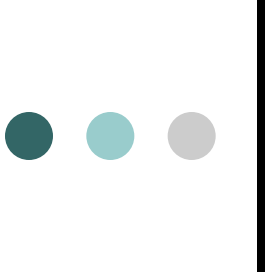




FAIR 2009

# Country update: Singapore

- 1: Part VA Bankruptcy Act: The Debt Repayment Scheme ('DRS')
- 2: Corporate insolvency: review of corporate rescue mechanisms and draft omnibus insolvency legislation



# Individual Insolvency: Background to DRS

- DRS originally proposed as ‘Wage Reorganisation Scheme’
- New Part VA Bankruptcy Act and corresponding subsidiary legislation in force from 18 May 2009
- Jurisdictions with similar alternatives –  
Australia - Part IX debt agreements (DAs);  
New Zealand – Summary Installment Orders (SIOs)



# DRS: approach

- Financial responsibility and self-reliance for wage-earning debtors
- ‘Pre-bankruptcy’ but bankruptcy application must first be filed
- \$100,000 cap – ‘eligibility’ contrasted with ‘suitability’
- Debtor cooperation, commitment and good faith; not for dishonest or uninterested debtors
- ‘Debtor-driven’ but may not always mean ‘debtor-friendly’



# DRS: principles

- Low-cost and low-complexity, out-of-court
- Manageable debt level to facilitate a fresh start
- Rigorous measurement of repayment capacity
- Debtor's ability and willingness to cooperate
- Creditors' interests must be considered
- Regular monitoring and oversight by OA
- Reasonable flexibility



# Corporate insolvency

- Review of existing corporate rescue mechanisms: schemes of arrangement (s 210 Companies Act) and judicial management (s 227A Companies Act)
- Draft omnibus insolvency legislation to bring together corporate and individual insolvency laws