Consultation on changes to Statement of Insolvency Practice 2 '*Investigations by Office Holders in administrations and insolvent liquidations and the submission of conduct reports by Office Holders (SIP 2)*'

- IPA Response

3 August 2026

1. Background

1.1. SIP 2 was last updated in 2016. Since then, investigations by office holders have continued to be a key focus for the Insolvency Service and insolvency recognised professional bodies as part of the wider insolvency objectives of protecting and promoting the public interest, promoting the maximisation of the value of returns to creditors and generally maintaining trust and confidence in the insolvency regimes.

1.2. In addition, there have been developments in technology and ways of working since SIP 2 was last reviewed. It is anticipated that further developments, for example in relation to AI and open banking, are likely to impact the nature of and how investigation work may be carried out by insolvency practitioners.

1.3. While the existing SIP 2 is robust, the Joint Insolvency Committee (JIC), through a working group (WG), has undertaken a review to ensure that it remains relevant and effective in the current and future landscape. The WG has proposed a revised SIP 2 and the JIC has approved its circulation to the profession and other stakeholders for consultation.

2. Consultation

2.1. On 14 May 2026 the JIC, of which the IPA is a member, published its consultation on changes to SIP 2.

Introduction of 'Analysis'

2.2. The headline amendment to SIP 2 is the introduction of specific reference to a requirement for 'Analysis' within in the title and the body of the SIP. The intention behind the introduction was to ensure that it was explicit, when deemed necessary (i.e. when proportionate, economic etc.) that the SIP required an interrogation of information/data (analysis) rather than a gathering in, and non-interrogation, of that data.

2.3. Furthermore, the inclusion of "Analysis" within the SIP is to be introduced in a non-specific/non-instructive manner. This approach has been favoured here, both to ensure that the SIP is not quickly outdated in the face of the continuing developments in investigative and analytical tools available to the sector (AI etc.) and to ensure that the analysis requirements, remain ones which are ultimately dependent on the specifics of the individual cases (proportionality, economic viability etc.).

Specific emphasis on reporting requirements to regulators

2.4. The SIP has sought to make clear that certain reporting requirements can continue after statutory specific timings (as at (new) paragraph 4d) and involve reports being filed with multiple regulators (as at (new) paragraph 29).

Updates to reflect changes since the SIP was last updated in 2016

2.5. The SIP has been updated to ensure that it is accurate at this current time. That has primarily seen updates to the names of regulators as well as the addition of practices more common in the sector since the SIP was last updated including the addition, of a consideration of an assignment/assignation of claim ((revised) paragraph 15).

2.6. The SIP has also been amended to be easier to read and to flow more naturally between relevant and connected points within the SIP.

Continued use of "books and records (in whatever form)"

2.7. The WG established to review the SIP has not sought to amend the wording, or to provide an explanatory note for what is meant by the continued use of the wording, "books and records (in whatever form)". The WG believes that the continuing use of "in whatever form" is sufficient to convey that whatever the nature of a company's books and records (be they paper based, digital, messaging apps etc) they will be covered by this SIP. The WG feels that to be more specific would open the SIP to quickly becoming outdated.

3. Consultation documents

Proposed revised SIP 2 (Clean)
Proposed revised SIP 2 (Tracked)

4. Important dates

4.1. The consultation will be open for a period of 12 weeks.

4.2. Consultation commencement date: 14 May 2026

4.3. Consultation closing date: 6 August 2026

5. Response to consultation questions

5.1. This response has been prepared by the IPA in collaboration with its members, staff and representatives on the Standards, Ethics and Regulatory Liaison Committee (Committee). This Committee considers responses to consultations on insolvency law and best practice, deals with technical issues and the production of guidance for the IPA's membership. The Committee also determines the IPA's contribution to the JIC. The Committee is made up of representatives from across the insolvency and restructuring profession, including appointment-taking licensed IPs, and compliance specialists.

5.2. The views expressed in this response are those of the IPA and not of the individuals and firms regulated by or members of the IPA (Members).

(1) Do you think the revised SIP identifies all relevant principles and key compliance standards?

