

Corporate & Financial Weekly Digest

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Treasury Issues Final Consultation on Investment Firms Insolvency Arrangements

On September 16, HM Treasury published its third consultation on new insolvency arrangements for investment firms. The consultation sets out the government's final proposals for a special administration regime (SAR) for investment firms. These proposals are derived from the December 2009 consultation entitled "Establishing resolution arrangement for investment banks" (see the December 18, 2009, edition of [Corporate and Financial Weekly Digest](#)).

The SAR is designed to enhance the method by which any investment firm failures occurring in the future will be dealt with. It will take the form of an administration procedure with special administration objectives (SAOs).

The new regime will include new SAOs designed to ensure that administrators focus on:

- the return of client assets;
- engagement with market infrastructure bodies and the authorities; and
- maximizing returns to creditors.

The government considers that the SAR will give administrators a clear framework within which to conduct investment firm administrations without needing to make frequent applications to the court for directions. In addition, it is hoped that the adjustments made by the SAR will make the UK insolvency regime less expensive and less disruptive.

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