

Effect of petition to appoint examiner on creditors and others

520. (1) Subject to section 513, a company is, for the purposes of this Part, under the protection of the court during the following period.

(2) That period is one—

(a) beginning with the date of the presentation of a petition in relation to the company, and

(b) (3) and (4)) ending on—

(i) the expiry of 70 days after that date, or

(ii) the withdrawal of, or refusal by the court of, the petition,

whichever first happens.

(3) The reference in subsection (2) to the refusal by the court of the petition shall be deemed to include a reference to its deciding to decline to hear, or to continue to hear, the petition under section 518.

(4) For so long as a company is under the protection of the court in a case under this Part, the following provisions shall have effect:

(a) no proceedings for the winding up of the company may be commenced or resolution for winding up passed in relation to the company and any resolution so passed shall have no effect;

(b) no receiver over any part of the property or undertaking of the company shall be appointed, or, if so appointed before the presentation of a petition shall, subject to section 522, be able to act;

(c) no attachment, sequestration, distress or execution shall be put into force against the property or effects of the company, except with the consent of the examiner;

(d) where any claim against the company is secured by a mortgage, charge, lien or other encumbrance or a pledge of, on or affecting the whole or any part of the property, effects or income of the company, no action may be taken to realise the whole or any part of that security, except with the consent of the examiner;

(e) no steps may be taken to repossess goods in the company's possession under any hire-purchase agreement), except with the consent of the examiner;

(f) where, under any enactment, rule of law or otherwise, any person other than the company is liable to pay all or any part of the debts of the company—

(i) no attachment, sequestration, distress or execution shall be put into force against the property or effects of such person in respect of the debts of the company; and

(ii) no proceedings of any sort may be commenced against such person in respect of the debts of the company;

(g) no order for relief shall be made under section 212 against the company in respect of complaints as to the conduct of the affairs of the company or the exercise of the powers of the directors prior to the presentation of the petition.

(5) Subject to subsection (4), no other proceedings in relation to the company may be commenced except by leave of the court and subject to such terms as the court may impose and the court may, on the application of the examiner, make such order as it thinks proper in relation to any existing proceedings including an order to stay such proceedings.

(6) Complaints concerning the conduct of the affairs of the company while it is under the protection of the court shall not constitute a basis for the making of an order for relief under section 212.