5.3. Members of the Committee and those Members who responded to our survey on the consultation agree that the revised SIP clearly outlines the core duties, relevant principles, and compliance expectations expected of an office holder.

5.4. The proposed changes make the SIP significantly easier to navigate and creates a sensible flow between connected operational points. Specifically, the introduction of the new standalone section on "*Record keeping*" ((new) paragraph 16) is an important improvement, establishing a clear, contemporaneous compliance requirement for documenting assessments and conclusions.

(2) Is adding analysis to the SIP's title and content a useful improvement to the Standard, and does the SIP clearly reflect the intended purpose described above, or is further specificity needed?

5.5. While members of the Committee understand the intention behind the need to emphasise active data interrogation over passive collection, member survey responses and committee sentiment reveal a divide on this change. Our survey results indicate that further specificity is required to make the standard effective.

5.6. Regarding the addition of the word "*analysis*" to the title and body, some Members have suggested that this is entirely surplus to requirements. An investigation cannot be conducted without actively interpreting and analysing the data gathered; therefore, the term is already entirely implicit. There is a concern that this change unnecessarily prioritises semantics over practical clarity. If JIC retains the phrase, the Members have suggested it should be amended to *"Analysis and Investigation"* to mirror logical case workflow, as initial data analysis must occur to dictate the course of an ongoing investigation.

5.7. If the term "*analysis*" is kept, the standard must remain high-level regarding technological tools. The standard should not introduce rigid, mandatory tool checklists (e.g., mandating specific AI software or strict accounting formulas), as this would quickly cause the standard to become outdated and would trigger a tick-box compliance mentality rather than encouraging critical professional judgment.

(3) Does the continued reference to "books and records (in whatever form)" within SIP2 adequately encompass the full range of a company's records, including wider operational and business information such as electronic communications (including emails and messaging applications), contractual documentation, and other non-financial records?

5.8. No. While it was initially thought that the phrase might stand on its ordinary meaning, our member survey shows a consensus that the phrase "*books and records (in whatever form)*" is no longer adequate to cover the full scope of modern company data.

5.9. Some Members feel the terminology *"books and records"* is archaic and increasingly disconnected from a modern digital trading environment. While the phrase *"in whatever form"* is intended as a technology-neutral catch-all, it continues to focus primarily on financial accounting books. In complex modern insolvencies, crucial evidence of misconduct or asset dissipation is rarely found in the formal accounting ledger; instead, it resides in messaging applications (such as WhatsApp or Slack), electronic mail servers, contractual documentation, and non-financial business platforms. Leaving this legacy phrasing unamended creates a compliance loophole or ambiguity that non-compliant and underperforming directors and/or office holders can exploit.

5.10. To future-proof the standard and set explicit expectations, Members recommend updating the text to reference *"company records and operational information (in whatever form)"* or explicitly adding a clarifying phrase such as:

"...locate the company's books, records, electronic communications (including emails and messaging applications), and other financial or non-financial business data (in whatever form)...".

(4) Does the proposed amended SIP sufficiently address any concerns held relating to the key areas of the SIP including investigation, analysis and reporting?

5.11. While the clarified reporting lines to multiple regulators in (new) paragraph 29 is welcomed, the SIP stops short of addressing critical, systemic compliance barriers. SIP 2 compliance remains a persistent theme in regulatory training, and a significant portion of the market fails to perform even basic minimum investigative routines or properly evidence their investigative work in their files. By leaving the concept of "analysis" completely open-ended, underperforming office holders can continue to bypass meaningful file scrutiny under the guise of proportionality or a shortage of funds. The SIP would be significantly strengthened if it required office holders to explicitly justify and document why they chose not to perform fundamental routines, such as bank statement analysis.

5.12. The SIP successfully addresses reporting concerns by making it explicit that reporting duties can continue long after initial statutory timelines, and that an office holder's reporting channels are non-exclusive. The explicit reminder that a Suspicious

Activity Report does not preclude or satisfy an office holder's independent reporting duties to the Secretary of State is an excellent and necessary new inclusion.