

FRENCH LAW N° 2020-1525 DATED DECEMBER 7TH, 2020 EXTENDS THE APPLICATION OF ARTICLES 1 TO 6 OF THE COVID-ORDONNANCE N° 2020-596 OF MAY 20TH UNTIL DECEMBER 31TH, 2021.

Accordingly, major derogatory rules (taken in the pandemic context) will continue to apply for 1 additional year, among which:

- The mission of the auditors is reinforced;
- When a conciliation is open, dissenting creditors can be subject to a stay for the duration of the conciliation (that can last up to 10 months vs. 5 months normally), upon decision of the judge (President of the competent Court);
- New money provided after the opening of the bankruptcy proceeding can benefit from a super senior rank;
- When a rehabilitation (*redressement Judiciaire*) or safeguard proceeding is open, rules for the elaboration and adoption of restructuring plans are simplified. For instance, creditors consulted on the plan have 15 days to accept or reject the stretch-out plan proposed by the company;
- Existing plan can be extended for 2 additional years (up to 12 years in total vs. 10 years).

The provision of the Covid ordonnance of May 20th that authorized directors to take over the assets of the bankrupt company has not been extended though; media coverage regarding this provision was very negative (although restructuring practitioners were generally supportive to it).

CONTACTS



Delphine Caramalli
Partner

T +33 1 4405 5240
E delphine.caramalli
@cliffordchance.com



Marie Crumière
Associate

T +33 1 4405 5461
E marie.crumiere
@cliffordchance.com



Lorraine Monteilhet
Associate

T +33 1 4405 5317
E lorraine.monteilhet
@cliffordchance.com



Louis Nerson
Lawyer

T +33 1 4405 5433
E Louis.Nerson
@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, 1 rue d'Astorg, CS 60058,
75377 Paris Cedex 08, France

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