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The Financial Markets and Insolvency (Settlement Finality) Regulations 1999

PART I

General

1. Citation, commencement and extent

- (1) These Regulations may be cited as the Financial Markets and Insolvency (Settlement Finality) Regulations 1999 and shall come into force on 11th December 1999.
- (2) ...

2. Interpretation

- (1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000;

“administration” and “administrator” shall be interpreted in accordance with the modifications made by the enactments mentioned in paragraph (5);

“business day” shall cover both day and night-time settlements and shall encompass all events happening during the business cycle of a system;

“central bank” means ~~a central bank of an EEA State or the European Central Bank;~~

(a) the Bank of England; or

(b) any central bank (or other monetary authority) of a country or territory outside the United Kingdom that is a central bank (or other monetary authority) of an EEA state (including the European Central Bank) or a member of the Bank for International Settlements (including the Bank for International Settlements), as may be notified by the Bank of England to the Treasury from time to time;

“central counterparty” means a body corporate or unincorporated association interposed between the institutions in a system and which acts as the exclusive counterparty of those institutions with regard to transfer orders;

“charge” means any form of security, including a mortgage and, in Scotland, a heritable security;

“clearing house” means a body corporate or unincorporated association which is responsible for the calculation of the net positions of institutions and any central counterparty or settlement agent in a system;

“collateral security” means any realisable assets provided under a charge or a repurchase or similar agreement, or otherwise (including credit claims and money provided under a charge)—

- (a) for the purpose of securing rights and obligations potentially arising in connection with a system (“collateral security in connection with participation in a system”); or
- (b) to a central bank for the purpose of securing rights and obligations in connection with its operations in carrying out its functions as a central bank (“collateral security in connection with the functions of a central bank”);

“collateral security charge” means, where collateral security consists of realisable assets (including money) provided under a charge, that charge;

“credit claims” means pecuniary claims arising out of an agreement whereby a credit institution grants credit in the form of a loan;

“credit institution” means a ~~credit institution as defined in Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012;~~body corporate or unincorporated association whose head office is in the United Kingdom and whose business is to take deposits or other repayable funds from the public and to grant credits for its own account;

“creditors’ voluntary winding-up resolution” means a resolution for voluntary winding up (within the meaning of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989) where the winding up is a creditors’ winding up (within the meaning of that Act or that Order);

“default arrangements” means the arrangements put in place by a designated system or by a system which is an interoperable system in relation to that system to limit systemic and other types of risk which arise in the event of a participant or a system operator of an interoperable system appearing to be unable, or likely to become unable, to meet its obligations in respect of a transfer order, including, for example, any default rules within the meaning of Part VII or Part V or any other arrangements for—

- (a) netting,
- (b) the closing out of open positions,
- (c) the application or transfer of collateral security; or
- (d) the transfer of assets or positions on the default of a participant in the system;

“defaulter” means a person in respect of whom action has been taken by a designated system under its default arrangements;

“designated system” means —

- (a) a system which is declared by a designation order for the time being in force to be a designated system for the purposes of these Regulations; or
- (b) a system which has temporary designation in accordance with Part 4 of the Financial Markets and Insolvency (Amendment and Transitional Provision) (EU Exit) Regulations 2019;

“designating authority” means—

- (a) in the case of a system which is, or the operator of which is, a recognised investment exchange for the purposes of the 2000 Act, the FCA;
- (b) in any other case, the Bank of England;

“designation order” has the meaning given by regulation 4;

“EEA State” has the meaning given by Schedule 1 to the Interpretation Act 1978;

~~“ESMA” means the European Securities and Markets Authority established by Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24th November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority);~~

“the FCA” means the Financial Conduct Authority;

“guidance”, in relation to a designated system, means guidance issued or any recommendation made by it which is intended to have continuing effect and is issued in writing or other legible form to all or any class of its participants or users or persons seeking to participate in the system or to use its facilities and which would, if it were a rule, come within the definition of a rule;

“indirect participant” means an institution, central counterparty, settlement agent, clearing house or system operator—

- (a) which has a contractual relationship with a participant in a designated system that enables the indirect participant to effect transfer orders through that system, and

(b) the identity of which is known to the system operator;

“insolvency proceedings” means any collective measure provided for in the law applicable within the United Kingdom or any part of the United Kingdom, or a third country, either to wind up the participant or to reorganise it, where such measure involves the suspending of, or imposing limitations on, transfers or payments;

“institution” means—

(a) a credit institution;

(aa) an electronic money institution within the meaning of ~~Article 2.1 of Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC;~~regulation 2(1) of the Electronic Money Regulations 2011;

(ab) an authorised payment institution or small payment institution as defined in regulation 2(1) of the Payment Services Regulations 2017, ~~or a person whose head office, registered office or place of residence, as the case may be, is outside the United Kingdom and whose functions correspond to those of such an institution;~~

(b) an investment firm as defined in Article ~~4.1.1 of Directive 2014/65/2.1A of Regulation (EU) No. 600/2014~~ of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, ~~other than a person to whom Article 2 applies~~ and amending Regulation (EU) No 648/2012;

(c) a public authority or publicly guaranteed undertaking;

(d) any undertaking whose head office, registered office or place of residence is outside the ~~European Union~~United Kingdom and whose functions correspond to those of a credit institution ~~or, an electronic money institution, an authorised payment institution, a small payment institution, or an~~ investment firm as defined in sub-paragraphs (a), (aa), (ab), and (b) respectively above; or

(e) any undertaking which is treated by the designating authority as an institution in accordance with regulation 8(1),

which participates in a system and which is responsible for discharging the financial obligations arising from transfer orders which are effected through the system;

“interoperable system” in relation to a system (“the first system”), means a second system whose system operator has entered into an arrangement with the system operator of the first system that involves cross-system execution of transfer orders;

“netting” means the conversion into one net claim or obligation of different claims or obligations between participants resulting from the issue and receipt of transfer

orders between them, whether on a bilateral or multilateral basis and whether through the interposition of a clearing house, central counterparty or settlement agent or otherwise;

“Part V” means Part V of the Companies (No. 2) (Northern Ireland) Order 1990;

“Part VII” means Part VII of the Companies Act 1989;

