Judiciary of England and Wales

Practice Statement

Companies: Schemes of Arrangement and Restructuring Plans under

Parts 26 and 26A of the Companies Act 2006

Introduction

1. This Practice Statement replaces the Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act) dated 26 June 2020. It is directed to the practice to be followed in proceedings pursuant to Part 26 or Part 26A of the Companies Act 2006 seeking the sanction of the Court to a scheme of arrangement or restructuring plan between a company and its creditors and/or members.

Definitions

2. In this Practice Statement, the following terms have the following meanings:

2006 Act:	the Companies Act 2006
convening hearing:	a hearing to consider the making of a meetings order (see below) and any related matters, including where appropriate the giving of directions for the ongoing conduct of the proceedings
explanatory statement:	a statement for circulation to creditors or members of the scheme or plan company in accordance with section 897 of the 2006 Act (in relation to Part 26 schemes) or section 901D (in relation to Part 26A plans), as the case may be
listing note:	a note filed by the applicant in accordance with paragraph 7 below
meetings order:	an order convening a meeting or meetings of members or creditors under either s. 896 of the 2006 Act (in relation to Part 26 schemes) or s. 901C (in relation to Part 26A plans), and the phrases **Part 26 meetings order** and **Part 26A meetings order** shall be construed accordingly
Part 26:	Part 26 of the 2006 Act
Part 26A:	Part 26A of the 2006 Act

practice statement letter:	in appropriate cases, the written notification to affected persons prepared in accordance with paragraph 13 below
restructuring plan:	a restructuring plan between a company and its members or creditors proposed under Part 26A of the 2006 Act, and the phrases **Part 26A plan**, **plan** and **plan company** shall be construed accordingly
sanction hearing:	a hearing to consider whether the Court should sanction a scheme or plan, as the case may be
scheme of arrangement:	a scheme between a company and its members or creditors proposed under Part 26 of the 2006 Act, and the phrases **Part 26 scheme**, **scheme** and **scheme company** shall be construed accordingly

Objectives

3. The objectives of this Practice Statement are (1) to enable issues concerning the jurisdiction of the Court to sanction the scheme or plan, the composition of classes of creditors and/or members, and the convening of meetings to be identified and, if appropriate, resolved early in the proceedings; and (2) to facilitate the early identification and active case management of contested issues, with a view to such issues being resolved in an efficient and orderly manner which involves a proportionate allocation of the Court's time and resources.

4. While the Court will attempt to deal with proceedings under Part 26 or 26A in a timely and efficient manner, applicants, other proponents and opponents of a scheme or plan should bear in mind the demands on the Court's time and limited resources. They should seek to manage their affairs and cooperate so as to avoid foreseeable timetabling pressures and facilitate the orderly resolution of such proceedings.

Issue of proceedings: the listing note

5. In all cases where a scheme or plan includes a proposal to creditors, or any class of them, the applicant must comply with paragraphs 6 and 7 below.

6. A claim form seeking orders under Part 26 or Part 26A must be issued in the name of the scheme or plan company before the date for any Court hearings is arranged with the Court. In an appropriate case, the applicant may apply for an order restricting access to the Court file under CPR, Part 5 and/or for an order that its identity or (if different) that of the company should not be disclosed under CPR, rule 39.2(4).

7. In order to assist the Court in managing its resources and listing cases efficiently, the applicant when issuing its claim form should also file a listing note setting out briefly:

a. a time estimate for the convening hearing;
b. a time estimate for the sanction hearing;
c. an indicative timetable for the proceedings overall, to include time for any appeal if considered likely;

d. a description of any relevant matters likely to have an impact on the proposed timetable, including in particular (i) a description of matters relevant to the financial position of the scheme or plan company; and (ii) a description of any matters which it is anticipated may give rise to contested issues in the proceedings; and
e. if there is any perceived urgency, what the factors are giving rise to the urgency and when such factors first came to light.

Any material change in the matters covered by the listing note should be notified to the Court as soon as practicable.

8. Where a practice statement letter is required under paragraph 13 below, a copy should be filed with the claim form if then available. If not available, a copy should be filed with the Court as soon as practicable thereafter.

Listing of applications

9. Applications for a Part 26 meetings order in respect of a members' scheme may be listed before either an Insolvency and Companies Court Judge or a High Court Judge. Where such an application gives rise to any of the issues identified in paragraph 12 below, it should be listed before a High Court Judge unless such issues (or substantially similar issues) have been the subject of prior decisions in the High Court or above.

