



Insolvency Act 1986

1986 CHAPTER 45

[^{F1}PART A1

MORATORIUM

CHAPTER 4

EFFECTS OF MORATORIUM

Restrictions on transactions

[^{F1}A27 Prohibition on entering into market contracts etc

- (1) If a company enters into a transaction to which this section applies during a moratorium for the company—
 - (a) the company commits an offence, and
 - (b) any officer of the company who without reasonable excuse authorised or permitted the company to enter into the transaction commits an offence.
- (2) A company enters into a transaction to which this section applies if it—
 - (a) enters into a market contract,
 - (b) enters into a financial collateral arrangement,
 - (c) gives a transfer order,
 - (d) grants a market charge or a system-charge, or
 - (e) provides any collateral security.
- (3) Where during the moratorium a company enters into a transaction to which this section applies, nothing done by or in pursuance of the transaction is to be treated as done in contravention of any of sections A19, A21, A25, A26 and A28 to A32.
- (4) In this section—

Changes to legislation: *Insolvency Act 1986, Section A27 is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

“collateral security” has the same meaning as in the Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (S.I. 1999/2979);

“financial collateral arrangement” has the same meaning as in the Financial Collateral Arrangements (No. 2) Regulations 2003 (S.I. 2003/3226);

“market charge” has the same meaning as in Part 7 of the Companies Act 1989;

“market contract” has the same meaning as in Part 7 of the Companies Act 1989;

“system-charge” has the meaning given by the Financial Markets and Insolvency Regulations 1996 (S.I. 1996/1469);

“transfer order” has the same meaning as in the Financial Markets and Insolvency (Settlement Finality) Regulations 1999.]

Textual Amendments

F1 Pt. A1 inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), **ss. 1(1)**, 49(1) (with [ss. 2\(2\)](#), [5\(2\)](#))

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[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1986/1999, art. 3, Sch. 1 Pt. 2 by [S.I. 2017/1119 Sch. 3 para. 1](#)
- Act savings and transitional provisions for amendments by S.I. 2022/1166 by [S.I. 2022/1172 Regulations](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 41HB(2) words substituted by [2018 c. 14 s. 1\(3\)\(b\)](#)