“participant” means—

- (a) an institution,
- (aa) a system operator;
- (b) a body corporate or unincorporated association which carries out any combination of the functions of a central counterparty, a settlement agent or a clearing house, with respect to a system, or
- (c) an indirect participant which is treated as a participant, or is a member of a class of indirect participants which are treated as participants, in accordance with regulation 9;

“the PRA” means the Prudential Regulation Authority;

“protected trust deed” and “trust deed” shall be construed in accordance with section 73(1) of the Bankruptcy (Scotland) Act 1985 (interpretation);

“relevant office-holder” means—

- (a) the official receiver;
- (b) any person acting in relation to a company as its liquidator, provisional liquidator, or administrator;
- (c) any person acting in relation to an individual (or, in Scotland, any debtor within the meaning of the Bankruptcy (Scotland) Act 1985) as his trustee in bankruptcy or interim receiver of his property or as permanent or interim trustee in the sequestration of his estate or as his trustee under a protected trust deed;
- (d) any person acting as administrator of an insolvent estate of a deceased person; or
- (e) any person appointed pursuant to insolvency proceedings of a country or territory outside the United Kingdom;

and in sub-paragraph (b), “company” means any company, society, association, partnership or other body which may be wound up under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989;

“rules”, in relation to a designated system, means rules or conditions governing the system with respect to the matters dealt with in these Regulations;

“securities” means (except for the purposes of the definition of “charge”) any instruments referred to in ~~section C of Annex I to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;~~[Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 \(Regulated Activities\) Order 2001;](#)

“settlement account” means an account at a central bank, a settlement agent or a central counterparty used to hold funds or securities (or both) and to settle transactions between participants in a system;

“settlement agent” means a body corporate or unincorporated association providing settlement accounts to the institutions and any central counterparty in a system for the settlement of transfer orders within the system and, as the case may be, for extending credit to such institutions and any such central counterparty for settlement purposes;

“the Settlement Finality Directive” means Directive 98/26/EC of the European Parliament and of the Council of 19th May 1998 on settlement finality in payment and securities settlement systems as, as last amended by Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23rd July 2014 on improving securities settlement in the European Union and on central securities depositories;

“system” means a formal arrangement—

(a) between two or more participants, without counting a settlement agent, a central counterparty, a clearing house or an indirect participant, with common rules and standardised arrangements for the clearing, whether or not through a central counterparty, or execution of transfer orders between the participants; and

(b) governed by the law of a country or territory chosen by the participants; the participants may, however, only choose the law of a country or territory in which at least one of them has its head office;

“system operator” means the entity or entities legally responsible for the operation of a system. A system operator may also act as a settlement agent, central counterparty or clearing house;

“third country” means a country or territory other than the United Kingdom;

“transfer order” means—

(a) an instruction by a participant to place at the disposal of a recipient an amount of money by means of a book entry on the accounts of a credit institution, a central bank, a central counterparty or a settlement agent, or an instruction which results in the assumption or discharge of a payment

obligation as defined by the rules of a designated system (“a payment transfer order”); or

- (b) an instruction by a participant to transfer the title to, or interest in, securities by means of a book entry on a register, or otherwise (“a securities transfer order”);

“winding-up” means—

- (a) winding up by the court or creditors’ voluntary winding up within the meaning of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (but does not include members’ voluntary winding up within the meaning of that Act or that Order);
- (b) sequestration of a Scottish partnership under the Bankruptcy (Scotland) Act 1985;
- (c) ...

and shall be interpreted in accordance with the modifications made by the enactments mentioned in paragraph (5); and “liquidator” shall be construed accordingly.

(2) In these Regulations—

- (za) references to the Bank of England do not include the Bank acting in its capacity as the Prudential Regulation Authority;
- (a) references to the law of insolvency—
 - (i) include references to every provision made by or under the Bankruptcy (Scotland) Act 1985, Part 10 of the Building Societies Act 1986, the Insolvency Act 1986, the Insolvency (Northern Ireland) Order 1989 and in relation to a building society references to insolvency law or to any provision of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 are to that law or provision as modified by the Building Societies Act 1986;
 - (ii) shall also be interpreted in accordance with the modifications made by the enactments mentioned in paragraph (5);
- (b) in relation to Scotland, references to—
 - (i) sequestration include references to the administration by a judicial factor of the insolvent estate of a deceased person,
 - (ii) an interim or permanent trustee include references to a judicial factor on the insolvent estate of a deceased person, and
 - (iii) “set off” include compensation.

(2A) For the purposes of these regulations, references to insolvency proceedings do not include crisis prevention measures or crisis management measures taken in relation to an undertaking ~~under the recovery and resolution directive~~ unless—

- (a) express provision is made in ~~a contract to which that~~ the rules of the system in which the undertaking is a ~~party~~participant that crisis prevention measures or crisis management measures taken in relation to the undertaking are to be treated as insolvency proceedings; and
- (b) the substantive obligations provided for in the ~~contract~~rules containing that provision (including payment and delivery obligations and provision of collateral) are no longer being performed.

(2B) For the purposes of paragraph (2A)—

- (a) “crisis prevention measure” and “crisis management measure” have the meaning given in section 48Z of the Banking Act 2009; and

(b) [deleted]

(3) [deleted]

~~(b) “recovery and resolution directive” means Directive 2014/59/EU of the European Parliament and of the Council of 15th May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.~~

~~(3) Subject to paragraph (1), expressions used in these Regulations which are also used in the Settlement Finality Directive have the same meaning in these Regulations as they have in the Settlement Finality Directive.~~

(4) References in these Regulations to things done, or required to be done, by or in relation to a designated system shall, in the case of a designated system which is neither a body corporate nor an unincorporated association, be treated as references to things done, or required to be done, by or in relation to the operator of that system.

(5) The enactments referred to in the definitions of “administration”, “administrator”, “liquidator” and “winding up” in paragraph (1), and in paragraph (2)(a)(ii), are—

- (a) article 3 of, and the Schedule to, the Banking Act 2009 (Parts 2 and 3 Consequential Amendments) Order 2009;
- (b) article 18 of, and paragraphs (1)(a), (2) and (3) of Schedule 2 to, the Building Societies (Insolvency and Special Administration) Order 2009;
- (c) regulation 27 of, and Schedule 6 to, the Investment Bank Special Administration Regulations 2011³;
- (d) section 121 of, and Schedule 6 to, the Financial Services (Banking Reform) Act 2013.

