

Feature	Restructuring Plan ¹	Chapter 11
Voting	<p>The terms of a Restructuring Plan will require:</p> <ul style="list-style-type: none"> • creditor consent (with 75% approval required for each class of creditors); and • court approval. 	<p>A disclosure statement must be approved by the court explaining the plan and classes.</p> <p>Only “impaired” classes are entitled to vote.</p> <p>A class that receives nothing is deemed to reject.</p> <p>A single impaired accepting class can force “cram down” of other classes if their treatment is fair.</p> <p>Impaired accepting classes must vote by 67% in amount and half of the number of creditors voting (not including insider accepting votes).</p>
Court discretion	<p>The court may sanction the Restructuring Plan, subject to certain criteria, even where not all classes of creditors vote for it.</p> <p>The conditions that need to be met are:</p> <ul style="list-style-type: none"> • the dissenting class may not be worse off than they would be in the event of the “relevant alternative,” and • a class with a genuine economic interest must have approved the Restructuring Plan.² 	<p>The entire plan must treat creditors fairly and must be proposed in good faith. The Court enforces the priority of creditors, so no creditors of lower priority are paid anything unless creditors of a higher priority either consent or are paid in full.</p>
Cross-class cram down	<p>Dissenting creditors who vote against it, will be bound by the plan if it is approved and sanctioned by the court (as set out above).</p>	<p>Court can “cram down” non-consenting classes if their treatment is fair. Court may find that a class of a lower priority may receive nothing as fair treatment.</p>
Secured creditors	<p>Secured creditors can also be bound.</p>	<p>Secured classes are bound by the plan.</p> <p>Secured claims are bifurcated into an undersecured portion and secured portion and the secured portion of a claim may be “stripped down” to the secured value of collateral unless the creditor make a timely “1111(b) election” to have the</p>

¹ Schedule 9 of the Act.

² Section 901G of the Companies Act 2006.

		entire claim treated as secured. Undersecured portions of secured creditor claims may be discharged at much less than full value.
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