

## Press Release

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*For immediate release*

### **Senate passes Corporate Rehabilitation Bill**

ISLAMABAD, March 7: The Senate has passed the amended Corporate Rehabilitation Bill, 2018. It provides mechanism for rehabilitation of the distressed companies, which is need of the hour for sustainable growth of corporate sector.

Its salient features are: specification of High Court for rehabilitation of distressed companies, extensive plan of rehabilitation in relation to debtor, petition can be filed by qualified creditors and debtors for order of mediation, appointment of insolvency experts to mediation through sole mediators or joint mediators appointed by the court, notice of order of mediation shall be sent to all interested parties by the petitioner, appointment of administrator of the debtor and its responsibilities, plan of rehabilitation to be filed with the court, statement of affairs of debtor to be filed in court, confirmation and implementation of rehabilitation plan, dismissal of the case by the court.

The bill is a part of extensive legislative plan being made for restructuring and rehabilitation of distressed and sick corporate entities of the country with consensus of all relevant stakeholders. The first part of the legislation has already been enacted which is titled as “Corporate Restructuring Companies Act, 2016” on July 1, 2016.

Sheikh Aftab Ahmad, the Minister for Parliamentary Affairs, moved the bill on behalf of the State Minister for Finance and Revenue, Rana Muhammad Afzal Khan.

Originally, the Senate passed it in September 2017. In January 2018, the National Assembly passed it with certain amendments. So, it was again introduced in the Senate on February 15, 2018 and, was referred to the Standing Committee on Finance, revenue, Economic Affairs and Narcotics Control. The chairman of the Senate Standing Committee, Senator Saleem Mandviwalla, approved the amendments made by the National Assembly, which resulted in the passage of long-awaited law for the rehabilitation of distressed corporate entities.

The existing institutional arrangements and legal process for revival and rehabilitation of distressed companies are inadequate and time consuming. In the past efforts were made on the said law, which resulted in an imbalance of legal remedies for rehabilitation of debtors and protection of creditors. Therefore, a comprehensive legal framework is urgently needed to rehabilitate the distressed companies and businesses in the country.