(6) For the purposes of these Regulations—

- (a) a reference to a system governed by the law of the United Kingdom is a reference to a system of which the governing law is the law of England and Wales, Northern Ireland, or Scotland;
- (b) a reference to a system being designated in Gibraltar means designated under a Gibraltar law corresponding to these Regulations;
- (c) a participant is regarded as established in the United Kingdom if its head office, registered office or place of residence is in the United Kingdom or if it has a branch in the United Kingdom (within the meaning of section 1046(3) of the Companies Act 2006).

(7) For the purposes of sub-paragraph (b) of the definition of “central bank”, the designating authority must publish on its website a list of central banks.

PART II

Designated Systems

3. Application for designation

- (1) Any body corporate or unincorporated association may apply to the designating authority for an order declaring it, or any system of which it is the operator, to be a designated system for the purposes of these Regulations.
- (2) Any such application—
 - (a) shall be made in such manner as the designating authority may direct; and
 - (b) shall be accompanied by such information as the designating authority may reasonably require for the purpose of determining the application.
- (3) At any time after receiving an application and before determining it, the designating authority may require the applicant to furnish additional information.
- (4) The directions and requirements given or imposed under paragraphs (2) and (3) may differ as between different applications.
- (5) Any information to be furnished to the designating authority under this regulation shall be in such form or verified in such manner as it may specify.
- (6) Every application shall be accompanied by copies of the rules of the system to which the application relates and any guidance relating to that system.

4. Grant and refusal of designation

- (1) Where—
 - (a) an application has been duly made under regulation 3;

- (b) the applicant has paid any fee charged by virtue of regulation 5(1); and
- (c) the designating authority is satisfied that the requirements of the Schedule are satisfied with respect to the system to which the application relates;

the designating authority may make an order (a “designation order”) declaring the system to be a designated system and identifying the system operator of that system for the purposes of these Regulations.

- (2) In determining whether to make a designation order, the designating authority shall have regard to systemic risks.
- (3) Where an application has been made to the FCA under regulation 3 in relation to a system through which both securities transfer orders and payment transfer orders are effected, the Authority shall consult the Bank of England before deciding whether to make a designation order.
- (4) A designation order shall state the date on which it takes effect.
- (5) Where the designating authority refuses an application for a designation order it shall give the applicant a written notice to that effect stating the reasons for the refusal.

~~(6) The designating authority must notify ESMA of a designation order made by it.~~

5. Fees

- (1) The designating authority may charge a fee to an applicant for a designation order.
- (2) The designating authority may charge the system operator of a designated system a periodical fee.
- (3) Fees chargeable by the designating authority under this regulation shall not exceed an amount which reasonably represents the amount of costs incurred or likely to be incurred—
 - (a) in the case of a fee charged to an applicant for a designation order, in determining whether the designation order should be made; and
 - (b) in the case of a periodical fee, in satisfying itself that the designated system and its system operator continue to meet the requirements of the Schedule and are complying with any obligations to which they are subject by virtue of these Regulations.

6. Certain bodies deemed to satisfy requirements for designation

- (1) Subject to paragraph (2), a recognised body, ~~an EEA central counterparty,~~ a third country central counterparty, ~~an EEA CSD~~ and a third country CSD shall be deemed to satisfy the requirements in paragraphs 2 and 3 of the Schedule.

- (2) Paragraph (1) does not apply to overseas investment exchanges or overseas clearing houses within the meaning of the the 2000 Act.
- (3) ~~“EEA central counterparty”, “third country central counterparty”, “EEA CSD”~~ and “third country CSD” have the meanings given by section 285 of the 2000 Act.
- (4) “recognised body” has the meaning given by section 313 of the 2000 Act.

7. Revocation of designation

- (1) A designation order may be revoked by a further order made by the designating authority if at any time it appears to the designating authority—
 - (a) that any requirement of the Schedule is not satisfied in the case of the system to which the designation order relates; or
 - (b) that the system or the system operator of that system has failed to comply with any obligation to which they are subject by virtue of these Regulations.
- (2) Subsections (1) to (6) of section 298 of the 2000 Act shall apply in relation to the revocation of a designation order under paragraph (1) as they apply in relation to the revocation of a recognition order under section 297(2) of that Act; and in those subsections as they so apply—
 - (a) any reference to a recognised body shall be taken to be a reference to a designated system;
 - (b) any reference to members of a recognised body shall be taken to be a reference to participants in a designated system;
 - (ba) any reference to the appropriate regulator shall be taken to be a reference to the designating authority;
 - (c) ... and
 - (d) subsection (4) has effect as if the period for making representations specified in the notice must be at least three months.
- (3) An order revoking a designation order—
 - (a) shall state the date on which it takes effect, being no earlier than three months after the day on which the revocation order is made; and
 - (b) may contain such transitional provisions as the designating authority thinks necessary or expedient.
- (4) A designation order may be revoked at the request or with the consent of the system operator of the designated system, and any such revocation shall not be subject to the restriction imposed by paragraph (3)(a), or to the requirements imposed by subsections (1) to (6) of section 298 of the 2000 Act.

8. Undertakings treated as institutions

- (1) A designating authority may treat as an institution any undertaking which participates in a designated system and which is responsible for discharging financial obligations arising from transfer orders effected through that system, provided that—
 - (a) the designating authority considers such treatment to be required on grounds of systemic risk, and
 - (b) the designated system is one in which at least three institutions (other than any undertaking treated as an institution by virtue of this paragraph) participate ~~and through which securities transfer orders are effected~~.
- (2) Where a designating authority decides to treat an undertaking as an institution in accordance with paragraph (1), it shall give written notice of that decision to the designated system in which the undertaking is to be treated as a participant and to the system operator of that system.

9. Indirect participants treated as participants

- (1) A designating authority may treat—
 - (a) an indirect participant as a participant in a designated system, or
 - (b) a class of indirect participants as participants in a designated system,where it considers this to be required on grounds of systemic risk, and shall give written notice of any decision to that effect to the designated system and to the system operator of that system.
- (2) Where a designating authority, in accordance with paragraph (1), treats an indirect participant as a participant in a designated system, the liability of the participant through which that indirect participant passes transfer orders to the designated system is not affected.

