
STATUTORY INSTRUMENTS

1994 No. 2507

The Insolvency Regulations 1994

**INVESTMENT OR OTHERWISE HANDLING OF FUNDS IN
WINDING UP OF COMPANIES AND PAYMENT OF INTEREST**

9.—(1) When the cash balance standing to the credit of the company in the account in respect of that company kept by the Secretary of State is in excess of the amount which, in the opinion of the liquidator, is required for the immediate purposes of the winding up and should be invested, he may request the Secretary of State to invest the amount not so required in Government securities, to be placed to the credit of that account for the company's benefit.

(2) When any of the money so invested is, in the opinion of the liquidator, required for the immediate purposes of the winding up, he may request the Secretary of State to raise such sum as may be required by the sale of such of those securities as may be necessary.

(3) In cases where investments have been made at the request of the liquidator in pursuance of paragraph (1) above and additional sums to the amounts so invested, including money received under paragraph (7) below, are paid into the Insolvency Services Account to the credit of the company, a request shall be made to the Secretary of State by the liquidator if it is desired that these additional sums should be invested.

(4) Any request relating to the investment in, or sale of, as the case may be, Treasury Bills made under paragraphs (1), (2) or (3) above shall be made on a form obtainable from the Department or on one that is substantially similar and any request relating to the purchase or sale, as the case may be, of any other type of Government security made under the provisions of those paragraphs shall be made in writing.

(5) Any request made under paragraphs (1), (2) or (3) above shall be sufficient authority to the Secretary of State for the investment or sale as the case may be.

(6) Whenever the amount standing to the credit of a company in the Insolvency Services Account on or after 24th October 1994 exceeds £2,000, the company shall be entitled to interest on the excess at the rate of 3½ per cent. per annum provided that:

(a) where, in the opinion of the liquidator, it is necessary or expedient in order to facilitate the conclusion of the winding up that interest should cease to accrue, he may give notice in writing to the Secretary of State to that effect and interest shall cease to accrue from the date of receipt of that notice by the Secretary of State; and

(b) at any time after receipt by the Secretary of State of a notice under sub-paragraph (a) above, provided that the balance standing to the credit of the company exceeds £2,000, the liquidator may give notice in writing to the Secretary of State requesting that interest should accrue on the excess and interest shall start to accrue on the excess at the rate of 3½ per cent. per annum from the date of receipt of the notice by the Secretary of State.

(7) All money received in respect of investments and interest earned under this regulation shall be paid into the Insolvency Services Account to the credit of the company.

(8) In addition to the application of paragraphs (1) to (7) above, in a voluntary winding up:

(a) any money invested or deposited at interest by the liquidator shall be deemed to be money under his control, and when such money forms part of the balance of funds in his hands or

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under his control relating to the company required to be paid into the Insolvency Services Account under regulation 5 above, the liquidator shall realise the investment or withdraw the deposit and shall pay the proceeds into that Account: Provided that where the money is invested in Government securities, such securities may, with the permission of the Secretary of State, be transferred to the control of the Secretary of State instead of being forthwith realised and the proceeds paid into the Insolvency Services Account; and

- (b) where any of the money represented by securities transferred to the control of the Secretary of State pursuant to sub-paragraph (a) above is, in the opinion of the liquidator, required for the immediate purposes of the winding up he may request the Secretary of State to raise such sums as may be required by the sale of such of those securities as may be necessary and such request shall be sufficient authority to the Secretary of State for the sale and the Secretary of State shall pay the proceeds of the realisation into the Insolvency Services Account in accordance with paragraph (7) above and deal with them in the same way as other money paid into that Account may be dealt with.