

Reforms to Cayman Islands Restructuring Laws – The New Restructuring Officer Regime

The long awaited reforms to Cayman Islands restructuring laws will come into force on 31 August 2022. The formal gazetting of these laws today (29 July 2022) has helpfully provided a hard-and-fast commencement date.

Debtors will now be able to file in the Cayman Islands court for the appointment of restructuring officers and obtain an immediate stay on unsecured creditor action, without the need to file a winding up petition.

These new proceedings, while retaining all that is positive with the prior law, will significantly enhance the Cayman Islands restructuring regime by:

- Removing the need to file a winding up petition in order to obtain a stay on creditor action.
- Providing for the stay (although not the appointment of restructuring officers) to arise automatically on filing the Court papers without the need for any Court hearing (in the prior law the moratorium only applied on the appointment of the provisional liquidators).
- Providing that, as a matter of Cayman Islands law, the stay will have extraterritorial effect.
- Including provisions which provide the potential for Cayman Islands schemes of

arrangement to compromise debt governed by English law (an important consideration in light of challenges arising from Brexit) thereby broadening the circumstances in which Cayman Islands restructuring proceedings may provide the best fit.

While the reforms are good news for debtors, the restructuring officer regime retains important creditor protections under Cayman Islands law. The law contains various checks and balances to ensure the interests of creditors are appropriately safeguarded. There will remain no stay in any Cayman Islands insolvency or restructuring proceeding on the enforcement of security by secured creditors. Further, specific legislative provisions have been included to ensure that the Cayman Islands remains a preeminent jurisdiction for bankruptcy remote finance vehicles.

Dispute Resolution & Insolvency Partners
Caroline Moran and Nick Herrod from Maples and Calder, the Maples Group's law firm, led the legislative reform project and worked closely with the industry, the judiciary and the Cayman Islands Government in delivering the enhanced regime.

Our full industry update including other important features of the upcoming law reforms is available [here](#)¹.

Further Information

If you would like further information, please reach out to your usual Maples Group contact or any of the persons listed below.

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¹<https://maples.com/en/knowledge-centre/2021/10/good-news-for-debtors-seeking-access-to-the-cayman-restructuring-regime>