10. Provision of information by designated systems

- (1) The system operator of a designated system governed by the law of the United Kingdom shall, when that system is declared to be a designated system, provide to the designating authority in writing a list of the participants (including the indirect participants) in the designated system and shall give written notice to the designating authority of any amendment to the list within seven days of such amendment.
 - (1A) The system operator of a designated system governed by the law of a third country must, when that system is declared to be a designated system—
 - (a) provide to the designating authority in writing a list of any participants in the designated system that are established in the United Kingdom (including any indirect participants in the designated system that are established in the United Kingdom); and

(b) give written notice to the designating authority of any amendment to that list within 7 days of such amendment.

- (2) The designating authority may, in writing, require the system operator of a designated system to furnish to it such other information relating to that designated system as it reasonably requires for the exercise of its functions under these Regulations, within such time, in such form, at such intervals and verified in such manner as the designating authority may specify.
- (3) When the system operator of a designated system amends, revokes or adds to its rules or its guidance, it shall within fourteen days give written notice to the designating authority of the amendment, revocation or addition.
- (4) The system operator of a designated system governed by the law of the United Kingdom shall give the designating authority at least three months' written notice of any proposal to amend, revoke or add to its default arrangements.
- (4A) The designating authority may, if it considers it appropriate, agree a shorter period of notice.
- (4B) When the system operator of a designated system governed by the law of a third country amends, revokes or adds to its default arrangements, it must within 7 days give written notice to the designating authority of the amendment, revocation or addition.
- (5) Nothing in this regulation shall require the system operator of a designated system governed by the law of the United Kingdom to give any notice or furnish any information to the FCA or the Bank of England where the notice or information has already been given or furnished to the FCA or the Bank of England (as the case may be) pursuant to any requirement imposed by or under section 293 of the 2000 Act (notification requirements) or any other enactment.

11. Exemption from liability in damages

- (1) Neither the designating authority nor any person who is, or is acting as, a member, officer or member of staff of the designating authority shall be liable in damages for anything done or omitted in the discharge, or purported discharge, of the designating authority's functions under these Regulations.
- (2) Paragraph (1) does not apply—
 - (a) if the act or omission is shown to have been in bad faith; or
 - (b) so as to prevent an award of damages made in respect of an act or omission on the ground that the act or omission was unlawful as a result of section 6(1) of the Human Rights Act 1998 (acts of public authorities).

12. Publication of information and advice

A designating authority may publish information or give advice, or arrange for the publication of information or the giving of advice, in such form and manner as it considers appropriate with respect to any matter dealt with in these Regulations.

PART III

Transfer Orders Effected Through a Designated System and Collateral Security

13. Modifications of the law of insolvency

- (1) The general law of insolvency has effect in relation to—
 - (a) transfer orders effected through a designated system and action taken under the rules of a designated system with respect to such orders; and
 - (b) collateral security,subject to the provisions of this Part.
- (2) Those provisions apply in relation to—
 - (a) insolvency proceedings in respect of a participant in a designated system, or of a participant in a system which is an interoperable system in relation to that designated system;
 - (b) insolvency proceedings in respect of a provider of collateral security ~~in connection with the functions of a central bank~~, in so far as the proceedings affect the rights of the ~~central bank to the collateral security~~ collateral-taker; and
 - (c) insolvency proceedings in respect of a system operator of a designated system or of a system which is an interoperable system in relation to that designated system;but not in relation to any other insolvency proceedings, notwithstanding that rights or liabilities arising from transfer orders or collateral security fall to be dealt with in the proceedings.
- (3) Subject to regulation 21, nothing in this Part shall have the effect of disapplying Part VII or Part V.
- (4) References in this Part to “insolvency proceedings” shall include winding up and administration.
 - (a) ...
 - (b) ...

14. Proceedings of designated system take precedence over insolvency proceedings

- (1) None of the following shall be regarded as to any extent invalid at law on the ground of inconsistency with the law relating to the distribution of the assets of a person on bankruptcy, winding up, administration, sequestration or under a protected trust deed, or in the administration of an insolvent estate or with the law relating to other insolvency proceedings of a country or territory outside the United Kingdom—
 - (a) a transfer order;
 - (b) the default arrangements of a designated system;
 - (c) the rules of a designated system as to the settlement of transfer orders not dealt with under its default arrangements;
 - (d) a contract for the purpose of realising collateral security in connection with participation in a designated system or in a system which is an interoperable system in relation to that designated system otherwise than pursuant to its default arrangements; or
 - (e) a contract for the purpose of realising collateral security in connection with the functions of a central bank.
- (2) The powers of a relevant office-holder in his capacity as such, and the powers of the court under the Insolvency Act 1986, the Insolvency (Northern Ireland) Order 1989 or the Bankruptcy (Scotland) Act 1985, shall not be exercised in such a way as to prevent or interfere with—
 - (a) the settlement in accordance with the rules of a designated system of a transfer order not dealt with under its default arrangements;
 - (b) any action taken under the default arrangements of a designated system;
 - (c) any action taken to realise collateral security in connection with participation in a designated system or in a system which is an interoperable system in relation to that designated system otherwise than pursuant to its default arrangements; or
 - (d) any action taken to realise collateral security in connection with the functions of a central bank.
- (3) Nothing in the following provisions of this Part shall be construed as affecting the generality of the above provisions.
- (4) A debt or other liability arising out of a transfer order which is the subject of action taken under default arrangements may not be proved in a winding up, bankruptcy, or administration, or in Scotland claimed in a winding up, sequestration or under a protected trust deed, until the completion of the action taken under default arrangements.

A debt or other liability which by virtue of this paragraph may not be proved or claimed shall not be taken into account for the purposes of any set-off until the completion of the action taken under default arrangements.

