

*These notes refer to the Insolvency Act 2000 (c.39)
which received Royal Assent on 30 November 2000*

INSOLVENCY ACT 2000

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Section 4: Qualification or authorisation of nominees and supervisors

19. This Section amends Part XIII of the Insolvency Act 1986, which deals with insolvency practitioners¹ and their qualification.
20. *Subsection (2)* extends the meaning of “act as insolvency practitioner” so as to include a person who acts as a nominee in relation to a company or individual voluntary arrangement.
21. *Subsection (3)* inserts a new subsection (1A) to Section 389 of the Insolvency Act 1986. The amendment means that it will not be an offence to act as a nominee or supervisor whilst unauthorised to act as an insolvency practitioner provided that the individual is authorised to act as a nominee or a supervisor under subsection (4).
22. *Subsection (4)* introduces a new Section 389A to the Insolvency Act 1986, which provides for persons to act as nominees and supervisors if authorised to do so by a body recognised by the Secretary of State for that purpose and they satisfy the requirements for security and are not otherwise ineligible e.g. by reason of bankruptcy. The Secretary of State may only recognise a body which appears to him to meet specified criteria ensuring that its members are fit and proper persons and properly trained to act as nominees and supervisors and where such persons have appropriate bonding in place. The Secretary of State may revoke an order recognising such a body if, in his view, it no longer meets the requirements for recognition.

¹ *Insolvency practitioner* is a person who has the conduct of an insolvency procedure, e.g. a liquidator in a winding up of a company.