

## **SIP13 CONSULTATION**

### **ANSWER TO QUESTION 7: OTHER SUGGESTED AMENDMENTS**

There should be clarification on whether MVLs are caught. The SIP's heading, "insolvency process", suggests that they are not, but in comparison SIP9 also refers to "insolvency" but it *does* apply to MVLs. If MVLs are included (but personally I do not think they should be), then the draft would need revisiting as, although paragraph 4 refers to "other interested parties" being provided with explanations, paragraph 9 refers only to creditors.

Paragraph 5: The need to encourage "parties connected with the purchaser" to take independent advice seems odd, especially where assets are sold to an individual: for example, if the "purchaser" is the director's husband, why not advise the purchaser himself, rather than his "connected parties"?

Paragraph 5: The need to encourage (parties connected with) the purchaser to take independent advice should be made proportionate to the circumstances. For example, it is difficult to see why a director's wife should take independent advice if she is seeking to buy an old company computer for £50. In addition, if a purchaser is looking to buy low-value chattels via the IP's/company's professional agent, do IPs really need to encourage them to take independent advice?

The heading "Preparatory work" suggests the SIP's scope is only quasi pre-packs. It leads to confusion about pre-appointment sales: are they included given that the pre-appointment IP's work is presented as simply "preparatory work"? It also leads to confusion about post-appointment sales: if there has been no "preparatory work", does the transaction fall within SIP13's remit at all?

Paragraph 9: It is not clear whether the "next report" is confined only to reports required under statute or whether a report dealing with the sale alone should be issued. The paragraph refers to issuing the next report "at the earliest opportunity": if this relates to statutory reports, then in some cases the earliest opportunity will be in around one year's time, which might lead to surprise for readers of SIP13 who are not insolvency professionals. It may also be appropriate to refer in this paragraph to disclosing explanations to liquidation/creditors' committees.

Michelle Butler  
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