- (5) Paragraph (1) has the effect that the following provisions (which relate to preferential debts and the payment of expenses etc) apply subject to paragraph (6), namely—
- (a) in the case of collateral security provided by a company (within the meaning of section 1 of the Companies Act 2006) or by a building society (within the meaning of section 119 of the Building Societies Act 1986)—
 - (i) sections 175, 176ZA and 176A of, and paragraph 65(2) of Schedule B1 to, the Insolvency Act 1986 or Articles 149, 150ZA, and 150A of, and paragraph 66(2) of Schedule B1 to, the Insolvency (Northern Ireland) Order 1989;
 - (ii) Rules 4.30(3) and 4.218(2)(b) of the Insolvency Rules 1986, Rules 4.033(3) and 4.228(2)(b) of the Insolvency Rules (Northern Ireland) 1991 and rule 4.5(3) of the Insolvency (Scotland) Rules 1986;
 - (iii) section 40 (or in Scotland, section 59 and 60(1)(e)) of the Insolvency Act 1986, paragraph 99(3) of Schedule B1 to that Act and section 19(4) of that Act as that section has effect by virtue of section 249(1) of the Enterprise Act 2002;
 - (iv) paragraph 100(3) of Schedule B1 to the Insolvency (Northern Ireland) Order 1989, Article 31(4) of that Order, as it has effect by virtue of Article 4(1) of the Insolvency (Northern Ireland) Order 2005, and Article 50 of the Insolvency (Northern Ireland) Order 1989; and
 - (v) section 754 of the Companies Act 2006 (including that section as applied or modified by any enactment made under the Banking Act 2009); and
 - (b) in the case of collateral security provided by an individual, section 328(1) and (2) of the Insolvency Act 1986 or, in Northern Ireland, Article 300(1) and (2) of the Insolvency (Northern Ireland) Order 1989 or, in Scotland, in the case of collateral security provided by an individual or a partnership, section 51 of the Bankruptcy (Scotland) Act 1985 and any like provision or rule of law affecting a protected trust deed.
- (6) The claim of a participant, system operator or central bank to collateral security shall be paid in priority to—
- (a) the expenses of the winding up mentioned in sections 115 and 156 of the Insolvency Act 1986 or Articles 100 and 134 of the Insolvency (Northern Ireland) Order 1989, the expenses of the bankruptcy within the meaning of that Act or that Order or, as the case may be, the remuneration and expenses of the administrator mentioned in paragraph 99(3) of Schedule B1 to that Act and in section 19(4) of that Act as that section has effect by virtue of section 249(1) of the Enterprise Act 2002 or in paragraph 100(3) to

Schedule B1 to that Order and Article 31(4) of that Order, as that Article has effect by virtue of Article 4(1) of the Insolvency (Northern Ireland) Order 2005, and

- (b) the preferential debts of the company or the individual (as the case may be) within the meaning given by section 386 of that Act or Article 346 of that Order, and
- (c) the debts or liabilities arising or incurred under contracts mentioned in—
 - (i) paragraph 99(4) of Schedule B1 to the Insolvency Act 1986 and section 19(5) of that Act, as that section has effect by virtue of section 249(1) of the Enterprise Act 2002, or
 - (ii) paragraph 100(4) of Schedule B1 to, the Insolvency (Northern Ireland) Order 1989 and Article 31(5) of that Order as that article has effect by virtue of Article 4(1) of the Insolvency (Northern Ireland) Order 2005,

unless the terms on which the collateral security was provided expressly provide that such expenses, remuneration or preferential debts are to have priority.

- (7) As respects Scotland—
 - (a) the reference in paragraph (6)(a) to the expenses of bankruptcy shall be taken to be a reference to the matters mentioned in paragraphs (a) to (d) of section 51(1) of the Bankruptcy (Scotland) Act 1985, or any life provision or rule of law affecting a protected trust deed; and
 - (b) the reference in paragraph (6)(b) to the preferential debts of the individual shall be taken to be a reference to the preferred debts of the debtor within the meaning of the Bankruptcy (Scotland) Act 1985, or any like definition applying with respect to a protected trust deed by virtue of any provision or rule of law affecting it.

15. Net sum payable on completion of action taken under default arrangements

- (1) The following provisions apply with respect to any sum which is owed on completion of action taken under default arrangements of a designated system by or to a defaulter but do not apply to any sum which (or to the extent that it) arises from a transfer order which is also a market contract within the meaning of Part VII or Part V, in which case sections 162 and 163 of the Companies Act 1989 or Articles 85 and 86 of the Companies (No. 2) (Northern Ireland) Order 1990 apply subject to the modification made by regulation 21.
- (2) If, in England and Wales or Northern Ireland, a bankruptcy, winding-up or administration order has been made or a creditors' voluntary winding-up resolution has been passed, the debt—

- (a) is provable in the bankruptcy, winding-up or administration or, as the case may be, is payable to the relevant office-holder; and
- (b) shall be taken into account, where appropriate, under section 323 of the Insolvency Act 1986 or Article 296 of the Insolvency (Northern Ireland) Order 1989 or Rule 2.85 of the Insolvency Rules 1986 or Rule 2.086 of the Insolvency Rules (Northern Ireland) 1991 (mutual dealings and set-off) or the corresponding provision applicable in the case of winding up;

in the same way as a debt due before the commencement of bankruptcy, the date on which the body corporate goes into liquidation (within the meaning of section 247 of the Insolvency Act 1986 or Article 6 of the Insolvency (Northern Ireland) Order 1989) or enters into administration (within the meaning of paragraph 1 of Schedule B1 to the Insolvency Act 1986 or paragraph 2 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989) or, in the case of a partnership, the date of the winding-up or administration order.

- (3) If, in Scotland, an award of sequestration or a winding-up order has been made, or a creditors' voluntary winding-up resolution has been passed, or a trust deed has been granted and it has become a protected trust deed, the debt—
 - (a) may be claimed in the sequestration or winding up or under the protected trust deed or, as the case may be, is payable to the relevant officer-holder; and
 - (b) shall be taken into account for the purposes of any rule of law relating to set-off applicable in sequestration, winding up or in respect of a protected trust deed;

in the same way as a debt due before the date of sequestration (within the meaning of section 73(1) of the Bankruptcy (Scotland) Act 1985) or the commencement of the winding up (within the meaning of section 129 of the Insolvency Act 1986) or the grant of the trust deed.

