

Update

Restructuring & Insolvency

PRECISE. PROVEN. PERFORMANCE.

The new Insolvency Rules – Key changes for creditors

Why the change?

The new rules came into force on 6 April 2017 to achieve the following:

- incorporate various changes in the law which are intended to reduce the burden of red tape;
- consolidate the existing rules into one single set of rules; and
- modernise the rules by updating the structure and simplifying the language used.

What has changed?

Voting/meetings

Physical meetings (*explanatory timeline overleaf*)

- S98 Meetings of creditors have been replaced by the deemed consent procedure or virtual meeting.
- A physical meeting will only be convened if:
 - 10% of creditors object to the decision of the appointment of the liquidator through the deemed consent procedure; or
 - creditors requesting a physical meeting meet the 10:10:10 criteria.

10:10:10 criteria

Creditors must total one of the following:

- **10% in value:** claims combined must equate to at least 10% in value of the total creditors;
- **10% in number:** the number of creditors must equate to at least 10% of the total number of creditors, or
- **10 individuals:** there must be at least 10 individual creditors.

Deemed consent

If the above criteria is not met by 23:59 hours on the Decision Date, the liquidator's appointment is deemed approved.

Virtual meetings

A liquidator may convene a virtual meeting via an appropriate online platform rather than use the Deemed Consent procedure. Creditors meeting the 10:10:10 criteria may also request a physical meeting.

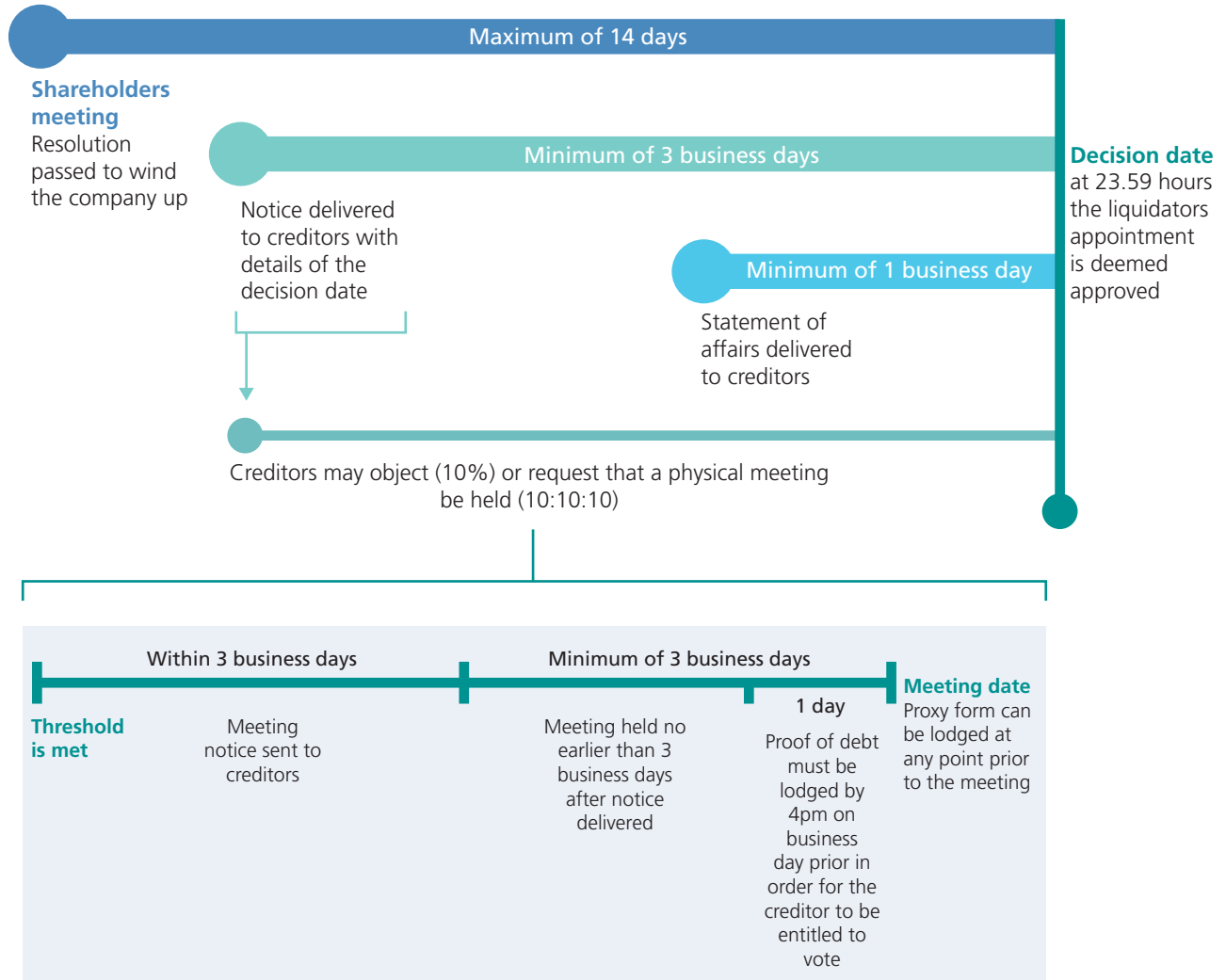
Communications

- Creditors can opt out of communications
 - Creditors will still receive specific documents i.e. notices of intended dividends.
- Encouragement of email communications
 - Creditors are deemed to have agreed to email communications if they have communicated with the company by email pre-insolvency.
- Increased use of websites
 - Creditors should be mindful of letters and emails that advise future notices will be published on a website without any further alerts.

Creditor claims

- Creditors with claims under £1,000 may be advised they are not required to submit a proof of debt. The amount will be deemed approved for dividend purposes.
- Where creditors receive such notices, they should inform the IP within the timeframe specified if they disagree with the amount shown.

Timeline for deemed consent/physical meeting



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