Myles Mantle, Teena Grewal and Shu Shu Wong in Law360: 'UK Biz Relief Extensions Back Debtor-Friendly Restructuring'

By Teena Grewal, Shu Shu Wong | December 28, 2020

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The Corporate Insolvency and Governance Act, which came into force on June 26, introduced a series of new debtor-friendly procedures and measures to give companies the breathing space and tools required to maximize their chance of survival, and incorporates both permanent and temporary changes to the U.K.'s laws.

A number of temporary provisions introduced by CIGA were due to expire on Sept. 30, but due to the ongoing COVID-19 pandemic, some of the temporary measures were extended until Dec. 30 or March 30.

In addition, the restrictions on the use of statutory demands and winding up petitions imposed by CIGA have been extended for a second time to March 31 by a second CIGA extension, which will come into force on Dec. 31.

New Moratorium and Effects

One of the permanent measures introduced by CIGA was a new stand-alone moratorium intended to provide companies with the opportunity to explore options for survival by preventing creditor enforcement action being taken against a company while it considers and implements a rescue.

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