- (4) A reference in this regulation to “administration order” shall include—
 - (a) the appointment of an administrator under paragraph 14 or 22 of Schedule B1 to the Insolvency Act 1986 or under paragraph 15 or 23 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989;
 - (b) the making of an order under section 8 of that Act as it has effect by virtue of section 249(1) of the Enterprise Act 2002; and
 - (c) the making of an order under Article 21 of that Order as it has effect by virtue of Article 4(1) of the Insolvency (Northern Ireland) Order 2005;

and “administration” shall be construed accordingly.

16. Disclaimer of property, rescission of contracts, &c

- (1) Sections 178, 186, 315 and 345 of the Insolvency Act 1986 or Articles 152, 157, 288 and 318 of the Insolvency (Northern Ireland) Order 1989 (power to disclaim onerous property and court's power to order rescission of contracts, &c) do not apply in relation to—
 - (a) a transfer order; or
 - (b) a contract for the purpose of realising collateral security.

In the application of this paragraph in Scotland, the reference to sections 178, 315 and 345 shall be construed as a reference to any rule of law having the like effect as those sections.

- (2) In Scotland, a permanent trustee on the sequestrated estate of a defaulter or a liquidator or a trustee under a protected trust deed granted by a defaulter is bound by any transfer order given by that defaulter and by any such contract as is mentioned in paragraph (1)(b) notwithstanding section 42 of the Bankruptcy (Scotland) Act 1985 or any rule of law having the like effect applying in liquidations or any like provision or rule of law affecting the protected trust deed.
- (3) Sections 88, 127, 245 and 284 of the Insolvency Act 1986 or Articles 74, 107, 207 and 257 of the Insolvency (Northern Ireland) Order 1989 of the Insolvency (Northern Ireland) Order 1989 (avoidance of property dispositions effected after commencement of winding up or presentation of bankruptcy petition), section 32(8) of the Bankruptcy (Scotland) Act 1985 (effect of dealing with debtor relating to estate vested in permanent trustee) and any like provision or rule of law affecting a protected trust deed, do not apply to—
 - (a) a transfer order, or any disposition of property in pursuance of such an order;
 - (b) the provision of collateral security;
 - (c) a contract for the purpose of realising collateral security or any disposition of property in pursuance of such a contract; or
 - (d) any disposition of property in accordance with the rules of a designated system as to the application of collateral security.

17. Adjustment of prior transactions

- (1) No order shall be made in relation to a transaction to which this regulation applies under—
 - (a) section 238 or 339 of the Insolvency Act 1986 or Article 202 or 312 of the Insolvency (Northern Ireland) Order 1989 (transactions at an undervalue);
 - (b) section 239 or 340 of that Act or Article 203 or 313 of that Order (preferences); or

- (c) section 423 of that Act or Article 367 of that Order (transactions defrauding creditors).
- (2) As respects Scotland, no decree shall be granted in relation to any such transaction—
 - (a) under section 34 or 36 of the Bankruptcy (Scotland) Act 1985 or section 242 or 243 of the Insolvency Act 1986 (gratuitous alienations and unfair preferences); or
 - (b) at common law on grounds of gratuitous alienations or fraudulent preferences.
- (3) This regulation applies to—
 - (a) a transfer order, or any disposition of property in pursuance of such an order;
 - (b) the provision of collateral security;
 - (c) a contract for the purpose of realising collateral security or any disposition of property in pursuance of such a contract; or
 - (d) any disposition of property in accordance with the rules of a designated system as to the application of collateral security.

Collateral security charges

18. Modifications of the law of insolvency

The general law of insolvency has effect in relation to a collateral security charge and the action take to enforce such a charge, subject to the provisions of regulation 19.

19. Administration orders, &c

- (1) The following provisions of Schedule B1 to the Insolvency Act 1986 (which relate to administration orders and administrators) do not apply in relation to a collateral security charge—
 - (a) paragraph 43(2) including that provision as applied by paragraph 44; and
 - (b) paragraphs 70, 71 and 72 of that Schedule.

and paragraph 41(2) of that Schedule (receiver to vacate office when so required by administrator) does not apply to a receiver appointed under such a charge.

- (1ZA) The following provisions of the Insolvency Act 1986 (which relate to administration orders and administrators), as they have effect by virtue of section 249(1) of the Enterprise Act 2002, do not apply in relation to a collateral security charge—

- (a) sections 10(1)(b) and 11(3)(c) (restriction on enforcement of security while petition for administration order pending or order in force); and
- (b) sections 15(1) and (2) (power of administrator to deal with charged property);

and section 11(2) (receiver to vacate office when so required by administrator) does not apply to a receiver appointed under such a charge.

(1A) The following provisions of Schedule B1 to the Insolvency (Northern Ireland) Order 1989 (which relate to administration orders and administrators) do not apply in relation to a collateral security charge—

- (a) paragraph 44(2), including that provision as applied by paragraph 45 (restrictions on enforcement of security where company in administration or where administration application has been made); and
- (b) paragraphs 71, 72 and 73 (charged and hire purchase property);

and paragraph 42(2) (receiver to vacate office when so required by administrator) does not apply to a receiver appointed under such a charge.

(1B) The following provisions of the Insolvency (Northern Ireland) Order 1989 (administration), as they have effect by virtue of Article 4(1) of the Insolvency (Northern Ireland) Order 2005, do not apply in relation to a collateral security charge—

- (a) Article 23(1)(b) and Article 24(3)(c) (restriction on enforcement of security while petition for administration order pending or order in force); and
- (b) Article 28(1) and (2) (power of administrator to deal with charged property);

and Article 24(2) of that Order (receiver to vacate office at request of administrator) shall not apply to a receiver appointed under such a charge.

(2) However, where a collateral security charge falls to be enforced after an administration order has been made or a petition for an administration order has been presented, and there exists another charge over some or all of the same property ranking in priority to or *pari passu* with the collateral security charge, on the application of any person interested, the court may order that there shall be taken after enforcement of the collateral security charge such steps as the court may direct for the purpose of ensuring that the chargee under the other charge is not prejudiced by the enforcement of the collateral security charge.

(2A) A reference in paragraph (2) to “an administration order” shall include the appointment of an administrator under paragraph 14 or 22 of Schedule B1 to the Insolvency Act 1986 or under paragraph 15 or 23 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989.

