On 29 April 2016, the Australian Federal Government (Government) announced three major insolvency law reform proposals in its much-anticipated Improving Bankruptcy and Insolvency Laws Proposal Paper (Proposal).

The links set out below contain more information on various aspects of the proposed reform:

- Proposal summary
- Safe harbour
- *Ipso facto* clauses
- Creditors schemes
- Submission

Stakeholders should study the Proposal carefully as the changes will have far reaching consequences, but be aware of the short timeframe, with submissions due by Friday, 27 May 2016.

**VIDEO OVERVIEW**

Partner Paul Apáthy explains in more detail each of the proposed reforms being:

1. **safe harbour** - introducing a ‘safe harbour’ for directors from personal liability for insolvent trading if they satisfy certain requirements;

2. ***Ipso facto* clauses** - making *ipso facto* clauses, which allow contracts to be terminated solely due to an insolvency event, unenforceable if a company is undertaking a restructure; and

3. **bankruptcy period** - reducing the current default period for personal bankruptcy from three years to one year.
KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.

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