Insolvency Practitioners of their pre-administration costs.

The first phase of the modernisation project, namely the revisions to the rules for advertising insolvency events, came into force on 6 April 2009. The remaining modernisation changes are intended to come into force on 6 April 2010 with the new consolidated Insolvency Rules coming into force a year later on 6 April 2011.

There is a detailed note on our website, which covers the remaining modernisation changes due to be implemented on 6 April 2010, which include changes to the remuneration regime as well as changes to enable Insolvency Practitioners and others to make better use of electronic communication in insolvency proceedings (these will be similar to the changes regarding electronic communication that have been introduced into the companies' legislation by the Companies Act 2006).

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