10. The following should be listed before a High Court Judge: (i) applications for a Part 26 meetings order in respect of any creditors' scheme; (ii) applications under section 899 of the 2006 Act to sanction a Part 26 scheme, whether it is a members' or a creditors' scheme; (iii) applications for a Part 26A meetings order, and (iv) applications under section 901F of the 2006 Act to sanction a Part 26A plan.

11. Where a High Court Judge hears an application for a meetings order at a convening hearing, the Judge should indicate whether it is desirable for them also to hear the application to sanction the scheme or plan and/or to deal with any other hearings prior to the sanction hearing.

Responsibilities of the applicant: matters for the convening hearing

12. With a view to enabling all appropriate issues to be resolved at the convening hearing, it is the responsibility of the applicant, in advance of any such hearing to identify:

a. any issues which may arise as to the proper constitution of the meeting(s) of members or creditors or which otherwise may affect the conduct of such meeting(s);
b. any issues as to the existence of the court's statutory jurisdiction to sanction the scheme or plan including (in relation to a Part 26A plan) any issues relevant to Conditions A and B under section 901A of the 2006 Act;
c. if an application is to be made under s.901C(4) of the 2006 Act (for an order that no meeting need be summoned in respect of a particular class of creditors or members) and, if so, any issues likely to arise on that application;
d. any issues as to the Court's international jurisdiction in respect of the scheme or plan; and
e. any other issue which might lead the court to refuse to sanction the scheme or plan (other than issues going to the merits or fairness of the scheme or plan).

Responsibilities of the applicant: notice of convening hearing

13. Where an application for a meetings order is to be heard at a convening hearing before a High Court Judge, then unless there are good reasons for not doing so, the applicant should, prior to the convening hearing, take all steps reasonably open to it to notify in writing any person affected by the scheme or plan of the following matters:

a. that the scheme or plan is being promoted;
b. the purpose which the scheme or plan is designed to achieve and its effect;
c. the meetings of creditors and/or members which the applicant considers will be required and their composition;
d. the other matters that are to be addressed at the convening hearing, including the issues identified in paragraph 12 above;
e. the date and place fixed for the convening hearing;
f. that such persons are entitled to attend the convening and sanction hearings; and
g. how such persons may make further enquiries and obtain information about the scheme or plan.

14. It is the responsibility of the applicant to ensure that such notification is given in a concise form and is communicated to all persons affected by the scheme or plan in the manner which is most appropriate to the circumstances of the case. The applicant should avoid providing unnecessarily long or repetitive information and ideally should include a short and/or tabular summary of the proposal at the beginning.

15. Notice should be given and relevant information provided in sufficient time to enable such persons to consider what is proposed, to take appropriate advice and, if so advised, to attend the convening hearing. What is adequate notice will depend on all the circumstances.

Responsibilities of the applicant and other parties in relation to the convening hearing

16. It is the responsibility of the applicant and all parties intending to support or oppose the scheme or plan (as the case may be) to facilitate the achievement of the objectives of this Practice Statement (see paragraphs 3 and 4 above) at the convening hearing so far as they can reasonably do so.

17. The applicant's evidence need not be filed with the claim form (and CPR, Rule 8.5(1) is disapplied accordingly), but should be filed and made available to creditors and/or members as soon as practicable. This should normally be at least 14 days before the date of the convening hearing. Where relevant the applicant should identify in its evidence the following:

a. the steps taken to give notification of the convening hearing and what, if any, response the applicant has had to the notification;
b. any issue(s) of the type identified in paragraph 12 above, and such matters as may be relevant to the proper determination of those issue(s);
c. whether any update is required to the matters covered in the listing note, in particular as regards the timing of the application and the proceedings overall;
d. whether it is envisaged that the Court may be asked at the sanction stage to exercise its power to sanction a plan where one or more classes of creditors or members has not voted in favour of the plan, in which case the applicant's evidence should explain in particular:
    i. whether, and if so to what extent, those promoting the plan have engaged with the plan company's creditors and members;

ii. where there has been any difference in the level of engagement with particular creditors or members, why that is so;
iii. whether any objection to the proposed restructuring has been made by any of the plan company's creditors or members, including whether any alternative restructuring proposal has been put forward by any of the plan company's creditors or members and, if so, the nature of the objection or alternative proposal and of any remaining disagreement;
iv. what information has so far been provided to creditors or members and, where there is any difference in the level of information provided to different creditors or members, why that is so;

e. how it is proposed that members and/or creditors are to be given notice of any meetings convened to consider the scheme or plan. Where interests in the applicant's debt or securities are held indirectly, for example through intermediaries, if it is proposed that the votes to be cast at the meetings should by some method reflect the views of persons holding such indirect interests, the evidence should set out the applicant's proposals in that respect and any facts justifying those proposals;
f. the scheme or plan company's proposals for dissemination of information to creditors or members after the convening hearing.

