



Sesja III Finanse przedsiębiorstw a upadłość

Group Finance Structures in German Insolvency Proceedings

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We see an increasing amount of multinational syndicated loan agreements and bondholder claims in insolvency proceedings, as such standardized finance tools are ever more commonly used in corporate finance and the world economic crisis is persisting.

In cases where the borrower/issuer is a holding company and the loan/bond was deemed for financing its affiliates, the failure to pay may result not only in the holding company's insolvency, but also in the affiliates', who may be jointly and severally liable, or liable as guarantors, or affected as security grantors.

As the underlying finance documents or prospectuses often base on the same standardized model contracts, Europe's national insolvency regimes are facing equal problems, but in their diversity they give different answers, stimulating both forum shopping and efforts at legal harmonization.

This presentation is to highlight some aspects of how German insolvency law deals with standardized group finance structures, such as the lack of efficient reorganisation procedures and the benefit of certain flexible handlings in liquidation procedures.