

GOVERNANCE - WASTED BREATH? INSOLVENCY REFORMS IN RESPONSE TO COVID-19 (UK)

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Legal Briefings

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On 28 March 2020, the Business Secretary announced insolvency reforms in response to the business impacts of COVID-19, designed 'to give companies breathing space and keep trading while they explore options for rescue'. A Bill passed in Parliament and the Corporate Insolvency and Governance Act 2020 ('CIGA') came into force on 26 June, containing the most significant reforms to insolvency legislation this generation of practitioners has seen. Its highlights include a debtor-in-possession moratorium, a new restructuring plan and a rewriting of the law relating to contractual insolvency termination rights.

The CIGA's effect on market practice and attitudes will no doubt take months, if not years, fully to form. The UK Restructuring, Turnaround and Insolvency team have considered the key elements of the reforms, focusing on the measures designed to save companies in immediate crisis rather than the new restructuring plan, and ask whether they will have the desired effect.

Our article covers:-

- The legislative process itself
- Wrongful trading
- Statutory demands and winding up petitions

- The new moratorium
- Ipso facto

[Read the article](#)

As our article outlines, the provisions of the Act are complex and the reforms could have significant impact on companies in distress and their creditors, particularly landlords, suppliers, financial services providers and pension schemes. We will shortly be launching a series of short, informative webcasts focussing on a number of the key aspects to provide further understanding of the implications of the Act and how it may affect your business.

[More on Catalyst //](#)

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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