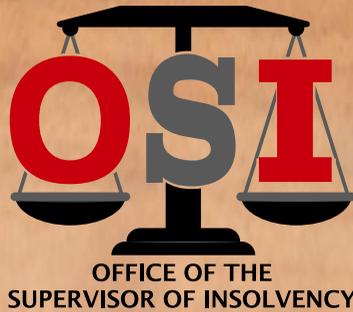


OVERVIEW OF FORMS TO BE USED IN PROPOSAL MECHANISM

All forms mentioned herein are found in the Insolvency Regulations, 2015

- **Form 4** Notice of Intention to Make a Proposal
- **Form 5** Consent of Trustee to Act under Proposal
- **Form 6** Notice of Filing of Notice of Intention to Make a Proposal
- **Form 7** Application for Exemption from Requirement to Send Notice of Intention to Make a Proposal
- **Form 8** Cash Flow Statement, Statement of Debtor and Report of Trustee
- **Form 9** Application for Extension of Time to File Cash Flow Statement
- **Form 10** Application for Extension of Time to File Proposal
- **Form 11** Notice of Meeting of Creditors to Consider a Proposal & Requirement to File a Proof of Claim
- **Form 12** Report on Proposal
- **Form 13** Notice of Acceptance of Proposal
- **Form 14** Notice to Seek Court Approval of Proposal
- **Form 15** Report of Trustee on Approval of Proposal
- **Form 16** Trustee's Report on Failure of Proposal
- **Form 18** Notice of Default under Proposal
- **Form 19** Report of Trustee on Failure to Remedy the Default Under the Proposal
- **Form 20** Certificate of Full Performance of Proposal



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and Facebook



For Further Information Contact:

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Last updated: November 24, 2020

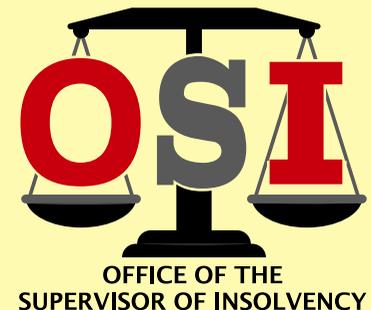
The New Insolvency Regime

Reorganization

The Proposal Mechanism



Act



PROPOSALS

In the new insolvency regime debtors are given an opportunity to reorganize their finances in an effort to satisfy their creditors without having to declare bankruptcy.

WHAT IS A PROPOSAL?

A proposal is an arrangement for a composition, extension of time or scheme of arrangement with creditors, either as a group or separated into classes.

When a Notice of Intention to File a Proposal (NOI) or a Proposal is filed, a stay of proceedings comes into effect and while in effect all creditors are prevented from commencing, continuing or enforcing any action to recover debts from the debtor.

No security agreement has any force while the stay is in effect.

The stay terminates when a proposal is lodged or the insolvent person becomes bankrupt.

HOW TO COMMENCE THE PROPOSAL MECHANISM

The proposal mechanism is commenced by the filing of either the Notice of Intention to File a Proposal or by the filing of a Proposal.

Notice of Intention to Make Proposal (Form 4)

An insolvent person files a Form 4 with the Office of the Supervisor of Insolvency (OSI) and accompanied by Form 5, the consent signed by a trustee.

- Where there is no licensed trustee willing to act or the insolvent person cannot afford a licensed trustee, the OSI may appoint the Government Trustee to act in the matter.

Cash Flow Statement (Form 8)

Within fourteen (14) days of filing a NOI the insolvent person must file a Form 8 which also contains the statement of the debtor and the report of the trustee.

Proposal

Within thirty (30) days of filing a NOI, the insolvent person must file the Proposal.

NB: applications may be made to the OSI for extension of time to file the documents.

Failure to file the above documents in time results in the insolvent person being deemed to have made an application for assignment.

A proposal may be filed without first filing a NOI



The following persons can file a proposal:

- Person facing imminent Insolvency
- Insolvent Person
- Trustee
- Bankrupt

ACCEPTANCE OF A PROPOSAL

Once accepted, the proposal is binding on all unsecured creditors and all secured creditors within the class that voted for the acceptance.

All monies payable under the proposal shall be paid to the trustee and distributed by the trustee to the creditors as required by the proposal.

REFUSAL AND DEFAULT IN PERFORMANCE OF A PROPOSAL

If a proposal is refused or the insolvent person defaults in performing an approved proposal, the insolvent person is deemed to have made an application for assignment.