

# CONTENTS

<i>List of Contributors</i>	xv
<i>Table of Cases</i>	xvii
<i>Table of Legislation</i>	li

## PART I INTRODUCTION

<b>1. Introduction</b>	
<i>Rebecca Parry</i>	
A. Introduction	1.01
B. Organization of This Text	1.07
<b>2. The Rationale of the Transaction Avoidance Provisions of the Insolvency Act 1986</b>	
<i>Rebecca Parry</i>	
A. Introduction	2.01
B. Transactions Vulnerable Outside Insolvency	2.05
C. Transactions Vulnerable Only in Insolvency	2.18
D. Conclusion	2.55

## PART II AVOIDANCE LAWS IN INSOLVENCY

<b>3. Post-Petition Dispositions (Insolvency Act 1986, Sections 127 and 284)</b>	
<i>Rebecca Parry and Sharif Shivji</i>	
A. Introduction	3.01
B. History	3.03
C. Policy	3.04
D. Timing	3.07
E. 'Disposition'	3.10
F. Disposition of a 'Company's Property' (Section 127 Only)	3.55
G. Issues Specific to Section 284	3.65
H. Consequences of Violation of Sections 127/284	3.73
I. Validation	3.77
J. Remedies	3.118
K. Destination of Proceeds	3.125
L. Other Remedies	3.126
M. Avoidance of Attachments	3.132

#### 4. Transactions at an Undervalue (Insolvency Act 1986, Sections 238 and 339)

*Rebecca Parry and Sharif Shivji*

A. History	4.02
B. Types of Transaction That May Be Voidable under Section 238 or 339	4.04
C. Consideration	4.57
D. Significant Undervalue	4.76
E. Relevant Time	4.122
F. Connected Parties and Associates	4.143
G. Invalid Administrative Receivership	4.158
H. Transactions in Good Faith (Corporate Insolvency Only)	4.160
I. Ignorance on Part of Person with Whom the Transaction Is Entered into	4.183
J. Interests in the Family Home	4.184
K. Group Reorganizations	4.185
L. Remedies	4.186
M. Exemption for Market Contracts	4.226
N. Destination of Proceeds	4.227
O. Other Remedies	4.228
P. Cross-Border Transactions	4.238
Q. Procedural Matters	4.242

#### 5. Preferences (Insolvency Act 1986, Sections 239 and 340)

*Rebecca Parry and Sharif Shivji*

A. History	5.03
B. Overview	5.12
C. Relevant Time	5.15
D. Who May Apply for an Order?	5.22
E. Creditor, Surety, or Guarantor	5.23
F. Measuring the Improvement in Position	5.50
G. New Value Transactions	5.67
H. Influence by a Desire	5.85
I. Administrative Receivership	5.115
J. Remedies	5.116
K. Exemptions for Market Contracts and Payment and Settlement Systems	5.134
L. Other Remedies	5.137
M. Destination of Proceeds	5.149
N. Procedural Matters	5.150

#### 6. Extortionate Credit Transactions (Insolvency Act 1986, Sections 244 and 343)

*Rebecca Parry*

A. Introduction	6.01
B. History	6.07
C. Substantive Requirements	6.13

D. Remedies	6.34
E. Destination of Proceeds	6.36
F. Alternative Remedies	6.37
<b>7. Disclaimer</b>	
<i>James Ayliffe QC</i>	
A. Introduction	7.01
B. History	7.03
C. Applicability	7.05
D. Right to Disclaim	7.10
E. Property That May Be Disclaimed	7.17
F. Procedure	7.56
G. Putting Office Holder to Election	7.72
H. Effects of Disclaimer	7.77
I. Right to Prove for Loss	7.151
J. Vesting Orders	7.157
K. Challenging a Decision to Disclaim	7.198
L. Disclaimer of Overseas Property	7.200
M. Disclaimer by the Crown	7.202
<b>8. Unenforceability of Liens on Books, Papers, and Other Records</b> (Insolvency Act 1986, Sections 246 and 349)	
<i>Rebecca Parry</i>	
A. Introduction	8.01
B. Application	8.02
C. Documents Which Give Title to Property	8.03
D. Effect of Unenforceability	8.07
E. Interaction with Other Provisions	8.09
<b>9. Avoidance of General Assignments of Book Debts—Bankruptcy</b> (Insolvency Act 1986, Section 344)	
<i>Rebecca Parry</i>	
A. Introduction	9.01
B. History	9.03
C. Business	9.04
D. Assignments	9.07
E. Book Debts	9.09
F. Specified Book Debts	9.14
G. Any Class of Debts	9.15
H. Other Lines of Attack	9.16