18. The applicant's evidence for the convening hearing should include a copy of the final form of the proposed explanatory statement (including any annexures). Except with the permission of the Court given at the convening hearing, no changes which are material (in the sense of being capable of affecting the decision of a creditor or member as to how to cast their vote) should be made to the documents after the convening order has been made without those changes being communicated to the members and creditors in sufficient time for them to consider their impact on how to cast their vote. Before making any such changes, in any case where it is possible to do so, the applicant should also seek the approval of the court. If the applicant does not do so, then the court may take that into account in deciding whether the scheme or plan should be sanctioned.

19. The explanatory statement should be in a form and style appropriate to the circumstances of the case, including the nature of the constituencies of members and/or creditors, and should be as concise as the circumstances admit. In addition to complying with the provisions of the 2006 Act, the commercial impact of the scheme or plan must be explained and members and/or creditors must be provided with such information as is reasonably necessary to enable them to make an informed decision as to whether or not the scheme or plan is in their interests, and on how to vote thereon. The explanatory statement should include a short and/or tabular summary of the terms at the start of the document. Documents may be annexed to the explanatory statement or incorporated by reference, but if so, the material part(s) of the documents should be summarised and readers should be clearly told how they can access such documents.

20. Any party objecting to the scheme or plan whose objection is likely to have an impact on matters to be considered at the convening hearing (including the directions for the future conduct of the matter), should if practicable identify the nature of their objection(s) at least 7 days prior to the convening hearing. They should seek to do so with as much precision as possible in light of the information with which they have been provided, and (if relevant) should propose such directions as they consider desirable.

21. Bundles for the convening hearing should be filed with the Court at least 5 days before the date fixed for that hearing.

Matters for consideration at convening hearing

22. At the convening hearing the Court will wish both (1) to dispose of such matters as can fairly and properly be dealt with at that hearing, and (2) where relevant, give directions for the case management of such other issues (and in particular contested issues) as cannot be dealt with at that hearing.

23. In considering whether or not to make a meetings order the Court will consider whether more than one meeting of members and/or creditors is required, and if so what is the appropriate composition of those meetings.

24. A meetings order may include an order giving anyone affected a limited time in which to apply to vary or discharge that order with the meetings of members and/or creditors to take place in default of any such application within the time prescribed.

25. The Court will consider the form of the explanatory statement at the convening hearing and may refuse to make a meetings order if it considers that the explanatory statement is not in an appropriate form or is otherwise manifestly deficient. However, the Court will not approve the substance of the explanatory statement at the convening hearing, and it will remain open to any person affected by the scheme or plan to raise issues as to its adequacy at the sanction hearing.

Further case management

26. Where any issue has been drawn to the attention of the Court which is not suitable for determination at the convening hearing, the Court will consider at the convening hearing and/or at subsequent case management hearings, what further directions may be necessary for the resolution of that issue in a timely and proportionate manner, whether at the sanction hearing or otherwise.

27. Without limiting the powers of the Court in this regard, the Court may give directions as regards any of the following:

a. defining and, where necessary, limiting the issues to be resolved either prior to or at the sanction hearing;
b. the order in which, and the timetable according to which, the issues are to be resolved;
c. the service of evidence;
d. the service of expert evidence, including the use of a single joint expert, and, where there is more than one expert, for meetings of experts;
e. making further information available to those affected by the scheme or plan, including by orders for disclosure of information, or use of a data room, website or similar, on such terms as to confidentiality as may be necessary;
f. provision to be made for the costs of those appearing before the Court to support or oppose the scheme or plan, as the case may be.

28. Where an issue of the type identified in paragraph 12 above has been dealt with at a convening hearing before a High Court Judge, members and/or creditors will still be able to appear and raise objections based on the same issue(s) at the sanction hearing, but the Court will expect them to show good reason why they did not raise the issue(s) at the convening hearing.

Commencement

29. This Practice Statement will apply in all cases where an application for a meetings order is to be dealt with at a convening hearing listed on any date on or after 1 January 2026.

18 September 2025