

Major changes to insolvency law come into force

News story

The Corporate Insolvency and Governance Act has received Royal Assent and came into force on 26 June 2020.



The Act is the largest change to the UK's corporate insolvency regime in more than 20 years. It introduces new corporate restructuring tools and temporary easements to give distressed businesses the breathing space they need to get advice and seek a rescue.

One of its key provisions is the introduction of the new role of a Monitor to oversee the corporate moratorium it introduces – an extendable 20 working day period giving businesses protection from creditor action while they seek professional restructuring advice. A monitor must be a licenced insolvency practitioner and the Insolvency Service has provided [guidance on their role and responsibilities](#). The Act also extends the suspension of termination clauses when a company enters into an insolvency procedure and introduces a new restructuring plan that has the ability to bind creditors to it.

The Act also provides temporary relief until 30 September 2020 from being subject to a winding up petition and from wrongful trading provisions where a business can demonstrate its difficulties arise from trading conditions arising from the COVID-19 pandemic. These easements are [explained in more detail in a series of factsheets](#).

[Changes to company filing and meeting requirements](#) have also been introduced to relieve the burden on businesses during the pandemic and allow them to focus all their efforts on continuing to operate.

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