**10. Transactions Defrauding Creditors (Insolvency Act 1986, Section 423)**

*James Ayliffe QC*

A. Introduction	10.01
B. Origins	10.03
C. Purpose	10.04
D. Conditions for Grant of Relief	10.05
E. Condition (1): Transaction	10.07
F. Condition (2): Undervalue	10.11
G. Condition (3): Purpose	10.23
H. No Need for Victim	10.61
I. Standing to Apply for Relief	10.62
J. Court's Discretion	10.78
K. Remedies	10.79
L. Procedure	10.107
M. Absence of Time Limit	10.111
N. Loss of Legal Professional Privilege	10.112
O. Application of Proceeds	10.124
P. Cross-Border Transactions	10.130
Q. Other Potentially Relevant Remedies	10.138
R. Tainted Gifts	10.164

**11. The Anti-Deprivation Rule and the *Pari-Passu* Principle**

*Rebecca Parry, Sharif Shivji, and Guy Olliff-Cooper*

A. Introduction	11.01
B. The <i>Pari Passu</i> Rule	11.08
C. The Anti-Deprivation Rule	11.33

**PART III ISSUES PECULIAR TO BANKRUPTCY**

**12. The Family Home**

*Rebecca Parry*

A. Introduction	12.01
B. Post-Petition Disposition	12.05
C. Bankruptcy Prior to Transfer	12.06
D. Transaction at an Undervalue	12.08
E. Equitable Accounting	12.64
F. Exercise of Discretion to Make No Order	12.65
G. Statutory Protection against Enforcement	12.66

**13. Concurrent Bankruptcy and Divorce or Civil Partnership Dissolution**

*Rebecca Parry*

A. Introduction	13.01
B. Ancillary Relief upon Divorce, Nullity, or Judicial Separation	13.08



C. Potential Avoidance of a Settlement or Transfer	13.30
D. Financial Provision in Connection with a Civil Partnership Dissolution, Nullity, or Separation	13.42
<b>14. Pensions (Bankruptcy Only)</b>	
<i>James Ayliffe QC</i>	
A. Introduction	14.01
B. Types of Pension	14.02
C. Transaction at an Undervalue / Transaction Defrauding Creditors	14.07
D. Position for Those Adjudged Bankrupt prior to 29 May 2000	14.10
E. Position for Those Adjudged Bankrupt on or after 29 May 2000: Welfare Reform and Pensions Act 1999	14.19
F. Explanatory Diagram	14.44
 <b>PART IV ISSUES PECULIAR TO CORPORATE INSOLVENCY</b>	
<b>15. Pensions (Corporate Insolvency Only)</b>	
<i>James Ayliffe QC</i>	
A. Introduction	15.01
B. Pension Scheme Deficits and the Pensions Regulator	15.02
<b>16. Avoidance of Unregistered Company Charges (Companies Act 2006, Section 859H)</b>	
<i>Rebecca Parry</i>	
A. Introduction	16.01
B. Registration Requirement	16.03
C. Extent of Invalidity	16.11
D. Late Registration	16.37
E. Application for Invalidation	16.48
<b>17. Avoidance of Floating Charges (Insolvency Act 1986, Section 245: Corporate Insolvency Only)</b>	
<i>Rebecca Parry</i>	
A. Overview	17.01
B. History	17.04
C. Fixed Charges	17.06
D. Charges That Have Crystallized and Been Enforced	17.07
E. New Value	17.08
F. The Creation of the Charge: Contemporaneity	17.43
G. Relevant Time	17.56
H. Effect of Invalidity	17.62
I. Other Remedies	17.69
J. Agricultural Credits Act 1928	17.73

