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Further Developments in Singapore's Bankruptcy and Insolvency Regime: The Omnibus Insolvency Bill

Abraham VERGIS, Nawaz KAMIL & Shi Yin KIM

On 24 August 2017, the Minster for Home Affairs and Minister for Law revealed that efforts are currently underway for the enactment of a new insolvency bill that would come into effect sometime in later half of 2018. The omnibus Insolvency Bill seeks to streamline Singapore's personal bankruptcy and insolvency regimes, and introduce reforms to the corporate framework relating to debt management and restructuring.

The omnibus Insolvency Bill promises to address the key concerns faced by corporations and individuals today. The Bill will implement the remaining recommendations of the Insolvency Law Reform Committee that was released in 2013, as well as the recommendations from the Committee to Strengthen Singapore as an International Centre for Debt Restructuring, which were published in 2016. Furthermore, in order to cater to features vital in debt restructuring, such as rescue financing, the omnibus Insolvency Bill will take inspiration from the United States Bankruptcy Code, Title 11. This is a significant departure from Singapore's legislative framework that was previously based on the English law model.

The omnibus Insolvency Bill is part of a phased approach to elevate Singapore's status as a centre for international debt restructuring. Earlier this year in March, substantial amendments to the Companies Act (Cap. 50) were passed. Singapore's bankruptcy regime has also undergone substantial reform since the Bankruptcy (Amendment) Bill 39/2008 was passed in July 2015.

In our previous newsletter of April 2017, we provided a summary of the key features in the Companies (Amendment) Act 2017. We set out some of the key reforms that the omnibus Insolvency Bill promises to introduce to supplement the Companies Act and to the corporate and restructuring regime in Singapore.

- **Unifying statute for bankruptcy and insolvency:** The Insolvency Bill will combine the legislations relating to personal and corporate restructuring and insolvency into a single statute.

- **Regulation of insolvency professionals**: Pursuant to the recommendations of the ILRC, the Insolvency Bill will introduce a framework to regulate insolvency professionals.

Conclusion

The omnibus Insolvency Bill is evidence of Singapore's dedication to enhance its standing as an international cross-border debt restructuring hub. Coupled with the other reforms that have already been implemented thus far, the omnibus Insolvency Bill is undoubtedly a welcome measure amidst the increase in the frequency of cross-border insolvency cases and global corporate default rates since the 2008 global financial crisis.

If you would like information on this area of law, please contact:

Abraham VERGIS
Managing Director
+65 6438 1969
abraham@providencelawasia.com

Nawaz KAMIL
Counsel
+65 6438 1969
nawaz@providencelawasia.com