(3) Sections 127 and 284 of the Insolvency Act 1986 or Articles 107 and 257 of the Insolvency (Northern Ireland) Order 1989 (avoidance of property dispositions effected

after commencement of winding up or presentation of bankruptcy petition), section 32(8) of the Bankruptcy (Scotland) Act 1985 (effect of dealing with debtor relating to estate vested in permanent trustee) and any like provision or rule of law affecting a protected trust deed, do not apply to a disposition of property as a result of which the property becomes subject to a collateral security charge or any transactions pursuant to which that disposition is made.

- (4) Paragraph 20 and paragraph 12(1)(g) of Schedule A1 to the Insolvency Act 1986, and paragraph 31 and paragraph 23(1)(g) of Schedule A1 to the Insolvency (Northern Ireland) Order 1989 (effect of moratorium on creditors) shall not apply (if they would otherwise do so) to any collateral security charge.

General

20. Transfer order entered into designated system following insolvency

- (1) This Part does not apply in relation to any transfer order given by a participant which is entered into a designated system after—

(a) a court has made an order of a type referred to in regulation 22 in respect of—

(i) that participant;

(ii) a participant in a system which is an interoperable system in relation to the designated system; or

(iii) a system operator which is not a participant in the designated system, or

(aa) the appointment of an administrator under paragraph 14 or paragraph 22 of Schedule B1 to the Insolvency Act 1986 has taken effect;

(b) that participant, a participant in a system which is an interoperable system in relation to the designated system or a system operator of that designated system has passed a creditors' voluntary winding-up resolution, or

(c) a trust deed granted by that participant, a participant in a system which is an interoperable system in relation to the designated system or a system operator of that designated system has become a protected trust deed,

unless the conditions mentioned in either paragraph (2) or paragraph (4) are satisfied.

- (2) The conditions referred to in this paragraph are that—

(a) the transfer order is carried out on the same business day of the designated system that the event specified in paragraph (1)(a), (aa), (b) or (c) occurs, and

- (b) the system operator can show that it did not have notice of that event at the time the transfer order became irrevocable.
- (3) For the purposes of paragraph (2)(b), the relevant system operator shall be taken to have notice of an event specified in paragraph (1)(a), ~~(aa)~~, (b) or (c) if it deliberately failed to make enquiries as to that matter in circumstances in which a reasonable and honest person would have done so.
- (4) The conditions referred to in this paragraph are that—
- (a) a recognised ~~central counterparty, EEA~~ central counterparty or third country central counterparty is the system operator;
 - (b) a clearing member of that central counterparty has defaulted; and
 - (c) the transfer order has been entered into the system pursuant to the provisions of the default rules of the central counterparty that provide for the transfer of the positions or assets of a clearing member on its default.
- (5) In paragraph (4)—
- (a) “recognised ~~central counterparty~~”, “~~EEA~~ central counterparty” and “third country central counterparty” have the meanings given by section 285 of the 2000 Act; and
 - (b) “clearing member” has the meaning given by section 190(1) of the Companies Act 1989.

21. Disapplication of certain provisions of Part VII and Part V

- (1) The provisions of the Companies Act 1989 or the Companies (No. 2) (Northern Ireland) Order 1990 mentioned in paragraph (2) do not apply in relation to—
- (a) a market contract which is also a transfer order effected through a designated system; or
 - (b) a market charge which is also a collateral security charge.
- (2) The provisions referred to in paragraph (1) are as follows—
- (a) section 163(4) to (6) and Article 86(3) to (5) (net sum payable on completion of default proceedings);
 - (b) section 164(4) to (6) and Article 87(3) to (5) (disclaimer of property, rescission of contracts, &c); and
 - (c) section 175(5) and (6) and Article 97(5) and (6) (administration orders, &c);

22. Notification of insolvency order or passing of resolution for creditors' voluntary winding up

- (1) Upon the making of an order for bankruptcy, sequestration, administration or winding up in respect of a participant in a designated system, the court shall forthwith notify both the system operator of that designated system and the designating authority that such an order has been made.
- (2) Following receipt of—
 - (a) such notification from the court, or
 - (b) notification from a participant of the passing of a creditors' voluntary winding-up resolution or of a trust deed becoming a protected trust deed, [or the appointment of an administrator taking effect](#) pursuant to paragraph 5(4) of the Schedule,

the designating authority shall forthwith inform the Treasury, ~~the Board, ESMA and other EEA States~~ of the notification.

- (3) ~~In paragraph (2) "the Board" means the European Systemic Risk Board established by Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24th November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.~~ [\[deleted\]](#)

23. Applicable law relating to securities held as collateral security

Where—

- (a) securities (including rights in securities) are provided as collateral security to a participant, [or a system operator, in each case in a system designated for the purposes of these Regulations or designated in Gibraltar](#), or a central bank (including any nominee, agent or third party acting on behalf of the participant, the system operator or the central bank); and
- (b) a register, account or centralised deposit system ~~located in an EEA State~~ legally records the entitlement of that person to the collateral security,

the rights of that person as a holder of collateral security in relation to those securities ~~shall be~~ [governed](#) by the [domestic](#) law of the ~~EEA State~~ [country or territory](#) or, where appropriate, the law of the part of the ~~EEA State~~ [country or territory](#), where the register, account, or centralised deposit system is ~~located~~ [maintained](#).

24. Applicable law where insolvency proceedings are brought

Where insolvency proceedings are brought in any jurisdiction against a person who ~~participants~~ [participates](#), or has participated, in a system designated for the purposes of ~~the Settlement Finality Directive~~ [these Regulations or designated in Gibraltar](#), any question relating to the rights and obligations arising from, or in connection with, that participation and falling to be determined by a court in England and Wales, the High Court in Northern

Ireland or in Scotland shall (subject to regulation 23) be determined in accordance with the law governing that system.

25. Insolvency proceedings in other jurisdictions

- (1) The references to insolvency law in section 426 of the Insolvency Act 1986 (co-operation between courts exercising jurisdiction in relation to insolvency) include, in relation to a part of the United Kingdom, this Part and, in relation to a relevant country or territory within the meaning of that section, so much of the law of that country or territory as corresponds to this Part.
- (2) A court shall not, in pursuance of that section or any other enactment or rule of law, recognise or give effect to—
 - (a) any order of a court exercising jurisdiction in relation to insolvency law in a country or territory outside the United Kingdom, or
 - (b) any act of a person appointed in such a country or territory to discharge any functions under insolvency law,

in so far as the making of the order or the doing of the act would be prohibited in the case of a court in England and Wales or Scotland, the High Court in Northern Ireland or a relevant office-holder by this Part.

