



Companies Act 2006

2006 CHAPTER 46

[^{F1}PART 26A

ARRANGEMENTS AND RECONSTRUCTIONS: COMPANIES IN FINANCIAL DIFFICULTY

[^{F1}Application of this Part

Textual Amendments

F1 Pt. 26A inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\), s. 49\(1\), Sch. 9 para. 1](#) (with ss. 2(2), 5(2))

901A Application of this Part

- (1) The provisions of this Part apply where conditions A and B are met in relation to a company.
- (2) Condition A is that the company has encountered, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern.
- (3) Condition B is that—
 - (a) a compromise or arrangement is proposed between the company and—
 - (i) its creditors, or any class of them, or
 - (ii) its members, or any class of them, and
 - (b) the purpose of the compromise or arrangement is to eliminate, reduce or prevent, or mitigate the effect of, any of the financial difficulties mentioned in subsection (2).
- (4) In this Part—

“arrangement” includes a reorganisation of the company’s share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of those methods;

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006. Cross Heading: Application of this Part. (See end of Document for details)

“company”—

- (a) in section 901J (powers of court to facilitate reconstruction or amalgamation) means a company within the meaning of this Act, and
- (b) elsewhere in this Part means any company liable to be wound up under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

- (5) The provisions of this Part have effect subject to Part 27 (mergers and divisions of public companies) where that Part applies (see sections 902 and 903).

Modifications etc. (not altering text)

- C1** Ss. 901A-901J applied (with modifications) by S.I. 2009/1804, **reg. 45A** (as inserted (26.6.2020) by **The Limited Liability Partnerships (Amendment etc.) Regulations 2020** (S.I. 2020/643), **reg. 1(1), Sch. 3 para. 3** (which amending S.I. is revoked (16.2.2021) by S.I. 2021/60, **reg. 1(1), 2**))
- C2** Ss. 901A-901J applied (with modifications) (16.2.2021) by S.I. 2009/1804, **reg. 45A** (as inserted by **The Limited Liability Partnerships (Amendment etc.) Regulations 2021** (S.I. 2021/60), **reg. 1(1), Sch. 3 para. 3** (with **reg. 4(2)**))

901B Power to exclude companies providing financial services, etc

- (1) The Secretary of State may by regulations provide that this Part does not apply—
 - (a) where the company in respect of which a compromise or arrangement is proposed is an authorised person, or an authorised person of a specified description;
 - (b) where—
 - (i) a compromise or arrangement is proposed between a company, or a company of a specified description, and any creditors of the company, and
 - (ii) those creditors consist of or include creditors of a specified description.
- (2) In this section—
 - “authorised person” has the same meaning as in the Financial Services and Markets Act 2000 (see section 31 of that Act);
 - “specified” means specified in the regulations.
- (3) Regulations under this section are subject to affirmative resolution procedure.]

Modifications etc. (not altering text)

- C1** Ss. 901A-901J applied (with modifications) by S.I. 2009/1804, **reg. 45A** (as inserted (26.6.2020) by **The Limited Liability Partnerships (Amendment etc.) Regulations 2020** (S.I. 2020/643), **reg. 1(1), Sch. 3 para. 3** (which amending S.I. is revoked (16.2.2021) by S.I. 2021/60, **reg. 1(1), 2**))
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Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Cross Heading:
Application of this Part.