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Dear Stephen

The European High Yield Association's submission to HM Treasury on insolvency law reform

I write in my capacity as chairman of the Insolvency Law Committee of the City of London Law Society.

I understand that HM Treasury has consulted your department on the paper produced by the European High Yield Association (EHYA) in April 2007 advocating insolvency law reform. The purpose of this letter is to offer your department our preliminary thoughts on the paper.

We welcome debate on any solutions proposed to address the concerns raised by the EHYA. Clearly, however, any proposal to deal with all issues together would require significant legislative time and an extensive consultation process.

At this stage, we suggest that consideration be given to extending the existing administration moratorium (as well as that which applies to small companies undergoing a company voluntary arrangement) to the exercise of contractual termination provisions which are triggered by insolvency (subject to an appropriate exception for contracts relating to certain financial markets transactions). Although requiring a small amendment to primary legislation, in our view making a change of this nature would make a significant and immediate difference in practice.

If it is desired to take any of the matters in the EHYA's paper further, we will be pleased to elaborate on our thinking and to assist in reviewing any draft legislation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hamish'.

Hamish Anderson
Partner

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