

## The German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) and What It Means for Creditors

On 1 January 2021 the Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) came into force. The stabilisation and restructuring framework has led to a profound change in the German restructuring landscape. It provides a statutory framework for the restructuring of companies from the time of imminent illiquidity. With the aid of this framework, a waiver of claims can also be enforced against the will of the creditors, even without having to initiate insolvency proceedings.

The German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) is not designed as a purely judicial procedure like insolvency proceedings. Instead, it provides a set of instruments which the company can use in the course of restructuring it is pursuing. No formal opening of proceedings is necessary for this and the instruments can be used independently of each other. This is basically a non-public procedure in which only the affected creditors can be involved.

Since 1 January 2021 creditors have to expect to participate in a stabilisation and restructuring framework. The stabilisation and restructuring framework not only offers the possibility of reducing (financial) liabilities but also offers the possibility of applying for protection from enforcement of execution while the measures are being drawn up. Creditors can participate in the preventive restructuring within the framework of a creditors' committee.

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We would be happy to discuss the following topics, in particular, with you in detail:

- Instruments of the stabilisation and restructuring framework: prerequisites, effects, procedure, role of the restructuring officer, time requirements
- Effects of protection from enforcement of execution on creditors, prohibition on separation clauses
- Possibilities for creditors to intervene in the framework of the stabilisation and restructuring framework, role of the creditors' committee
- Legal protection options against the instruments
- Protective measures to safeguard against the contracting party suffering a crisis