## 18. Avoidance Powers under the Companies Act 2006

*Rebecca Parry and Sharif Shivji*

A. Introduction	18.01
B. Advantages of the 2006 Act Provisions: Overview	18.02
C. Transactions Exceeding Constitutional Limitations on Directors	18.11
D. Transactions with Directors	18.22
E. Share Capital Maintenance Requirements	18.71
F. Destination of Proceeds	18.91
G. Funding	18.92
H. Procedural Matters	18.93

## 19. Office Holder Claims

*Rebecca Parry, Sharif Shivji, and Guy Olliff-Cooper*

A. Introduction	19.01
B. Mifseasance	19.03
C. Fraudulent Trading	19.44
D. Wrongful Trading	19.63
E. Attribution and the Illegality Defence in Office Holder Claims	19.94
F. Global Recoveries	19.104

## PART V CROSS-BORDER TRANSACTION AVOIDANCE

### 20. Scotland

*Rebecca Parry*

A. Introduction	20.01
B. Sources of Avoidance Rules	20.02
C. Dealings with an Estate in Sequestration (Individuals)	20.07
D. Gratuitous Alienations	20.08
E. Preferences	20.30
F. Payment of Capital Sum on Divorce or Civil Partnership Dissolution	20.44
G. Transactions Defrauding Creditors	20.46
H. Disclaimer	20.47
I. Extortionate Credit Transactions	20.48
J. Avoidance of Attachments	20.49
K. Recovery of Excessive Pension Contributions	20.50
L. Destination of Proceeds	20.51

### 21. Cross-Border Transaction Avoidance

*Rebecca Parry*

A. Introduction	21.01
B. Overview of Approaches to International Insolvencies	21.06
C. The Jurisdictional Reach of the Avoidance Provisions of the Insolvency Act 1986	21.21

D. European Union Regulation on Insolvency Proceedings	21.79
E. UNCITRAL Model Law on Cross-Border Insolvency	21.107
F. Safe Havens	21.129
G. Conclusion	21.130
<b>22. Transaction Avoidance in Offshore Jurisdictions</b>	
<i>James Ayliffe QC, Sharif Shivji, and Guy Olliff-Cooper</i>	
A. Introduction	22.01
B. Jersey	22.04
C. Guernsey	22.16
D. Bermuda	22.30
E. British Virgin Islands	22.46
F. Cayman Islands	22.64
G. Dubai International Financial Centre	22.79
<b>PART VI PRACTICAL ISSUES</b>	
<b>23. Evidence Gathering</b>	
<i>James Ayliffe QC</i>	
A. Introduction	23.01
B. Corporate Insolvency	23.04
C. Bankruptcy	23.61
D. Cross-Border Issues	23.80
<b>24. Other Laws Enabling Transaction Avoidance</b>	
<i>Rebecca Parry</i>	
A. Introduction	24.01
B. Laws Enabling the Avoidance of Unfair Bargains	24.06
C. Resulting and Constructive Trusts	24.41
<b>25. Limitation Periods</b>	
<i>Rebecca Parry and James Ayliffe QC</i>	
A. Introduction	25.01
B. Limitation Act 1980	25.02
C. Application of the Limitation Act 1980 to Transaction Avoidance Proceedings	25.03
D. Cases Involving Fraud	25.18
E. Significance of Delay Outside of Limitation	25.19
F. Delay in Prosecution of Proceedings	25.20

## 26. Destination of Proceeds (Corporate Insolvency)

*Rebecca Parry*

A. Introduction	26.01
B. Impact of Law on Destination of Proceeds	26.04
C. Actions Not Mentioned under the Insolvency Act 1986, Section 176ZB	26.10
D. Position Established by Case Law	26.17
E. Remedies Other than Preferences	26.29
F. Global Recoveries	26.30

*Index*

625