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New Insolvency Law in Singapore Slated for 2018



A new law aimed at enhancing Singapore's personal bankruptcy and corporate insolvency regimes, is expected to be introduced in the second-half of 2018. Speaking at the Singapore Insolvency Conference 2017 on 24 August 2017, Home Affairs and Law Minister, Mr. K. Shanmugam said that the new law will further enhance Singapore's standing as a leading hub for cross-border debt restructuring.

Currently, the law relating to personal and corporate restructuring and insolvency reside in separate statutes; the Bankruptcy Act and Companies Act respectively.

The introduction of the omnibus Insolvency Bill in 2018 will combine these laws into a single legislation. Mr. Shanmugam said that this will ensure "consistency and clarity".

It is expected that a framework for regulating insolvency professionals will be introduced with the enactment of the new law, based on the pending recommendations of the Insolvency Law Reform Committee (ILRC). The ILRC was formed in 2010 to conduct a comprehensive review of Singapore's corporate restructuring regime.

One key recommendation of the ILRC, and implemented in March 2017 with the passing of the Companies (Amendment) Act, was the adoption of the United Nations Commission on International Trade Law, or UNCITRAL Model Law on Cross-Border Insolvency (Model Law).

One of the stated purposes of the Model Law is to encourage cooperation and co-ordination between jurisdictions in dealing with cross-border insolvency proceedings.

Currently, besides Singapore, legislation based on the Model Law has been enacted in 42 countries including the United Kingdom, Australia, United States, Japan and South Korea.

In this regard, the adoption of the Model Law provides an established framework to facilitate cross-border recovery and restructurings involving assets or businesses in Singapore.

In addition, several features of Chapter 11 of the United States Bankruptcy Code, especially in the area of rescue financing, have been incorporated into Singapore's corporate restructuring framework with the recent amendments to the Companies Act.

Thus, the proposed enactment of the new Insolvency Law in 2018, is a further step in creating a favourable and efficient restructuring environment that will reinforce Singapore's vision of becoming an International Centre for Debt Restructuring.

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