

# CHANGES TO MORATORIUM RULES

---

The New Moratorium procedure was introduced by the Corporate Insolvency and Governance Act 2020.

The Moratorium is a director led process which allows a Company in financial difficulty to continue to trade free from creditor action, providing certain conditions are met. The aim of the Moratorium is to afford such companies with breathing space (initially 40 business days, which can be extended with creditor or court consent) in order to formulate a rescue plan.

However, as a result of the suspension of the NI Executive and the lapsing of the temporary procedural rules surrounding the New Moratorium at the end of March 2022, the Moratorium process has been unavailable to companies in Northern Ireland since that time.

It is therefore very welcome news that the recent enactment of the Northern Ireland (Executive Formation Etc) Act 2022, alongside guidance from the Secretary of State, will give government departments the power to make legislation in the absence of the NI Executive, where it is considered to be in the public interest to do so.

This has allowed for the introduction of permanent procedural rules for the New Moratorium procedure, which will be brought into operation on 13 March 2023.

As such, from this date, companies in financial difficulty meeting the required criteria, will be in a position to avail of this new tool to formulate a rescue plan.

On foot of this announcement, we can likely expect a further direction from the Northern Ireland Courts on the presentation of Winding Up petitions after a nearly 3 year hiatus.

If your business is struggling and you need support and guidance on how these changes may affect you, contact our restructuring and insolvency specialists on 028 8775 2990.

## Restructuring team.



Michael Drumm

---

Partner

Michael.Drumm@CavanaghKelly.com



Shauna McStravick

---

Director

Shauna.McStravick@CavanaghKelly.com



Ciara Maguire

---

Manager

Ciara.Maguire@CavanaghKelly.com