



Singapore Enacts New Corporate Bankruptcy Law to Promote International Debt Restructuring

On March 10, 2017, Singapore's Parliament approved the Companies (Amendment) Bill 2017 ("Act") to enhance the country's corporate debt restructuring framework. The Act was assented to by President Tony Tan Keng Yam on March 29, 2017, and is expected to become effective later this year."

The Act is a ground-breaking development in Singapore's corporate rescue laws and includes major changes to the rules governing schemes of arrangement, judicial management, and cross-border insolvency. The Act also incorporates several features of chapter 11 of the U.S. Bankruptcy Code, including super-priority rescue financing, cram-down powers, and prepackaged restructuring plans. The legislation may portend Singapore's emergence as a center for international debt restructuring. Its enactment was the initial phase in a series of law reforms intended to implement recommendations made by the Insolvency Law Review Committee and the Committee to Strengthen Singapore as an International Centre for Debt Restructuring.

Key provisions of the Act include:

- Easier access to Singapore's judicial management procedure, which, similar to the administration regimes enacted in the U.K. and Australia, provides for the appointment of an independent manager to operate and run the company instead of a liquidator to wind it up;
- Modification of the rules and procedures governing schemes of arrangement proposed by a judicial manager of a debtor-company pursuant to section 210 of the Singapore Companies Act ("CA") to incorporate many of the features of chapter 11, including super-priority debtor-in-possession financing, a "world-wide" moratorium on debt collection efforts akin to the U.S. Bankruptcy Code's automatic stay, a mechanism permitting approval of nonconsensual ("cram-down") schemes of arrangement, and procedures for court approval of prepackaged schemes;
- A series of "enhanced moratorium" provisions to augment the limited moratorium provisions contained in section 210(10) of the CA;
- Procedures governing the submission, objection to, and adjudication of creditor claims;
- Expansion of the scope of eligibility for judicial management proceedings to foreign companies with a "substantial connection" to Singapore; and
- Adoption of the UNCITRAL Model Law on Cross-Border Insolvency, a framework of rules and procedures governing cross-border bankruptcy and insolvency cases that has now been enacted in 42 countries.

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