- (3) Paragraph (2) does not affect the recognition or enforcement of a judgment required to be recognised or enforced under or by virtue of the Civil Jurisdiction and Judgments Act 1982 ~~or Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), as amended from time to time and as applied by virtue of the Agreement made on 19 October 2005 between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ No. L 299, 16.11.2005, p 62; OJ No. L79, 21.3.2013, p 4).~~

26. Systems designated in ~~other EEA States and Gibraltar~~

- (1) Where an equivalent overseas order or equivalent overseas security is subject to the insolvency law of England and Wales or Scotland or Northern Ireland, this Part shall apply—
 - (a) in relation to the equivalent overseas order as it applies in relation to a transfer order; and
 - (b) in relation to the equivalent overseas security as it applies in relation to collateral security.
- (2) In paragraph (1)—
 - (a) “equivalent overseas order” means an order having the like effect as a transfer order which is effected through a system designated **for the purposes**

~~of the Settlement Finality Directive in another EEA State or~~ in Gibraltar and which is governed by the law of Gibraltar; and

- (b) “equivalent overseas security” means any realisable assets provided under a charge or a repurchase or similar agreement, or otherwise (including credit claims and money provided under a charge)—
- (i) for the purpose of securing rights and obligations potentially arising in connection with such a system; ~~or,~~
- (ii) [deleted]

27. Applicable law for orders made and collateral provided before exit day

- (1) After exit day the provisions of these Regulations as they were in force immediately before exit day continue to apply to—
- (a) transfer orders entered into a designated system and collateral security provided, prior to exit day;
- (b) equivalent overseas orders entered prior to exit day, into a system designated for the purposes of the Settlement Finality Directive in an EEA state or designated in Gibraltar; and
- (c) equivalent overseas security provided prior to exit day.
- (2) Expressions used in sub-paragraphs (a) to (c) above have the meanings given to them in these Regulations as they were in force immediately before exit day.

~~(ii) to a central bank for the purpose of securing rights and obligations in connection with its operations in carrying out its functions as a central bank.~~

SCHEDULE

Requirements for Designation of System

Regulation 4(1)

- 1. Establishment, participation and governing law**
- (1) ~~The head office of at least one of the participants in the system must be in the United Kingdom and the law of England and Wales, Northern Ireland or Scotland must be the governing law of the system.~~[deleted]
- (2) There must be not less than three institutions participating in the system, unless otherwise determined by the designating authority in any case where—
- (a) there are two institutions participating in a system; and
- (b) the designating authority considers that designation is required on the grounds of systemic risk.

- (3) The system must be a system through which transfer orders are effected.
- (4) Where orders relating to financial instruments other than securities are effected through the system—
 - (a) the system must primarily be a system through which securities transfer orders are effected; and
 - (b) the designating authority must consider that designation is required on grounds of systemic risk.
- (5) An arrangement entered into between interoperable systems shall not constitute a system.

2. Arrangements and resources

The system must have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules or, as respects monitoring, arrangements providing for that function to be performed on its behalf (and without affecting its responsibility) by another body or person who is able and willing to perform it.

3. Financial resources

The system operator must have financial resources sufficient for the proper performance of its functions as a system operator.

4. Co-operation with other authorities

The system operator must be able and willing to co-operate, by the sharing of information and otherwise, with—

- (a) the FCA,
- (b) the Bank of England,
- (ba) the PRA,
- (c) any relevant office-holder, and
- (d) any authority, body or person having responsibility for any matter arising out of, or connected with, the default of a participant.

5. Specific provision in the rules

- (1) The rules of the system must—
 - (a) specify the point at which a transfer order takes effect as having been entered into the system,
 - (b) specify the point after which a transfer order may not be revoked by a participant or any other party, and

- (c) prohibit the revocation by a participant or any other party of a transfer order from the point specified in accordance with paragraph (b).
- (1A) Where the system has one or more interoperable systems, the rules required under paragraph (1)(a) and (b) shall, as far as possible, be co-ordinated with the rules of those interoperable systems.
- (1B) The rules of the system which are referred to in paragraph (1)(a) and (b) shall not be affected by any rules of that system's interoperable systems in the absence of express provision in the rules of the system and all of those interoperable systems.
- (2) The rules of ~~the~~ system governed by the law of the United Kingdom must require each institution whose head office is in the United Kingdom which participates in the system to provide upon payment of a reasonable charge the information mentioned in sub-paragraph (3) to any person who request it, save where the request is frivolous or vexatious. The rules must require the information to be provided within fourteen days of the request being made.
- (3) The information referred to in sub-paragraph (2) is as follows—
 - (a) details of the systems which are designated for the purposes of ~~the Settlement Finality Directive~~these Regulations in which the institution participates, and
 - (b) information about the main rules governing the functioning of those systems.
- (4) The rules of ~~the~~ system governed by the law of the United Kingdom must require each participant established in the United Kingdom upon—
 - (a) the passing of a creditors' voluntary winding up resolution ~~or,~~
 - (b) a trust deed granted by him becoming a protected trust deed, or
 - (c) the appointment of an administrator under paragraph 14 or paragraph 22 of Schedule B1 to the Insolvency Act 1986 taking effect,

to notify forthwith both the system and the designating authority that such a resolution has been passed, ~~or, as the case may be,~~ that such a trust deed has become a protected trust deed or, as the case may be, that such appointment has taken effect.

6. Default arrangements

The system must have default arrangements which are appropriate for that system in all the circumstances.

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Summary report:	
Litéra® Change-Pro TDC 7.5.0.185 Document comparison done on 25/02/2019 14:24:57	
Style name: Shearman & Sterling	
Intelligent Table Comparison: Active	
Original DMS: dm://LNDOCS01/1128868/1	
Modified DMS: dm://LNDOCS01/1128868/3	
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Add	105
Delete	56
Move From	2
Move To	2
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
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